

EAST INDIA (THE DECCAN).

RETURN to an Address of the Honourable The House of Commons,
dated 17 May 1866;—for,

of a TREATIES and ENGAGEMENTS subsisting between His Highness
Nizam of the Deccan and the British Government, and of all
DEPENDENCE between the two Governments relative to the DISTRICTS
by His Highness for the Maintenance of 'THE HYDERABAD
GENT,' together with an ACCOUNT of the INCOME and EXPENDI-
of the above DISTRICTS, and of the Cost of the CONTINGENT."

lia Office, }
une 1866. }

J. Wm. K.
Secretary in Politic

(Sir FitzRoy Kelly.)

Ordered, by The House of Commons, to be Printed,
31 May 1867.

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COPY of all TREATIES* and ENGAGEMENTS subsisting between His Highness the Nizam of the *Deccan* and the British Government, and of all CORRESPONDENCE between the two Governments relative to the DISTRICTS assigned by his Highness for the Maintenance of "THE HYDERABAD CONTINGENT," together with an ACCOUNT of the INCOME and EXPENDITURE of the above DISTRICTS, and of the COST of the CONTINGENT.

(Foreign Department.)

The Governor General of India in Council to Sir *Charles Wood*, Bart., dated 8th September (No. 117) 1860.

* * * * WE have the honour to transmit copies of correspondence with the Resident at Hyderabad on the following subjects:—

I. The affairs of Shorapoor.

II. The traffic on the Godavery River, the right of the Nizam to levy customs duties thereon, and the proposed negotiations with the Nizam for the relinquishment of those duties, and for the cession of territory on the left bank of the river.

III. The receipts and disbursements of the Hyderabad Assigned Districts.

IV. The rewards to be bestowed on his Highness, and certain of the members of his court, in recognition of the services rendered by them during the disturbances of 1857 and 1858; together with certain proposals to be made by the Resident to the Nizam, on the part of the British Government, relative to the receipts and expenditure of the Assigned Districts, the re-arrangement of the boundaries of those districts with reference to the requirements of the Treaty of 1853, and the proposed relinquishment by his Highness of territory and customs duties on the Godavery.

We have, &c.
(signed) *Canning*.
H. Rose.
H. B. E. Frere.

(Civil Department.—No. 138 of 1859.)

Lieutenant Colonel *C. Davidson*, Resident at Hyderabad, to *C. Beadon*, Esq., Secretary to the Government of India, Foreign Department, 6th July 1859.

Sir,

WITH reference to your Letter, No. 2069, dated the 18th April 1859, calling for financial statements showing the receipts and disbursements of the Hyderabad Assigned Districts, from June 1853 to 30th April 1858, I am at last in a position herewith to submit a general financial statement for the information of his Excellency the Right honourable the Viceroy and Governor General of India in Council, having also this day despatched the last of the detailed statements for the five years ending with the year 1857-58 to the Accountant General to the Government of India.

2. The result shows a debit against the Nizam of Rs. 9,31,612 14 a. 11½ p. This was entirely incurred in the first year of our administration, 1853-54, and is to be attributed to our having in that year paid up the Contingent four months

* See Vol. 5, pp. 11-101, Aitchison's Collection of Treaties, prepared under the orders of the Government of India.

months of arrears in which it was always previously held when paid direct by the Minister.

3. In these accounts I have rejected entirely village expenses, which showed on the 30th April 1858 a considerable sum to credit, but this would only represent a fictitious prosperity, as the item was a deposit which might at any moment be called for. As, however, it is most probable that the whole amount may never be disbursed for legitimate claims established against the village expenses, I have called on the Officiating Commissioner to show what amount is likely to be claimed, and what will remain still in deposit, as from this latter I should be inclined to pay some of the extra establishments, which in these accounts are very large, and have been all charged against the actual Government demand, which would not have been the case under the Native Government.

4. The village expenses are levied with the Government demand for the benefit of the districts generally, and should be so expended. It appears to me therefore legitimate that establishments retained for their benefit should be partly paid from these collections, especially as there can be no doubt, had the Government orders for the re-organisation and reduction of the schedules of establishments been earlier carried out by the Commissioner and district officers instead of their persistence in the extravagant scale first introduced, a large amount would have been saved, and carried to the credit of the Nizam's Government.

5. Another item in these accounts deserves notice. It is an exchange transaction in the debt of Hyderabad, Rs. 49,76,132 4 a. 1 p., which remained against the Nizam when the Treaty in 1853 was completed, and is as follows:—

Difference between the rate of conversion (21 per cent.) at which the total of the Nizam's debt was charged in the Civil Treasury Accounts for 1853-54, and Rs. 14 6 a. per cent., the rate at which the same has since been exhibited by the Accountant General, viz., amount of debt—

Hyderabad Rs. a. p.			Co.'s Rs. a. p.
49,76,132 4 1	- at 14 a. 6 p. per cent.	-	43,50,708 2 3
Ditto - - -	- at 21 per cent.	-	41,12,505 15 11
Difference - - -			Co.'s Rs. 2,38,202 2 4

6. The Accountant General, in his account, adds this amount to the total of the Nizam's debt, and charges annual interest on it at the rate of six per cent. This I fully expect would be objected to by the Hyderabad Government, as they were informed the total debt due was Hyderabad Rs. 49,76,132 4 a. 1 p., on which, in my opinion, we can alone legitimately charge interest. I have therefore charged the whole amount in a lump, and debited it as an exchange transaction to the first year. On this point, however, I have solicited the orders of Government through the Accountant General in Letter No. 816, dated the 17th May 1859, to that officer.

7. I am prepared to expect the Minister will object to the large amount of charges for establishments, and therefore the extravagance of our management. I know, on the other hand, it will be argued that the Nizam's Government, when agreeing to the treaty, never could have expected that our Administration would be conducted in the same way or cost as theirs, but there is no doubt General Low, C.B., allowed the former Minister, Soorajal Moolk, and the present one, Salar Jung, to suppose that our management would cost about two annas in the rupee, or about 12½ per cent. on the revenue, and he spoke of civil charges in the tabular statement dated 2nd September 1853, attached to Letter No. 120, dated 2nd September, to Government, as 13 a. 8 p., and on one occasion remarked to the Nizam, in the presence of the Minister, "Why should he object so much to the cession, as we should be in the place of his talookdars, only be more honest in rendering correct accounts?" which confirmed the Durbar in the opinion that our system of administration would not cost more than they paid for the talookdar. Salar Jung has often referred to this speech when I have verbally told him the revenues did not cover the expenditure, and I distinctly remember its being made use of as an argument to induce compliance

pliance in signing the treaty by General Low. Indeed, that officer's first intention was that the districts should be managed as Nagpore was under Sir Richard Jenkms, and the Hyderabad districts under Sir Charles Metcalfe, and he proposed this to the Government of India in Despatch No. 98, dated 8th July 1853 (Political Department).

8. It will be observed from these accounts, although we are not yet out of debt, that there has been a steady increase in the revenue, which, from Rs. 34,59,754 5 a. 1 p. in the first, arrives at 42,71,338 rupees in the last year, 1857-58; and that without actually drawing one rupee from the Imperial treasury, the contingent has been kept up, and all other payments made, except the total amount of interest on debt of Rs. 2,46,750 5 a. 9 p., which would have amounted in the five years to Rs. 12,33,751 12 a. 9 p., and as Rs. 9,31,612 14 a. 11½ p. is due, even a portion of the interest has been paid, although not all; but everything else, agreeably to the provisions of the treaty, has been provided for, and I cannot but think it would be an act of liberality, if we are not required by justice, to remit this annual payment for interest, if not from date of cession until now, at least prospectively. The Nizam's remark is, "Sovereign princes do not take interest from each other like shopkeepers and merchants;" and it should not be forgotten, if the former Nizam had agreed to the cession of the assigned districts in perpetuity, this debt was to have been remitted altogether. Under the orders issued regarding the Treaty of 1853, the cession in name is not in perpetuity, but it appears to me to be so in reality, as without the districts we cannot keep up and pay the contingent, and the last two years have proved its immense value to us; and, further, that insurrection and anarchy in the Hyderabad territories would be the result of its disbandment. Of this the Nizam is fully aware; it is not, then, too much to say the cession, as the contingent must be kept up, is in perpetuity, although nominally not so; and that the Nizam is fairly entitled to the remission of the Rs. 49,76,132 4 a. 1 p., with the annual interest accruing on it.

9. We have remitted Rs. 14,29,518 5 a. 8 p. of customs duties since the year 1854-55, which would have brought in, agreeably to former years, annually Rs. 3,57,379 9 a. 5 p. A payment for the equivalent of this I know it is the intention of the Minister to claim, as these inland customs were a part of the revenue ceded to us by the Treaty of 1853, and he argues ought not to have been abolished without the permission of the Hyderabad Government, as it was done for our own convenience. No doubt the trade and produce of the assigned districts benefited to a certain extent by the remission, but I doubt whether their prosperity would not have been as great, and their revenue increased as much if these cesses had not been abolished, as it is to just and honest revenue management that the prosperity must justly be attributed. The general and Imperial benefit was certainly as much as that of the districts from the abolition of these inland taxes; but if Rs. 2,46,750 5 a. 9 p., the annual interest of the debt, is remitted, the one may fairly be quoted against the other; and our liberality will then be conspicuous, both as remitting a heavy debt to the Nizam and vexatious cesses in the districts.

10. I would beg that instructions be issued that all claims payable by the Assigned Districts be preferred to the Resident for settlement, and not, as now, from the different Presidencies direct to the Accountant General for adjustment by a transfer entry. Unless this is done, which I believe is in accordance with the wishes of the Accountant General, contained in his letter of the 30th March 1859, No. 111, it is impossible to check charges that are evidently high, or to know whether they are correct. I would instance the yearly charge for clothing for the contingent. According to the average of the five years previous to the cession, when the contingent was numerically stronger than now, this item was Rs. 16,571 1 a. 2 p. By the last three years, as entered in Accountant General's Statements, it is Rs. 28,240 8 a. 2 p. This I do not understand, nor have I any means of explanation, as the bills are not furnished to my office. This equally applies to military stores and all similar miscellaneous charges.

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11. In

The total Receipts for 1853-54 as shown in the General Abstract Statement accompanying this letter is	Rs. a. p.
But from this has been deducted the Balance of Accounts of the Contingent up to Dec. 1853, and the value of Ordnance Stores in hand on the 1st January 1854, amounting in all to -	38,43,198 - -
Revenue Receipts - - Rs.	3,83,443 10 11
	34,59,754 5 1

11. In conclusion, I would beg to apologise to Government for the inaccuracy of the former returns transmitted on the dates as per margin; it would appear the paymaster and district officers did not then understand what was required of them, and confused themselves with adjusted and unadjusted items, instead of furnishing statements of their actual receipts and disbursements for each year in account current with the Nizam's Government. The result now shown is, I think, highly satisfactory. The Assigned Districts have paid debt as follows:

	Rs.	a.	p.
Balance against his Highness the Nizam on 30th April 1858	9,31,612	14	11½
Against which are to be set off the following Remissions of Revenue, Liquidation of Debt, &c.:			
Payment of Arrears due to the Contingent prior to the Cession	Rs. 13,76,653	a. -	p. 1
Amount of Transit Duties Abolished	14,29,518	5	8
Exchange or Conversion of the Debt	2,38,202	2	4
	30,44,373	8	11
BALANCE	Rs. 21,27,760	9	1½

and it must not be forgotten that in the first year of our administration the revenue suffered considerably from a famine in the eastern district of the Raichore Doab.

12. True, there is a balance still due of Rs. 9,31,612 14 a. 11½ p.; but the establishments are now revised and put on a permanent footing, and during the last year and a half the heavy items payable for the Commissioners' and Chief Engineers' salaries and establishments, also expenditure (although still somewhat small) on public works, have been added to the disbursements. I have no dread for the future, especially with a proper survey and settlement, which I think should be vigorously pushed on, and will pay itself, as it is well known that in both Berars large tracts of country under cultivation are concealed, and no revenue is paid for them.

GENERAL ABSTRACT STATEMENT showing the Actual Revenues, &c., realised in the Hyderabad Assigned Districts; and the Expenditure chargeable thereto, from June 1853 to 30th April 1858.

RECEIPTS.	Company's Rupees.	DISBURSEMENTS.	Company's Rupees.
	Rs. a. p.		Rs. a. p.
1853-54 - - -	38,43,198 - -	1853-54 - - -	40,83,702 10 10
1854-55 - - -	41,03,375 - 1	1854-55 - - -	41,95,687 13 10
1855-56 - - -	40,15,112 14 -	1855-56 - - -	40,03,330 1 -
1856-57 - - -	41,12,402 5 11½	1856-57 - - -	40,00,539 11 6½
1857-58 - - -	42,71,338 10 3	1857-58 - - -	43,93,779 8 -½
TOTAL Receipts for the Five Years - Rs.	2,03,45,426 14 3½	TOTAL Disbursements for the Five Years - - -	212,27,039 13 2½
		Deduct Receipts - - -	203,45,426 14 3½
		Balance against the Nizam on the 30th April 1858 Rs.	931,612 14 11½

Hyderabad Residency,
6 July 1860.

(signed) C. Davidson, Resident.

(Foreign Department.—No. 2522 of 1860.)

From C. Beadon, Esq., Secretary to the Government of India, to Lieutenant Colonel C. Davidson, Resident at Hyderabad.

Sir,

Fort William, 7 July 1860.

I AM directed to acknowledge the receipt of your letter, No. 138, dated 6th July 1859, submitting a general abstract statement of the receipts and disbursements of the Hyderabad Assigned Districts, from June 1853 to April 1858.

2. The result, as you observe, shows a debit against the Nizam of Rs. 9,31,612 14 a. 11½ p., but this was incurred during the first year of our administration, in consequence of the Contingent having in that year been paid up to date, instead of being kept four months in arrears, as was previously the case. Excluding the sum so paid, amounting to Rs. 13,76,653 0 a. 1 p., and excluding on the other side the balance of accounts of the Contingent up to December 1853, and the value of Ordnance stores in hand on the 1st June 1854, amounting to Rs. 383,443 10 a. 11 p., the actual current receipts and expenditure for these five years is, as per margin, showing that the districts barely suffice to meet the expenses chargeable on them, including the expenses of management, and that the balance at the Nizam's credit is insignificant.

Receipts	-	Rs. 199,61,983
Charges	-	199,00,387
Surplus	-	Rs. 61,596

3. You state that in those accounts you have rejected entirely village expenses, which showed, on the 30th April 1858, a considerable sum to credit. This sum is held in deposit for the benefit of those who may claim it, but you are of opinion that the whole amount will not be claimed, and propose that the balance should be applied to pay the large establishments charged in the accounts. On this I am directed to observe, that the amount so unclaimed cannot be devoted to any specific purpose other than that for which it was collected; and that after a sufficient time it should be carried to the credit of the general account.

4. With regard to the item of Rs. 23,82,02 2 a. 4 p. referred to in the 5th para. of your letter, I am directed to observe that the Accountant General has done rightly in including this sum in the principal of the debt upon which interest is payable at 6 per cent. under the treaty. The debt, as stated in the treaty, is about 50 lakhs of Hyderabad rupees, and it was shown at the time to be exactly Hyderabad Rs. 49,76,132 4 a. 1 p.; the cost incurred by the Government in laying this sum down at Hyderabad Rs. 43,50,708 2 a. 3 p. This, therefore, is the exchange equivalent of the debt, and upon this sum interest is rightly charged under the strict terms of the treaty. To charge in the accounts of the Hyderabad Assigned Districts, as an exchange transaction, the difference between that sum and Rs. 41,12,505 15 a. 11 p., the equivalent of the debt at a conventional rate, would be clearly wrong.

5. The Governor General in Council desires me to request that the accounts of the Assigned Districts may be furnished to the Nizam up to the present date, without any further delay. By the treaty we are bound to render these accounts every year, and it is not creditable that this should not have been done. It is premature, in his Excellency's opinion, to anticipate the objections of the Nizam to particular items of account. It is enough to say that the accounts represent exactly the receipts and disbursements connected with the Assigned Districts. The Nizam's Government are, of course, free to make objections if they think proper to do so; and any such objections can be subsequently considered.

6. It is evident, however, that the state of the finances of these districts is not such as to justify the Government in acceding to the appointment of a superintendent of police for the Dharaseo and Raichore districts as proposed in your former letter.

(Extract.)

(Foreign Department. -- No. 2518 of 1860.)

From *C. Beadon*, Esq., Secretary to the Government of India, to Lieutenant Colonel *C. Davidson*, Resident at Hyderabad.

Sir,

Fort William, 7 July 1860.

I AM directed by the Governor General in Council to acknowledge the receipt of your letter, No. 20, dated the 27th March 1858, recommending that rewards should be bestowed on his Highness the Nizam, and certain of the members of his Court, in recognition of the services rendered by his Highness personally, and by the Government at Hyderabad, during the disturbances of 1857 and 1858.

2. On the 26th February 1859, the Governor General had the satisfaction of addressing his Highness a letter, of which you were the bearer, thanking him for the zeal and constancy with which he had adhered to the long established friendship between the two Governments, and pointing to a future time at which it might be in his Excellency's power to offer his Highness a public mark of the acknowledgments of the British Government.

3. It is not necessary to refer to the circumstances which have compelled the Governor General to defer the fulfilment of this intention to the present time. It will suffice to say that the subject has never been lost sight of, that the claim established by the Nizam to the good will and favour of the British Government has been steadily borne in mind, and that the Governor General in Council cheerfully embraces the present opportunity of testifying to his Highness the high estimation in which his past conduct is held, and the value set upon his friendship, of which that conduct has afforded many striking proofs.

4. It is the desire of the Governor General in Council that you will request the Nizam's acceptance of presents of English manufacture, valued at one lakh of rupees. These will be procured in Calcutta, and forwarded by an early conveyance to Hyderabad. On their arrival you will seek an interview with his Highness at a public Durbar, and present them to him as a token of friendship on the part of the Governor General in Council, and as an earnest of the desire of the British Government for a lasting concord between the two States, whose interests are in all respects the same. You will, at the same time, present his Highness with a khurcata from the Viceroy and Governor General, which will hereafter be sent to you, and you will inform his Highness that his valuable services and those of his faithful and able Minister are already highly appreciated by the Queen's Government, and will now again be specially brought to Her Majesty's gracious notice.

5. His Excellency in Council is further pleased to cede to his Highness in perpetuity the State of Shorapore, which by the rebellion of the late Rajah lapsed to the British Government, whose title thereto has been shown in my letter, No. 1680, dated the 7th May last, to be absolute and indefeasible. You will make over the Shorapore Territory to the agents of the Nizam's Government, who may be appointed to receive charge of it. The surplus revenue which accrued during the period of British occupancy, after paying all expenses, civil and military, may be applied to the discharge in part of the late Rajah's debts, for the rest of which the Nizam, as the new possessor of the territory, will be responsible; but the time and manner of defraying them must be left entirely to his Highness, and the creditors must be made to understand distinctly that the British Government does not in any way guarantee the payment of their demands, and will not interfere in their behalf.

6. It is also the wish of the Governor General in Council, without abrogating or in any way invalidating the Treaty of 1853, to take this favourable opportunity of modifying existing arrangements in such a way as to conduce as far as possible to the maintenance of the Nizam's dignity and honour, and to the avoidance of all possible causes of discussion, such as are not unlikely to arise while every item of expenditure in connexion with the administration of the assigned districts is liable to be canvassed, and the propriety of every improvement

provement called in question. To effect this object in a way somewhat similar to that which has been adopted with mutual satisfaction in the case of the *Maha Rajah Scindiah*, the Governor General in Council is prepared to submit to a large sacrifice of revenue. But the Governor General in Council will on no account consent to forego the fundamental principle of the Treaty of 1853, namely, that so long as the Contingent is maintained, the British Government shall hold a material guarantee for its punctual payment. His Excellency in Council is convinced that the existing Treaty is in that respect a security absolutely necessary, no less for the support of his Highness's throne, and the safety of his person, than for the preservation of friendly relations between the two States, and the maintenance of tranquillity throughout his Highness's dominions.

7. At present it appears from a memorandum furnished by you to the Governor General, that the revenue of the assigned districts, fairly estimated, is, in round numbers, 45 lakhs of rupees, while the expenditure, including civil payments, the expense of the Contingent, interest and other treaty obligations and public works, amounts to 47½ lakhs, showing a deficit of 2½ lakhs of rupees. But then it must be admitted that the civil payments* are much higher than they would have been under the native rule, while the charges under the head of public works† are such as probably would not have been incurred at all. It was the expectation of the Nizam, when the Treaty was signed, that the expense of managing the districts would not exceed two annas in the rupee, or 12½ per cent., and though on the whole the expense of administration has not been greater than is usual in British districts, or greater than is necessary for efficient Government, yet, taking into consideration the circumstances under which, and the objects for which, the Treaty was made, the Governor General is not disposed to charge the Nizam for administering a country which really belongs to him, more than he would himself have incurred, and more proportionally than he incurs in the rest of his dominions.

8. Taking, then, the payments to be provided for, under the Treaty, at 30½ lakhs*, it would require an addition of 4½ lakhs to provide for the rate of expenditure admitted by the Nizam's Government on lands yielding a gross revenue of 35 lakhs†. The Governor General in Council is prepared, therefore, to give up so much of the assigned districts as yields a gross revenue in excess of that sum, and also to admit the excess civil expenditure of past years as a set off against the Nizam's debt of 50 lakhs of Hyderabad rupees, and to make a further reduction of 2,50,000 rupees on account of the interest thereon, so as to reduce the gross revenue of the districts to be kept under British management to 32½ lakhs of rupees, provided the Nizam will agree to a final settlement of accounts on this basis up to the present time, and will forego for the future the rendering of accounts by the British Government, and will leave the districts in its possession to be managed in the best way according to its own judgment, with all chances of profit or loss, on the understanding that the Contingent shall be kept up as at present, and that, if hereafter its strength shall be reduced with the consent of both parties, a further restoration of territory shall be made.

9. These proposals are so obviously for the advantage of the Nizam's Government, that the Governor General cannot anticipate otherwise than that they will be readily accepted, and that his Highness will see in them the evidence of a sincere willingness on the part of the British Government, at a pecuniary sacrifice, to strengthen his hands, to maintain the dignity of his Government, to improve his resources, and remove all occasion of future disagreement.

10. If his Highness agrees to the conditions you are thus authorised to propose to him, it will have to be considered immediately how the revised arrangements may best be carried out. It would in all respects be most convenient to the Government to give up to the Nizam the districts of Dharaseo and Raichore, and to retain only East and West Berar with such additions as may be necessary to make up the full amount of 32,50,000 rupees a year. The present revenues of the Berar districts are about 26,00,000 rupees, and if to this be added the Surf-i-Khas estates in those districts, it would probably not be difficult for his Highness to give in exchange some pergunnahs adjoining Berar, yielding a revenue sufficient to make up the difference, especially if this difference be reduced by compensation for the territory on the left bank of the Godavery, the cession of which you have been enjoined to negotiate, and for

*Contingent	-	26,75,000
Miscellaneous	-	3,75,000
TOTAL	-	Rs. 30,50,000
+ Thus—		
Gross Revenue	-	35,00,000
Deduct 12½ per cent.		4,37,500
		Rs. 30,62,500

the customs collections in the Godavery, which it is the desire of the Government of India that the Nizam should be induced by the offer of an equivalent to relinquish.

11. By holding Berar alone, the expenses of management may be economised to a much greater extent than if any portion of the districts of Dharaseo or Raichore were to remain in the hands of the Government. At the same time it is of the greatest importance that all the Surf-i-Khas estates included within the ring fence of the Berar districts, should come entirely into the possession and under the management of the British authorities, and that the boundary of the assigned districts remaining in the hands of Government should be clear and well defined.

12. With reference, therefore, to the foregoing observations, and to the contents of my separate letters noted on the margin, I am directed to recapitulate as follows :

1st. That you will request the Nizam to accept presents from the Governor General to the value of a lakh of rupees.

2nd. That you will make over to his Highness in full sovereignty the lapsed Suwasthan of Shorapore.

3rd. That you will propose to his Highness to relinquish to the British Government the whole of his possessions on the left bank of the Godavery, receiving an equivalent for the same.

4th. That you will propose to his Highness to relinquish the levy of all customs dues on the Godavery, receiving an equivalent for the same.

5th. That you will propose to his Highness to dispense with the accounts of the receipts and expenditure of the assigned districts.

6th. That conditional on acceptance of the fifth proposal, you will inform his Highness that the Government will agree to cancel the debt of 50 lakhs, to forego all further demand on account of interest, and to give up so much of the assigned districts as will leave in its possession territory yielding 32½ lakhs of rupees.

7th. That conditionally, as above explained, you will propose to his Highness that the British Government should relinquish the districts of Dharaseo and Raichore, and should keep East and West Berar increased by the absolute transfer of the Surf-i-Khas estates included therein, and by so much adjoining territory as will make up a total gross revenue of 32½ lakhs of rupees, less whatever it may be agreed upon to deduct as an equivalent for the cession of the left bank of the Godavery, and the relinquishment of the river customs.

13. The Governor General in Council is generally averse from mixing up concessions of grace and acts of friendly acknowledgment with arrangements proposed for mutual convenience, but in the present instance the object of freeing both ourselves and the Nizam from the cumbrous and vexatious arrangements arising out of the Treaty of 1853, and at the same time of putting the navigation and trade of the Godavery on a satisfactory footing, is so important, and so likely to be facilitated by dealing with these questions simultaneously and broadly, that his Excellency in Council is content to waive the objection.

(No. 4.)

(Extract.)

Lord Canning to Sir Charles Wood, Bart., G.C.B., Her Majesty's Secretary of State for India.

Foreign Department, Camp Peprode,
5 January 1861.

Sir,

I HAVE the honour to transmit, for the information of Her Majesty's Government, copies of the documents entered in the accompanying abstract of contents, in continuation of those which formed the Enclosures of the Despatch, No. 117, addressed to you on the 8th September last.

2. Among

2. Among the papers then transmitted was a copy of a letter to the Resident of Hyderabad, dated the 7th July, No. 2518, in which, amongst other things, he was instructed :

1st. To make over to the Nizam in full sovereignty the lapsed Suwasthan of Shorapore.

2nd. To propose to his Highness to relinquish to the British Government the whole of his possessions on the left bank of the Godavery, receiving an equivalent for them.

3rd. To propose to his Highness to dispense with the accounts of the receipts and expenditure of the assigned districts.

4th. To inform his Highness that, conditional on his acceptance of the last proposal, the Government would agree to cancel the debt of 50 lakhs due by his Highness, to forego all further demand on account of interest, and to give up so much of the assigned districts as will leave in its possession territory yielding 32½ lakhs of rupees.

5th. Conditionally, as above explained, to propose to his Highness that the British Government should relinquish the districts of Dharaseo and Raichore, and should keep East and West Berar, increased by the absolute transfer of the Surf-i-Khas estates included therein, and by so much adjoining territory as will make up a total gross revenue of 32½ lakhs of rupees, less whatever it may be agreed upon to deduct as an equivalent for the cession of the left bank of the Godavery, and the relinquishment of the river customs.

3. The objects in view in making the above proposals are explained in detail in the letter of instructions above referred to. It will be sufficient to advert briefly to some of the leading points of the negotiation.

4. The fundamental principle of the Treaty of 1853 was, that the British Government should have a material guarantee for the punctual payment of the Hyderabad Contingent; and, with this object, certain districts were placed by the Nizam under our management on the understanding that we should render accounts of receipts and disbursements to his Highness, and make over to him any surplus revenue that might accrue.

5. This obligation to render accounts to the Nizam has proved a fruitful source of difference. Not only has the amount of many items of our expenditure been matter of discussion with the Hyderabad Durbar, but the expediency of our improvements has been called in question, and it has come to the knowledge of the Government, although the raising of a distinct issue on such points has been avoided, that on certain classes of improvements, improved education, for instance, there would have been decided opposition to any expenditure whatever.

6. It was expected by the Nizam that the expense of management would not exceed 12½ per cent. on the gross revenue. But within this limit it was not possible to secure an efficient administration of the districts and to provide for works of public utility. In fact, the country could not be governed creditably according to our view of the duties of a Government, without spending more money than the Nizam would consent to see spent, and a persistent attempt so to govern it would have led to constantly recurring and irritating disputes.

7. The revenue of the assigned districts has been estimated at 45 lakhs of rupees, while the total expenditure has been 47½ lakhs. The payments provided for under the Treaty amount to 30½ lakhs.

8. It was thought that the occasion of ceding to the Nizam in perpetuity the lapsed state of Shorapore, and bestowing other rewards upon him for the services rendered by him during the disturbances of 1857-58, was a favourable opportunity for making the proposals described in paragraph 2.

9. The Nizam readily agreed to most of the above proposals; but he was not disposed at first to consent to dispensing with the obligation of the British Government to render accounts of receipts and expenditure, from an apprehension that his complete sovereignty over the retained districts might be compromised.

compromised by his doing so. He was also reluctant to consent to the administration of those districts through any other agency than that of the Resident at Hyderabad.

10. It was explained to the Nizam that the Government of India desired to hold the assigned districts not in sovereignty, but in trust, and for so long as the Contingent was kept up, and no longer. Also, that it desired to hold only so much of the assigned districts as would meet the actual charges, provided for in the Treaty, and yield 12½ per cent. on the gross revenue towards the payment of the expense of administration. The Berar districts, he was told, would still form an integral part of his Highness's dominions, and would be restored to him entire whenever it should seem fit to the two Governments to terminate the engagement under which the Contingent was kept up.

11. The sacrifice which the British Government had offered to make was brought to the notice of his Highness, and an expectation was expressed that, in consideration of this sacrifice, some concessions would be made by the Nizam. The dispensing with the rendering of accounts, and the absence of restriction in regard to the system and agency of the administration of the districts retained, were objects for the attainment of which the British Government had been induced to incur the certainty of a present and the chance of a long-continued pecuniary loss; and his Highness was strongly urged to comply with the wishes of the Government on these points.

12. After some hesitation, the Nizam consented to dispense with the accounts, past, present, and future, and to leave the amount of all expenses of administration entirely to the discretion of the British Government, but he adhered to his objections to the transfer of the administration from the control of the Resident of Hyderabad. It was finally agreed that the British Government should cancel the debt of 50 lakhs, and forego all further demands on account of interest; that the districts of Raichore and Dharaseo should be restored to the Nizam; that the British Government should retain East and West Berar, and receive in addition the whole of the Crown lands in those districts, and so much of the intermixed and adjoining territory as would make up in all a present gross annual revenue of 32 lakhs of rupees; that those districts should be under the supervision of the Resident at Hyderabad; that no accounts should be rendered to the Nizam; that when a surplus revenue accrued it should be made over to his Highness, but that all charges which the officers of the British Government might consider proper and necessary for the administration of the districts should be defrayed from the revenues without question before any surplus could be made over to the Nizam, and that any deficiency arising from excess of expenditure over income in one year should be made good from the surplus in another year.

13. The Nizam further agreed to cede to the British Government in full sovereignty, for an equivalent, the whole of his possessions on the left bank of the Godavery and Wyne Gunga, and to declare the navigation of the Godavery and its tributaries, so far as they formed the boundary between the two states, to be free.

14. The above stipulations have been embodied in a Supplemental Treaty, which, after having been duly executed by the Nizam and by Lieutenant Colonel Davidson on behalf of the British, was ratified by me on the 31st ultimo.

15. It will be seen from the correspondence now forwarded, that the promise of the Nizam has been obtained, that the Madras Railway and Irrigation Companies shall be allowed to take whatever land they may require in the districts re-transferred to his Highness under this Treaty.

16. The territory ceded by the Nizam on the left bank of the Godavery has already been made over to the charge of the Commissioner of Nagpore, and no time will be lost in carrying into effect the other transfers on either side.

(No. 131 of 1860.)

From Lieutenant Colonel *Cuthbert Davidson*, c.b., Resident at Hyderabad, to *Cecil Beadon*, Esq., Secretary to the Government of India, Foreign Department; dated Hyderabad, 6th August 1860.

Sir,

I HAVE the honour to acknowledge the receipt of your letter, No. 2522, dated the 7th ultimo, conveying the observations and orders of his Excellency the Right Honourable the Governor General of India in Council, on the financial results of the Hyderabad assigned districts, from the date of cession to the end of April 1858, as submitted in my Despatch, No. 138, of the 6th July 1859.

2. With reference to the third paragraph of your letter I beg to state, that, as I anticipated, the whole amount on account of village expenses was not claimed, and 75,647 rupees were under instructions from this office, ordered by Mr. Bullock, the late officiating Commissioner, to be carried to the credit of the general revenue.

3. In regard to your fourth paragraph, I have the honour to observe that the orders of Government have been already obeyed in the accounts lately submitted demi-officially to your office in regard to the sum principal of the debt due by the Nizam, on which interest should be calculated.

4. Referring to your fifth paragraph, I do not think that, under new arrangements, the Minister will require the submission of the accounts of the Hyderabad assigned territories, if the debit against the districts restored is remitted, which I understand is contemplated, from the general tenour of your Despatch, No. 2518, of the 7th July 1860.

5. Should, however, the Nizam, or his Minister, require the accounts from April 1853, I beg to be informed whether I am to forward those prepared in my office, in communication with the paymaster and the district officers, or if I am still to await those so long promised by the Accountant General. Those prepared in my office were embodied in the financial portion of the administration report of the assigned districts forwarded to your office on the 23rd June last.

6. What I apprehend has caused most of the confusion and inconvenience in adjusting these accounts is, that we rather regarded ourselves as dealing with imperial revenue, than with revenue really belonging to the Nizam, and made over to us under restriction, and for special purposes. The Treaty of 1853 appears to me clearly to provide, and certainly it was so understood by the native government, that these accounts were to be furnished by the Resident, not by the Accountant General. A departure from this principle has, I believe, greatly embarrassed our proceedings by occasioning a delay in placing the results of our administration before the Nizam, naturally tending to engender disappointment, which it was difficult to appease, and elicit remonstrances which it daily became more perplexing to reply to satisfactorily.

7. The Resident's accounts could have been promptly prepared had all the accounts from the assigned districts passed through his office to that of the Accountant General. They would have been equally under the Accountant General's final control, as when forwarded piecemeal to that functionary by the district officers, while any documents from the districts could have been transmitted to him direct which he considered necessary. I would beg to express my conviction that much cause of reasonable dissatisfaction on the part of the native government would have been removed, while the interests of all parties would have been abundantly secured had the audit of the expenditure been entrusted to the Resident, subject to the general supervision of the Calcutta authorities.

8. In illustration of the perpetually recurring difficulties which the present system involves, I may remark that the paymaster of the Hyderabad Contingent informs me he has only just received his accounts, passed by the Auditor General, for the months of August and September 1859.

9. It is quite true, as his Excellency remarks, that it would have been premature to anticipate any objections to particular items of account, but objection had already been taken by the Minister, particularly in the instance of the abolition of the customs duties.

10. Immediately after my arrival at Hyderabad, he verbally addressed me on this subject, and showed that he was quite conversant without being furnished with the annual accounts, with all receipts and expenditure in the assigned districts. This could hardly have been otherwise, as the native *Amlah* employed by us were generally the same as those originally employed by the Hyderabad Government. Indeed, he informed me that he had conferred with, and remonstrated with, my predecessor on the heavy expenditure he was allowing in the assigned districts, and particularly protested against the abolition of the *sayer* (customs duties), as revenue assigned for the due payment of the contingent and the Treaty engagements; it will be seen from this, that I did not anticipate objections, but my intention was to prepare Government to expect those I felt certain would be urged, on the annual accounts in detail being transmitted to the Minister.

(No. 67 of 1860.)

(Extract.)

Lieutenant Colonel C. Davidson, C.B., Resident at Hyderabad, to the Secretary to the Government of India, Foreign Department; dated Hyderabad Residency, 12th August 1860.

Sir,

I HAVE the honour to acknowledge the receipt, on the 20th ultimo, of your Despatch, No. 2518, dated the 7th July 1860, and to state that, agreeably to the instructions therein contained, I, on the 21st idem, invited the Minister to a conference, and placed the note marked A, herewith appended, in his hand, with a request that he would submit it to his Highness the Nizam, pointing out the great advantages to be obtained by the Hyderabad Government from the terms now offered by the Viceroy and Governor General.

2. On the 23rd July (ultimo), the note and certain explanatory papers showing in detail the advantages his Highness was obtaining, were submitted to the Nizam by the Minister, through his *vakeel*. His Highness caused these documents to be read three times over, then put them all into his pocket, and said he would give a reply after the festival of the *Mohurram*; he subsequently met Shums-ool-Oomrah, and said the same to him.

3. The only remark of any consequence made by the Minister was in regard to the 5th, 6th, and 7th propositions of Government, viz., are these districts in Berar valued at 32½ lacs to become "red," and incorporated into British territory? I replied, I was instructed to negotiate, so that annual accounts should not be required, and that we should manage the administration without any discussion as to expenditure, taking on ourselves the responsibility for all loss or gain.

4. To this the Minister replied, that would be making them over to you, as Bellary, &c., meaning the "ceded districts," and they would be no longer the Nizam's territory. I remarked that the Governor General had made a similar arrangement with Scindiah, which was for the mutual convenience of both Governments. Salar Jung did not apparently like the allusion made to Scindiah, and I have observed this on two recent occasions, remarking that the Nizam was of a much higher rank among the princes of India than Scindiah, and that he had no hope that his Highness would willingly assign any territory to us, unreservedly, without an equivalent.

5. I referred to my note, and replied that my Government only required the uncontrolled management, and not to render annual accounts of the Berar districts, and that it would perhaps be better to enter into no further preliminary discussion till he had submitted the whole of the propositions, and received the orders of the Nizam in regard to them.

6. The Nizam, as it will be observed, took several days for consideration, and

and after much counsel with his immediate followers, and a conference with Shums-ool-Oomrah, whom I earnestly urged to advise him to accept without reserve all the propositions of the Governor General, his Highness sent, on the 6th instant, for Shums-ool-Oomrah and his Minister to the Durbar, and after being closeted privately with the former noblemen for two hours, he sent for Salar Jung, and said, why are my *Surf-i-khas* (crown lands) required? Salar Jung replied, they are in the heart of the assigned territory, and cause incessant disputes about jurisdiction and authority between the English officers and your Highness's Naibs. But where is the equivalent? wherever your Highness pleases; estates of their value can immediately be given from the Dewaull revenues. On this his Highness assented.

7. The only other objection raised was with reference to furnishing annual accounts. His Highness asked why should the Treaty made so lately by his father not be adhered to? Salar Jung replied, rendering annual accounts was found inconvenient, and led to unpleasant discussions, which it was the Governor General's object now finally to end. His Highness remarked, there always must be more or less discussion between the two Governments, and that, in every Treaty and agreement the Hyderabad Government had been called on to enter into for the last 100 years, this plan was invariably urged to induce compliance with the requests of the British Government. His Highness then said, you have the accounts, however, since the cession? The Minister answered; no, they have not been furnished, except for one year, which were not understood, and explanation begged for, and since then they have not been received.

8. His Highness then ordered the Minister to forego requiring the annual accounts of the assigned districts; but said, write and tell the Resident, I make over the two Berar districts, my best and richest country, to his management, according to the Treaty of 1853; and when there is a surplus beyond the expenditure, after everything is paid, I require him to pay it into my treasury. The Minister's note, in reply to my note of the 21st July 1860, is herewith enclosed, marked (B.)

* * * *

12. My greatest difficulty in this negotiation has been to counteract the impression on the Nizam's mind, that we were merely giving him back what is his own, however advantageous the terms that we offered, and that our intention was to persuade him to consent that the Berar districts should be incorporated with the neighbouring British territory. This idea became more confirmed, as a mischievous rumour was for several days current (by whom propagated, I know not), that the Berar districts were to be incorporated with the province of Nagpore.

13. The above must account for my being unable to obtain the entire possession and a more complete cession of these districts to our Government, in spite of every argument I could urge in favour of such an arrangement.

14. On receiving your telegram of the 4th August (instant), which only reached me on the 9th idem, when all the negotiations were just on the point of conclusion, and the Nizam had given his consent to forward the answer enclosed, I, in accordance with the instructions of the Governor General, therein communicated, renewed the negotiation with the Minister, but he said it would be of no use to address his Highness, as already he had had the greatest difficulty in removing the Nizam's suspicions on the point of the cession of Berar, and that, if again pressed, all that had already been accomplished would be nullified.

15. I possibly might have been able to induce the Nizam to assent that the British Government should manage the Berar districts by any agency thought most economical and advantageous, had I been able to inform his Highness what the proposed agency was. The Minister put the question, but as I was not in possession of the views of the Government of India, I was unable to give him any reply.

16. We have now, however, obtained the material guarantee for the pay of the Contingent, &c., the fundamental principle of the Treaty of 1853; and

I cannot think, reviewing all the circumstances under which that Treaty was forced * on the Hyderabad Government, and its peculiar nature, that after the Nizam has shown such repugnance to cede unconditionally any portion of his dominions to our management, that it would be a gracious or generous policy to exact any better or more convenient terms for ourselves than we now obtain, especially with reference to the sentiments expressed in the first five paragraphs of your Despatch under acknowledgment.

17. We take, without furnishing annual accounts, which arrangement has been found inconvenient, territory in Berar, in trust (amaull), under our immediate management, for certain specific purposes, with 32½ lacs of rupees of annual gross revenue, but which the calculation of the district officers, according to the administration report of this year shows, will in a few years at the very least, increase by nine lacs; so we are sure eventually to repay ourselves any expenditure on account of present establishment that we may think actually necessary, and that may be above the revenue receipts as they are just now.

18. It seems hardly necessary for me here, without reference to the virtual possession of the Berar districts, to recapitulate all the advantages we obtain, by having such a body of troops as the contingent, at our command, without costing us a single rupee; while we hold a material guarantee for their regular payment. True, the force is intended specially to ensure the tranquillity of the Hyderabad territory, but tranquillity there promotes peace within our own frontier, and these troops, as was shown in the Central India Campaign, can be made most useful to our Government as an auxiliary force. It therefore appears to me that on this account alone, if on no other, we should not dictate to the Nizam anything in regard to his districts which is distasteful to him, when we have gained the material guarantee for the pay of the contingent, the fundamental principle contemplated in the Treaty of 1853.

19. I have heard it argued, why take upon ourselves the trouble and responsibility of managing territory that belongs to the Nizam, without receiving any advantage for our good administration, by obtaining whatever may hereafter be the surplus revenue. I believe I have shown some of the advantages we obtain in the preceding paragraph. Moreover, I do not think such an argument deserves much weight. We obtain what we state we alone require, viz., a material guarantee for the regular pay of the contingent. If we require anything else, in my opinion we are bound plainly to say so. Then again, it would be a most selfish policy to deny to the people of the Berar districts as good a government as we can give them, because we put ourselves to some trouble and inconvenience in managing these districts as trustees for his Highness the Nizam. The whole people of India appear to me entitled at our hands to everything we can do for them in the way of good government, without entering too minutely into the question of profit and loss; and in this instance I think it is clear we make no pecuniary sacrifice.

20. The only other matter in the present negotiation which it appears requisite for me to notice in this Despatch is in regard to the 4th proposition of the Government of India. The Hyderabad Government is willing to relinquish the levy of all custom's dues on the Godavery and its confluent, which may be determined as the frontier of the two territories, and the Minister informs me, will require no equivalent, as the income is at present of very small amount. He does this, he says, to prove his anxiety to meet all the wishes of the British Government; but at the same time he observes, it is not intended by this Government to relieve merchandize brought by the Godavery route, from the arrangement to relieve merchandize brought by the Godavery route, from the usual duties, if it is sent into the interior or to Hyderabad for sale, nor will it relieve exports from the duties, amounting to a maximum of 5 per cent. *ad valorem*, now generally levied at the market in the Nizam's territory, where the goods are brought, but merely to clear the immediate rivers, viz., the Godavery and its feeders, named as the frontier line, from all cesses of every description.

21. I hardly think we could expect anything more from the Hyderabad Government

* Vide Parliamentary Blue Book, ordered to be printed by the House of Commons, 26th July 1854.

Government, unless it is our wish to give the East Coast trade by the route of the Godavery, an unfair advantage and privileges over that of the west and other routes.

22. The only way to relieve trade thoroughly and fairly of the five per cent. we have guaranteed to the Nizam by the Treaty of 1802, without showing a preference to one set of traders, or routes, over another, would be to purchase the whole right of the Nizam to levy any cesses whatever on imports from, or exports, to British territory; but as this is a very comprehensive question, and would involve a very large disbursement of money, I would on this point beg to be favoured with instructions.

23. It will be seen by a separate note, marked C, that if we restore the Raichore Doab to the Nizam, I have provided that ground sufficient for the purposes of the Madras and Great Peninsular Railway Company, which will have their junction at "Moodgul" in that district, and for the extension of the Madras Irrigation Company to "Pangtoor" from "Kurnool," shall be allowed, and to this the Minister has assented. He also informs me that all agreements (Cowls) entered into by our officers which have a further period to run on, shall be respected and held valid.

(A.)

TRANSLATION of a NOTE from the Resident to the Minister; dated 21st July 1860.
(1st Mohurru 1277.) No. 1114.

I BEG to enclose extracts of five paragraphs of a letter from the Secretary to the Government of India, expressing the thanks of his Excellency the Viceroy and Governor General of India, and to request that the same may be communicated at an auspicious moment to his Highness the Nizam. In addition to the above I have received orders as follows:

1. That I would request the Nizam to accept presents from the Governor General to the value of a lac of rupees.

2. That I would make over to his Highness, in full sovereignty, the lapsed Suwasthan of Shorapore.

3. That, in consequence of your having repeatedly requested on the part of his Highness the Nizam that I would submit to the Governor General that the whole of the assigned districts should be restored to his Highness, and that he would make satisfactory arrangements for the punctual monthly payments of the Contingent, the Governor General has not thought it advisable to accede to the above request, and makes the following observations: "But the Governor General in Council will on no account consent to forego the fundamental principle of the Treaty of 1853, namely, that so long as the Contingent is maintained, the British Government shall hold a material guarantee for its punctual payment. His Excellency in Council is convinced that the existing treaty is in that respect a security absolutely necessary, no less for the support of his Highness's throne and the safety of his person, than for the preservation of friendly relations between the two States, and the maintenance of tranquility throughout his Highness's dominions".

4. That I would propose to his Highness to relinquish to the British Government the whole of his possessions on the left bank of the Godavery, receiving an equivalent for the same.

5. That I would propose to his Highness to relinquish the levy of all customs dues on the Godavery, receiving an equivalent for the same.

6. That I would propose to his Highness to dispense with the accounts of the receipts and expenditure of the assigned districts.

7. That, conditional on acceptance of the sixth proposal, I would inform his Highness that the Government will agree to cancel the debt of 50 lacs, to forego all further demand on account of interest, and to give up so much of the assigned districts as will leave in its possession territory yielding 32½ lacs of rupees.

8. That conditionally, as above explained, I would propose to his Highness that the British Government should relinquish the districts of Dharaseo and Raichore; and should keep East and West Berar, increased by the absolute transfer of the Surf-i-Khas estates included therein, and by so much adjoining territory as will make up a total gross revenue of 32½ lacs of rupees; less whatever it may be agreed upon to deduct as an equivalent for the cession of the left bank of the Godavery, and the relinquishment of the river customs.

I beg the Nizam may be informed that the revenues of the assigned districts for 1859-60 (1269 Fuslee) is estimated at 45,59,000 Co's rupees.*

* This paragraph was inserted at the request of the Minister, in order to make intelligible certain financial statements he had to submit.

(E.)

TRANSLATION of a NOTE from Mookhtar-ool-Moolk Salar Jung Bahadoor, Minister to his Highness the Nizam, to the Address of Colonel C. Davidson, c.b., Resident at Hyderabad, dated 22nd Mohurum H. 1277 (11th August 1860).

(No. 1451.)

I HAVE been favoured with your letter, No. 1114, dated 1st Mohurum H. 1277 (21st July 1860), giving cover to a copy of five paragraphs from a despatch from the Supreme Government. (Here the purport of the Resident's letter is recapitulated.) I have submitted your letter to his Highness the Nizam, and have received his commands to say that his Highness will have much pleasure, and derive great gratification, in accepting the presents referred to, and in receiving the Shorapore Suwasthan under his government and control.

2. The districts situated on the left bank of the Godavery River, namely, Rakapilly, Buddrachellum, Cherla, Albaka, Noorgoor, and Sironcha, as specified in your letter, No. 1174, dated 15th Mohurum 1277 (4th August 1860), which the British Government requires, will be delivered over, and others will be taken in lieu of them by the Nizam's Government.

3. With a view to the convenience and facility of British traders and others, the transit and other duties levied on the banks of the Godavery will be abolished by the Nizam's Government, and no compensation will be required from the British Government. But upon all goods imported or exported from his Highness's territories in that direction, a duty of five per cent. will be levied agreeably to the Treaty, with the exception of salt, on which a different rate is leviable in accordance with usage by the Nizam's Government.

4. The proposal to cancel the debt of 50 lacs due by the Nizam's Government to the British, with interest thereon, on condition that no accounts of receipts and disbursements of the assigned districts shall in future be required from the British Government, is accepted by his Highness the Nizam, and no accounts will be required; and his Highness will leave in charge of the British Government in "Amanee" Districts, yielding a gross revenue of about 32,50,000 Company's rupees, or such an amount as shall suffice to cover the charges of the pay of the contingent, the yearly stipends of Appah Dessaye, and Mohiput Ram's family, and the amount payable to the Mahratta Sahanadars, as provided by the Treaty, together with the charges of management (Sibbrundy Ladur), at the rate of two annas per rupee, and will take back all districts surplus to the above.

5. The entire management of the districts which shall remain in the hands of the British Government shall be vested in the Resident, as provided by the Treaty.

6. The districts assigned as above, shall continue to bear the name of his Highness the Nizam, and these districts, or the revenue therefrom, shall not be incorporated with those of the British Government.

7. As there is prospect of a large increase in the revenues of the Berar Districts, therefore, after deducting all charges of management, for which no objections whatever shall in future be brought forward by his Highness the Nizam, together with the charges of the payment of the contingent, Appah Dessaye, Mohiput Ram's family, and the Mahratta Sahanadars, whatever surplus shall remain shall be paid over to his Highness through the Resident. If at any time a deficiency occur in the revenues of the above districts, no demand shall be made on the Nizam's Government to supply it, but it must be met by the future increase of those revenues, and with the views that his Highness's Government may be informed of the increase of revenue, the British Government will adopt such measures as may be deemed advisable.

8. His Highness the Nizam will leave in "Amanee" with the British Government, agreeably to the above conditions, from among the districts of East and West Berar, and the Surfi-Khas, and other talookas situated within the limits of those districts and the talookas on the left bank of the Godavery districts, yielding about 32,50,000 Company's rupees, or as much as will suffice to cover the items specified in the 4th para. of this letter, and will receive back the remaining talookas in the zillahs of Dharaseo, Raichore Doab, &c., on account of the surplus, and in lieu of the talookas of the Surfi-Khas, my jagheers of Montoosapoor, &c., and the talookas on the left bank of the Godavery.

9. His Highness the Nizam has been informed that the revenues of the assigned districts for the year 1859-60, corresponding with the Fulee year 1269, amount to 45,59,000 Company's rupees.

Note.—The Minister requested to give his own translation of the Persian note herewith annexed.

Hyderabad Residency, 12 August 1860.

(signed) C. Davidson, Resident.

(C.)

TRANSLATION of a NOTE from the Resident to the Minister; dated 12th August 1860 (23rd Mohurum 1277). No. 1216.

YOUR Note, No. 1451, of yesterday's date, communicating the instructions of his Highness the Nizam, in reply to his Excellency the Viceroy and Governor General's propositions contained in a letter dated the 7th July ultimo, has been received.

2. If the Raichore Doab is restored to his Highness, it will be necessary to grant ground sufficient for the canal of the Madras Irrigation Company between Pangtoor and Kurnool, as well as for the purposes of the Railway Company between Bombay and Madras, *via* Moodgul, as this promise has already been held out to the Railway and Irrigation Companies.

3. On the restoration of the talooks to the Nizam's Government, all agreements and covenants already entered into by the district officers must be respected and held valid.

(No. 71 of 1860.)

From Lieutenant Colonel C. Davidson, c.b., Resident at Hyderabad, to the Secretary to Government of India, Foreign Department; dated Hyderabad Residency, 14th August 1860.

Sir,

ADVERTING to the concluding paragraph of my Despatch (No. 67) of the 12th instant, I beg to submit, for the information of his Excellency, the Viceroy and Governor General of India, the accompanying copy and translation of a note received from the minister, by which it will be seen that the Nizam's Government has given its formal and official assent to provide ground sufficient in the Raichore Doab district, in the event of its restoration, for the purposes of the Railway and Irrigation Companies.

No. 1457, dated 13th
August 1860—24th
Mohurum 1277.

TRANSLATION of a NOTE from the Minister to the Resident; dated 13th August 1860 (24th Mohurum, 1277). No. 1457.

YOUR note of yesterday's date, No. 1216, regarding land required for the railway and irrigation companies in the Raichore Doab district has been received. Agreeably to your proposal, the lands requisite for the above purposes between Pangtoor and Kurnool, and in the Moodgul district will be granted by this circular if the Raichore Doab is restored to his Highness. I beg to add that all covenants and agreements which have been entered into by the district officers in the districts, will be adhered to and respected during the period which they have yet to run.

(Foreign Department—No. 3889.)

From A. R. Young, Esq., Deputy Secretary to the Government of India, to the Resident at Hyderabad; dated Fort William, 5th September 1860.

Sir,

I AM directed to acknowledge the receipt of your letter (No. 67) of the 12th ultimo, and to express the satisfaction of the Governor General in Council at the readiness shown by the Nizam to accept, for the most part, the proposals made to his Highness in Mr. Beadon's letter of the 7th July. His Excellency in Council also gladly acknowledges the ability and tact with which you have conducted the negotiations to their present stage.

2. It is now agreed on the part of the two Governments,

1st. That the Sawasthan of Shorapore shall be ceded by the British Government in full sovereignty to the Nizam.

2nd. That the whole of the Nizam's possessions on the left bank of the Godavery and Wynegunga, shall be ceded by the Nizam in full sovereignty to the British Government.

3rd. That the navigation of the Godavery and its tributaries, so far as they form the boundary between the two States, shall be free, and that no customs duties shall be levied on goods passing up and down those rivers.

3. In regard, however, to the rest of the plan proposed by the Government of India, there are two points on which the reply of his Highness, as given in the minister's note of the 11th August, is not altogether in conformity with the views of the Governor General in Council, or consistent with the object for which the arrangement, as a whole, was proposed. These two points are; first, the rendering of accounts by the British Government in respect to such part of the assigned districts as may remain in its possession in trust for the performance of the obligations imposed by Art. VI. of the Treaty of 1853; and, secondly, the arrangements for the future administration of those districts.

4. The Governor General in Council gathers from your letter, and its enclosures, that these two points were not placed before his Highness as clearly as might have been wished, and that when you were asked by the minister for explanation as to the footing on which the Government of India desired to hold the Berar districts, a more explicit reply would, perhaps, have served to remove from the Nizam's mind the objections which he appears to have felt to this part of the arrangement. The minister's remark, that it would be making the districts over to the British Government, as Bellary, &c., and that they would be no longer the Nizam's territory, should have been met by a direct denial.

5. I am therefore desired to request that you will again address the Nizam on the subject, explaining to his Highness distinctly that the object of the Government of India in retaining in its hands a part even of the assigned districts, is simply that it may hold a material guarantee for the performance of the conditions of Art. VI. of the Treaty of 1853, and that the Government of India desires to hold this territory, as it has hitherto held the whole of the assigned districts, not in sovereignty, but in trust for his Highness, so long as the contingent is kept up, and no longer.

6. The districts remaining in the hands of the Government of India for this purpose, will continue to be called "the Hyderabad Assigned Districts," or by any other suitable name that may better serve to mark the sovereignty of the Nizam; and the fact that the alienation of this portion of the dominions of his Highness is temporary only, and for a special purpose conducive chiefly to the security of the Hyderabad State, and to the preservation of tranquillity throughout its limits.

7. The Nizam cannot be unaware that in consenting to relinquish so large a portion of the assigned districts, and to keep in its hands only so much as will yield a gross revenue of 32 lakhs* of rupees, the Government of India subjects itself to a certain pecuniary loss of no small magnitude. Although out of consideration for the interests of the Nizam and for the long standing friendship between the two States, the Governor General in Council has consented to retain only so much of the assigned districts as will meet the actual charges provided for in the Treaty of 1853, and yield 12½ per cent. on the gross jumma in payment of the expense of administration, yet his Highness must well know that the actual expense with which the British Government will charge itself for the benefit of the districts in question, is considerably in excess of this; and that for many years to come, if not always, the administration of these districts must involve an annual charge on the imperial treasury.

8. It was only with a view to the conclusion of all pecuniary transactions between the two Governments, and to the avoidance of any such in future, that the Governor General in Council consented to this sacrifice; and if, after all, the object of the generosity of the Government of India be not attained, or if it be not permitted to adopt such measures as may conduce to the most economical and efficient management of the remaining districts, it will be necessary for the interest of the Government of India that the other parts of the arrangement to which his Highness has consented should be subject to modification.

9. The Governor General in Council cannot agree that so much of the proposed

* Half a lakh of rupees is given up as the equivalent of the loss of revenue involved in the cession of the Cis-Godavery districts and the relinquishment of customs dues on the Godavery.

posed plan as is plainly advantageous to the Nizam should be adopted, and that so much of it as enables the Government of India to indemnify itself to some extent for the loss to which it submits, and to reap the fruit of a more expensive, and, consequently, as the Governor General in Council believes, of a more efficient administration, should be rejected. Whenever the districts in question are restored to the Nizam, his Highness will derive all the future benefit that may possibly arise from their improvement while under the management of British officers.

10. So, in regard to the mode of administering the assigned districts, the Governor General in Council, while strictly regarding them as part of the dominions of the Nizam, and without incorporating them with any British district, would desire, for the sake of administrative convenience and economy, to place them under the supervision of the Commissioner of Nagpore. By this means, the office of Judicial Commissioner could be abolished, the establishment entertained at Hyderabad in connection with the administration of the assigned districts could be dispensed with, and other economical reforms could be accomplished. It is clear that, with a margin of only 4½ lakhs of rupees for expenses of management, including public works, every effort must be made to limit the expenditure within the narrowest bounds, and the surest means of effecting this is to place the districts under the administration of the Commissioner of Nagpore. They will still form an integral part of the Nizam's dominions, and will be restored to his Highness entire, whenever it shall seem fit to the two Governments to terminate the engagement under which the Contingent is kept up.

11. Having regard then to these observations, and putting aside those propositions which were unconditionally made, and to which the Nizam has already agreed, the Governor General in Council desires me to request that you will again submit to his Highness the following propositions:

1st. That the British Government should restore to the Nizam the Raichore Doab, and the district of Dharaseo.

2nd. That the British Government should cancel the debt for 50 lakhs of rupees, and forego all further demand on account of interest.

3rd. That the Nizam should dispense with the accounts of the receipts and expenditure of the assigned districts for the past, present, and future.

4th. That the Nizam should assign to the British Government in trust, for the fulfilment of the objects of the Treaty of 1853, all the Surf-i-Khas lands included within the limits of East and West Berars, and so much additional territory adjoining thereto as shall make up in all a present gross annual revenue of 32 lakhs of rupees.

12. These four propositions the Governor General in Council regards as essential parts of one arrangement to be accepted or rejected as a whole, and on this view of the case you are desired to insist. You will explain to the Nizam that it is for the advantage of his Highness that the Governor General in Council seeks to alter any of the arrangements made under the Treaty of 1853; that his Highness can of course reject the proposals that have been made to him, but that he must not expect that the Government of India can consent to his accepting so much of it as is perfectly agreeable to him, and repudiating the rest.

13. I am directed to enclose the draft of a Treaty which you will use your discretion in presenting to the Nizam for his acceptance. The Governor General in Council is of opinion that it is desirable to mark these important transactions, and the occasion which gave rise to them, by a solemn engagement, and hereby vests you with full powers in that behalf: but if his Highness objects to this, his Excellency in Council will not press it.

14. You are authorised to make over the Shorapore Territory to the Nizam without delay; and you will at the same time request the Nizam's Government to deliver over the districts on the left bank of the Godavery to the officer who may be sent by the Commissioner of Nagpore to take charge of them. The Nizam's Government should also be moved to issue a proclamation declaring the navigation of the Godavery and its tributaries, so far as they form the boundary

boundary of the two States, to be free, and absolutely to prohibit the levy of any customs or other duties on goods passing up and down the river. The Governor General in Council does not desire in the least to interfere with the liberty of the Nizam's Government, to levy customs duty on goods entering or leaving the Hyderabad territory, whether by land or water. This is a sufficient answer to the 2nd paragraph of your letter under reply.

15. The Governor General in Council learns with much pleasure from the last paragraph of your letter under reply, and from your subsequent letter of the 14th ultimo (No. 71), that the Nizam has agreed to give whatever land may be required in the Raichore Doab (in the event of its being restored to his Highness) for the Railway and Navigation Companies, and that all agreements made by the British officers will be adhered to and respected.

DRAFT OF SUPPLEMENTAL TREATY between Her Majesty the Queen of Great Britain on the one Part, and his Highness the Nawab Uzul-oo-Dowlah Nizam ool Moolk Asuph Jah Bahadoor on the other Part, settled by Lieutenant Colonel Cuthbert Davidson, C. B., Resident at the Court of his Highness by Virtue of full Powers to that Effect, vested in him by his Excellency the Right Honourable Charles John, Earl Canning, C. C. B., Viceroy and Governor General of India, and one of Her Majesty's most Honourable Privy Council.

WHEREAS it will be for the convenience of both the contracting parties to the Treaty of 1853, and will simplify the relations of the two Governments, if certain modifications of that Treaty are made; and whereas certain matters not dealt with in that Treaty call for adjustment between the two contracting parties; and whereas it is the desire of the Governor General in Council to give all possible solemnity to certain acts marking the high esteem in which his Highness the Nizam is held by Her Majesty the Queen; therefore the following Articles have been agreed upon and determined between the Viceroy and Governor General on behalf of Her Majesty and the Nawab Uzul-oo-Dowlah Nizam ool Moolk Asuph Jah Bahadoor.

Article I. All Treaties and engagements between the two States, and not contrary to the tenor of this engagement, are hereby confirmed by it.

Article II. The Viceroy and Governor General in Council cedes to his Highness the Nizam in full sovereignty the territory of Shorapore.

Article III. The debt of about 50 (fifty) lakhs of Hyderabad rupees, due by the Nizam to the British Government, is hereby cancelled.

Article IV. His Highness the Nizam agrees to forego all demands for an account of the receipts and expenditure of the Assigned Districts for the past, present, or future, but the British Government will pay to his Highness any surplus that may hereafter accrue, after defraying all charges under Article VI., and all future expenses of administration; the amount of such expenses being entirely at the discretion of the British Government.

Article V. The Viceroy and Governor General in Council restores to his Highness the Nizam all the Assigned Districts in the Raichore Doab and on the western frontier of the dominions of his Highness adjoining the collectorate of Ahmednuggur and Sholapore.

Article VI. The districts in Berar, already assigned to the British Government under the Treaty of 1853, together with all the Surf-i-Khas talooks comprised therein, and such additional districts adjoining thereto as will suffice to make up a present annual gross revenue of 32 lakhs of rupees currency of the British Government, shall be held by the British Government in trust for the payment of the troops of the Hyderabad Contingent, Appah Dessaye's Chout, the allowances to Mohiput Ram's family, and certain pensions mentioned in Article VI. of the said Treaty.

Article VII. The Surf-i-Khas talooks and additional districts mentioned in the foregoing Article, are to be transferred to the Resident as soon as this Treaty is ratified.

Article VIII. His Highness the Nizam cedes to the British Government in full sovereignty all the possessions of his Highness on the left bank of the River Godavery, and of the River Wyne Gunga above the confluence of the two rivers, viz., the talooks of Rakapilly, Buddrachellum, Cherla, Albaka, Noogoor, and Sironcha.

Article IX. The navigation of the River Godavery and its tributaries, so far as they form the boundary between the two States, shall be free, and no customs duties or other cesses shall be levied by either of the two contracting parties, or by the subjects of either, on goods passing up or down the aforesaid rivers.

Article X. This Treaty, consisting of ten Articles, being this day concluded and settled by Lieutenant Colonel Cuthbert Davidson, C. B., on behalf of the Viceroy and Governor General of India with the Nawab Uzul-oo-Dowlah Nizam ool Moolk Asuph Jah Bahadoor, Lieutenant Colonel Cuthbert Davidson has delivered one version thereof, in English and Persian, signed and sealed by himself to the Nawab, who, on his part, has also

also delivered one copy of the same to Lieutenant Colonel Davidson, duly executed by his Highness; and Lieutenant Colonel Davidson hereby engages to deliver a copy of the same to his Highness the Nizam, duly ratified by the Viceroy and Governor General within 30 days from this date, when this copy herewith signed and sealed by the British Resident will be returned signed, sealed, and exchanged at

Hyderabad on the 26th day of December, A. D. 1860
(12 Jummadee-Sanee, 1277 Hijree).

The
Initials of the
Nizam.

The
Seal of the
Resident.

(signed) Cuthbert Davidson, Resident.

Seal of
the Governor
General.

(signed) Canning.

Ratified by his Excellency the Viceroy and Governor General of India in Camp at Ammerpattun, on 31st day of December 1860.

(signed) A. R. Young,
Secretary to the Government of India
with the Governor General.

(No. 3889 A.)

From A. R. Young, Esq., Deputy Secretary to the Government of India, to the Commissioner of Nagpore; dated Fort William, 5th September 1860.

Sir,

NEGOTIATIONS being in progress with his Highness the Nizam for the cession in full sovereignty to the British Government of his possessions on the left bank of the Godavery, and of the Wynegunga above the confluence of the two rivers; and the Governor General in Council having determined that the said possessions shall be placed under your management, I am directed to request that you will, in communication with the Resident of Hyderabad, depute an officer to take charge of the districts whenever the Nizam's Government is prepared to make them over.

(No. 80 of 1860.)

From Lieutenant Colonel C. Davidson, C. B., Resident at Hyderabad, to the Secretary to the Government of India, Foreign Department; dated Hyderabad Residency, 1st September 1860.

Sir,

ADVERTING to the fourth paragraph of my Despatch (No. 66) of the 12th ultimo, and after communicating with Captain Haig on the subject, a copy of whose letter and of my reply is enclosed, it will be seen that the proposed new frontier line is the one desired by him, although there is apparently some difference in the nomenclature of the rivers.

2. I am not sure that the Nizam would agree to cede his right on the Palancha talook on the right bank of the Godavery belonging to the Ranees of Buddrachellum as his tributary.

1. No. 178, dated
20th August 1860.
2. No. 1665, dated
1st September 1860.

(No. 178.)

From Captain *F. J. Haig*, District Engineer, Upper Godavery, to the Resident, Hyderabad, 20th August 1860.

Sir,

I HAVE the honour to acknowledge receipt of your letter (No. 1526) of 13th August, containing extract from a Despatch addressed by you to the Government of India, on which, as requested, I beg to offer the following remarks:—

2. The talooks of Cherla, Albaka, and Noogoor are not, as stated in para. 6 of extract, held by dependencies of the Rance of Buddrachellum. They are appendages of a zemindaree on the right bank, that of Mahadeopoor, if I recollect right, though I cannot at this moment be certain, being absent from my office. This error is, however, a matter of no consequence, as it does not appear in any way to affect the arrangements you propose. The nomenclature of the rivers in the definition of the proposed boundary line is also not quite correct. It should rather be, "1st. The Godavery till it reaches the confluence of the Premhata. 2nd. The Premhata till the confluence of the Wyngungah; afterwards the Wurdah."

The Wurdah is the name of the river flowing down past Hingunghat and Chandah to the junction of the Wyne Gungah. The river formed by their united streams from that point to the Godavery is called the Pranhatta.

3. The memorandum I lately sent you on the statistics of the talooks on the left bank, which, under the new arrangements will become British territory, contains, I believe, nearly all the information I possess on the subject. With regard to that of Palouncha on the right bank, which I understand to include the whole of the Buddrachellum zemindaree on that side of the river up to Mingapett, I think the proposed transfer of it also could not fail to be most profitable to us in every point of view. The value set on it, 6,000 rupees, is just about what it is now worth to the Nizam, but ridiculously below its actual value. It is well watered and possesses numerous fine tanks, now mostly in ruins, and other capabilities in respect of soil and population which under British rule would speedily raise its revenue to several times its present amount. Its acquisition would give us possession of 100 miles more of that bank of the river, and afford a footing which would be of great importance in connection with our military communication with Secunderabad, the route thither *via* the Godavery and Buddrachellum having been definitely adopted for the transport of military stores of all kinds from the arsenals of the coast to that station. The existing road from Buddrachellum through Palouncha and Cummanett, will, I presume, be the one used for this purpose. The entrepôt for the stores has been established on that bank opposite Buddrachellum, and as large quantities will be accumulated there every year, it is very desirable that we should have the means of effectually protecting them.

(No. 1665 of 1860.)

From Lieutenant Colonel *C. Davidson*, C. B., Resident at Hyderabad, to Captain *Haig*, District Engineer, Upper Godavery; dated Hyderabad Residency, 1st September 1860.

Sir,

WITH reference to para. 2 of your letter (No. 178) of the 20th instant, I beg to observe that from the statements of the native government, and by a reference to the Surveyor General's map of the Nizam's dominions, exhibiting the territories surveyed from 1816 and those assigned to the British Government by the Treaty of 6th June 1855, you appear to be mistaken. It will be seen that the Pyne Gungah, flowing into the Wurdah, forms the Prunheeta, not the Wyne Gungah; and that the Prunheeta flowing into the Wyne Gungah then takes the latter denomination until it reaches the Godavery.

2. I do not, however, consider the nomenclature of these rivers of much consequence, as the boundary is distinctly defined.

3. With reference to your remarks about the different talooks to be ceded, it appears from the accompanying memorandum, furnished by the native government, in which they have corrected their former statement, that only Buddrachellum and Rakapilly are dependencies of the Palouncha and Buddrachellum zemindaree (Rance), who is a tributary of the Nizam, and her lands are her own to manage as she pleases, after the payment of her annual tribute of 68,000 rupees; I doubt, therefore, were the Nizam to cede Palouncha as well as the other six talooks on the left bank of the Godavery and its affluents, whether our Government could make any additional demand from her; however that is a matter for after consideration. My business is to deal with the cession of the Nizam's sovereignty and other rights, and at present he agrees to cede all those over the talooks of Rakapilly, Buddrachellum, Cherla, Albaka, Noogoor, and Sironcha.

MEMORANDUM.

THE talooks of Buddrachellum and Rakapilly belong to Luchmee Ninsee, zemindarnee of Palouncha, and who pays on account of Palouncha, &c., in which the two talooks above-mentioned are included, an annual tribute of 68,340 rupees. The talook of Cherla belongs to Goolshakur Rao Sur Deshmook, of Chinnoor, &c., and is held by him as a kowl from the Circar, which expires at the close of the present fuslee year, 1270 (A. D. 1860-61). The talook of Albaka belongs to Venkut Rama Rao Sur Deshmook, of Chinnoor, &c., held by him on a kowl from the Circar, which terminates at the close of the present fuslee year, 1270 (A. D. 1860-61).

The talook of Noogoor belongs to Boochae, widow of Achut Rao Sur Deshmook, of Chinnoor, &c., is in Amanee, and managed by the Circar's talookdar.

The talook of Sironcha belongs to Mootum Rao Sur Deshmook, of Chinnoor, &c., is in Amanee, under the management of the Circar's talookdar.

COPY of SERVICE MESSAGE by Electric Telegraph.

From Calcutta.

From Mr. Beadon.

To Hyderabad.

To Resident, dated 29th September.

IN paragraph 12 of my letter (No. 2519) you were authorised to negotiate with the Nizam for the cession of the Godavery districts to the British Government in return for a full equivalent either in land or money, and you were told that the Government would cede in lieu of those districts either the lands in Masulipatam or a portion of Nagpore, or, if his Highness preferred it, a convenient strip of the assigned districts.

In paragraph 12 of my letter (No. 2518) of the same date, you were authorised to propose this arrangement absolutely. You were also authorised to propose that all accounts of the assigned districts should be dispensed with, and conditionally thereon, that the debit should be cancelled, and a large portion of the assigned districts restored to the Nizam.

In the Minister's note of the 11th August, the Nizam agreed to cede the Godavery districts in lieu of others to be given by the British Government, and this cession has been conclusively accepted on these terms by the Government.

But his Highness objected to dispense with the accounts and therefore the negotiation in respect to all the proposals which were conditional thereon is still pending.

But those proposals are entirely unconnected with the cession of the Godavery districts to which the Nizam has absolutely agreed. The Government expects that his Highness will not recede from this position, and is prepared to give lands of equivalent value from any quarter that may be preferred, as mentioned in my letter (No. 2519).

You will represent this to the Nizam's government, but the form and manner of doing so are left to your discretion.

You will do it in the manner which you may judge best calculated to bring about a fulfilment of your instructions.

On the other four points which are still under discussion, the Governor General does not desire to hurry the Nizam, or press for an immediate answer.

COPY of SERVICE MESSAGE by Electric Telegraph.

From Hyderabad, Deccan.

From Resident.

To Calcutta.

To Foreign Secretary, Friday, 12 October, 6/15 p.m.

NIZAM adheres to his determination to require surplus revenue, but gives up all accounts, past, present, and future. Does not consent to the Berar assigned districts being put under the supervision of the Commissioner of Nagpore. I can, I believe, get 30 lacs of gross revenue in Berar, which will include Crown
338. D and

and jageer lands within our boundary; that is, 28 for treaty engagements, and seven at 25 per cent. for civil management. If later, is not to exceed orders for the transfer of the Godavery districts to Commissioner of Nagpore, received and dispatched to that officer. Reported fully my proceedings during negotiation by to-day's post.

(No. 91 of 1860.)

From Lieutenant Colonel *C. Davidson*, c.B., Resident at Hyderabad, to the Secretary to the Government of India, Foreign Department; dated Hyderabad Residency, 12 October 1860.

Sir,

I HAVE the honour to acknowledge the receipt of Mr. Deputy Secretary Young's Despatch (No. 3889) of the 5th September 1860; and before proceeding to report the result of my further negotiations in detail, I beg to premise that I have had to contend against a desire on the part of the Nizam and his Durbar to make it appear that I was forcing them into the acceptance of arrangements that they did not desire, and that they were again, in spite of the Queen's Proclamation, made to suffer from a system of coercion which had for many years caused them great pecuniary embarrassment. My instructions did not at all warrant my accepting such a position, and I therefore refused to acknowledge any such intention on the part of my Government, and pointed out the offers contained in the Government letters, which were open and plain, and the terms tendered must be considered most advantageous to the Hyderabad Government.

2. On the 17th September I received the official Despatch under acknowledgment, and on the 23rd Mr. Beadon's demi-official letter, for which I had been ordered to wait before renewing the negotiations.

3. I immediately on its receipt communicated with the Minister, sending him an English copy of the Deputy Secretary's Despatch (No. 3889) of the 5th September 1860, and requested that he would come to breakfast with me next day, in order that we might have a conference afterwards. This he did, and we then compared the Despatch above mentioned, paragraph by paragraph, with a translation (marked A.) the Minister had made; but I could not elicit from him what was likely to be the Nizam's reply, but in the evening I received a note (marked B.), herewith appended, and with as little delay as possible I forwarded a telegram (marked C.) to your address; and on receipt of the telegram in reply (marked D.), I transmitted it for the information of the Minister, with a view to its submission to his Highness the Nizam, accompanied by a note (marked E.).

4. I was present during the negotiations that took place in 1853 for the unreserved cession of the Berar districts to our Government, when General Low informed the Durbar, if so surrendered, he was authorised to cancel all our pecuniary demands on the Hyderabad state. I witnessed the objurgations and threats then used in order to induce the late Nizam to acquiesce in the Government proposals, similar, with slight modifications, to those now submitted to his successor for acceptance; and I am satisfied his son has inherited all his father's aversion, and disliked to part with the Berars, except under certain stipulations, to our Government.

5. When I made the remark in the 15th paragraph of my Despatch (No. 67) of the 12th August last, that perhaps the Nizam, if he knew the agency by which our Government proposed to manage the assigned territory, might be induced to consent to our wishes in that respect, I never supposed that the Agency intended was to be the Commissioner of Nagpore; indeed, it will be seen by para. 12 of that Despatch, that I spoke of a mischievous rumour that the Berar districts were to be incorporated with the province of Nagpore having got abroad here, that nearly put an end to all negotiations whatever.

6. In the course, however, of the negotiations reported in this Despatch, I informed the Minister, with reference to Mr. Beadon's demi-official letter of the

the 10th September, that my Government were prepared not to press the point of the transfer of the districts to the supervision of the Commissioner of Nagpore, if he could induce the Nizam to yield their entire management to the British Government, without demanding any surplus revenue that might hereafter accrue. He said he would submit the proposition to his Highness, but that he felt sure that the Nizam would willingly agree to nothing but what had been stated to Government in his (the Minister's) note of the 11th August last. In short, it has come to this: the Nizam will not, unless frightened or intimidated, of his free will and consent agree to anything but his former terms, as stated in the Minister's note of the date above mentioned.

7. With reference to Mr. Beadon's telegram of the 27th September, it will be seen from proposal, Enclosure (A.) of my Despatch 12th August last, that I did submit a proposition to the Nizam for the cession absolutely of the Godavery districts to our Government; but his Highness, from all the other propositions of the Government being tendered at the same time, says, that had what has since been explained been then made known to him, he would not have consented to the surrender of the Godavery districts without the other terms he agreed to in the Minister's letter of the 11th August being conceded. His Highness's answer does appear to bear a conditional construction, as the word "will" is used; not that he accepts as in the case of the presents, and the Shorapoor Suwusthan. I requested the Minister, however, to press the immediate transfer of the Godavery districts on the receipt of your telegram of the 27th ultimo, and at last the Nizam said, "If the Governor General so interpreted my reply to the Government letter, transfer all my sovereign and other rights over the Godavery districts to the British Government."

8. I have ascertained that translations of all the Government letters have been laid before the Nizam, and that, after long and earnest consultation with his most confidential counsellors, the enclosed note marked (F.) emanated from himself, and has been recorded on the (Secai)* annals of his Government.

Enclosure, No. 6.

9. I have always been of opinion that had the pecuniary demands of the two Governments been impartially dealt with, we had no just claim against the Nizam for the present debt of 43 lacs of Company's rupees. His Highness's Minister, in a note dated 19th August 1851 †, when pressed on account of the arrears of the pay of the Contingent, asked for the surplus of the abkaree of the revenues of Secunderabad and Jaulnah, which was afterwards prospectively allowed to be a portion of the legitimate revenue of the Hyderabad state. We carried these revenues, which at present amount to one lac annually, to our own credit from 1812 to 1853; say for 41 years. The above would have given the Nizam a credit of 41 lacs, without interest, against the debt we claimed. Further, we charged his Highness, from January 1849 to May 1853, with interest at six per cent. on advances for the pay of the Contingent, which charge for interest amounted to 10½ lacs of rupees, although the Nizam earnestly protested against being made to pay interest at all, but nevertheless it was debited against him in account.

10. I believe it must be apparent, from what I have stated above, that in 1853 we had little or no real pecuniary claim against the Nizam; but I find, since the cession in 1853, besides 18 lacs of rupees we remitted of Sayer custom duties in the assigned districts, which we accepted as revenue for the treaty engagements of 1853, that we have charged 18 lacs of rupees against the revenues of the districts for the interest of the debt of 43 lacs, which his Highness acknowledged, under pressure, to be due by him by the Treaty of 1853, in which he never considered he justly owed.

11. I also discover, by a reference to a memorandum by the late Sir William Macnaghten, of 11th January 1834, from your office, that in some years 11 lacs, 12 lacs, and 13 lacs were charged annually to the Nizam as the pay alone of European officers of a Contingent that now, when nearly as strong numerically,

* In a former Despatch I particularly mentioned that this was considered a most formal ceremony by the Durbar.

† Vide Despatch, No. 166, dated 2nd September 1851, and from General Low, No. 118, of the 27th August 1853.

cally, we find we can efficiently maintain at a cost altogether of 26 lacs per annum. The wonder clearly is, that instead of owing only 43 lacs of Company's rupees at the end of 50 years of such a system, our claim did not render the Nizam hopelessly insolvent.

12. The policy the Honourable Company's Government pursued towards the Nizam ever since the Partition Treaty of 1817, after the termination of the Mahratta war, has been, especially in regard to pecuniary transactions, so completely one on their side of *sic volo sic jubeo*, that expressions such as "his Highness can of course reject the proposals," as contained in 12th paragraph of your letter under acknowledgment, which I was ordered to communicate to the Nizam in Mr. Beadon's demi-official note of the 10th ultimo, renders successful negotiation almost an impossibility, although we thereby elicit an expression of the Nizam's real wishes, at the expense of the point we are desirous of carrying.

13. I deem it imperative on me, particularly as we propose at the present time to reward the Nizam, to put these facts prominently before the Government. Knowing that the princes of India, owing to the Queen's Proclamation, think that the *régime* by which they were always shown to be in debt to our Government, by not having their counter-claims admitted, has passed away, and that the Viceroy and Governor General may, before passing his final decision on the present question, succinctly understand some of the pecuniary dealings by which the Nizam's Government considers itself to have been injured and aggrieved by that of the Honourable Company.

14. I believe I can obtain in trust, as proposed by the Nizam, 35 lacs of territory in Berar, instead of 32 $\frac{1}{2}$, which would give us 25 per cent. for civil charges in the Berar districts; but this per-centage we must engage not to exceed; we should then retain what we at present hold in Berar with the Surf-i-Khass estates added, and the account would stand thus:—

				<i>Co.'s Rs.</i>
Present Revenue of Berar	-	-	-	26
Surf-i-Khass and Ministers' estates; say, 10 lacs Hyderabad currency	-	-	-	9
<i>Co.'s Rs.</i> - - -				35
Disbursements:				
Contingent and Treaty engagements	-	-	-	28
Civil management, at 25 per cent.	-	-	-	7
<i>Co.'s Rs.</i> - - -				35

15. From a wish not to be considered to embarrass the Government in carrying out a policy on which they appear to have determined, I have hitherto abstained from mentioning the perfect horror and dismay among almost every class with which the intelligence was received in the Raichore Doab and Dharaseo districts, that they were again to be transferred to the Government of his Highness's Naibs. No one knows so well as I do, from long residence in the Hyderabad territory, the tyranny and grinding oppression with which these miscreants treat the inhabitants of the country placed under their control.

16. My several Administration Reports of the last three years have shown to the Government, perhaps imperfectly, that although our administration may yet admit of improvement, we have introduced order where we found anarchy, and that we have afforded the people protection for life and property, while they acknowledge themselves happy, prosperous, and contented under British rule in the Hyderabad assigned districts.

17. I informed the Minister that the Shorapoor Suwasthan, and lands of the annual value of 50,000 rupees, would be made over to whomsoever he pleased. He replied, that he would rather wait till the whole question was settled, unless his Highness the Nizam called at once for these estates.

18. It will be observed that my application for an interview with the Nizam was

was not noticed. The reason is, that a few days ago one of the Nizam's dependents, Tynath-Jai-Jung, was shot at by one of his own Arab followers, when conveying a message from the Nizam to the Minister; and the Nizam seems to fear some insult might be offered to me, as no doubt the impression has got abroad among the people, we are endeavouring to force something unpalatable on his Highness.

(A.)

TRANSLATION of a NOTE from the Resident to the Minister; dated 24th September 1860 (7th Rubbee-ool-awal).

(No. 1427.)

I BEG to enclose a rookah which I have addressed to his Highness the Nizam, with a copy of the same for your information, and request that the same may be delivered to his Highness at an auspicious moment. I further request that you will explain to his Highness the great advantages which would accrue by his Highness in accepting the terms now offered by his Excellency the Viceroy and Governor General of India.

2. It is desirable that you should kindly arrange for my receiving an early reply to this communication, and that I may be favoured with an interview with his Highness at a durbar, in order that the reply in question might be delivered to me personally by his Highness.

TRANSLATION of a ROOKAH from the Resident to His Highness the Nizam; dated 24th September 1860 (7th Rubbee-ool-awal, 1277 H.).

AFTER the usual compliments.

I beg to state that on receiving the Minister's note of the 11th August last, conveying your Highness's reply to the proposals of his Excellency the Viceroy and Governor General of India, it was duly communicated to his Lordship. I have received a letter in reply from the Secretary to the Government of India, which I have delivered to the Minister, and enclose a translation of the same for your Highness's information.

2. I beg that your Highness will take into your serious and earnest consideration the Governor General's proposals as therein expressed, and favour me with an early reply.

(B.)

My dear Colonel Davidson,

I WAS not aware of the full purport of the 14th paragraph of the Extracts while with you to-day, and imagined that it referred only to the duties levied on the Godavery; I have therefore written you a separate note on the subject, which I deem necessary, and which is herewith forwarded.

The 14th paragraph is not of course included in the translation I gave you, which must now be added.

24 September 1860.

Believe me, &c.
(signed) Salar Jung.

(C.)

COPY of a TELEGRAM from Colonel Davidson, Hyderabad, to Cecil Beadon, Esq., Calcutta; dated 26th September 1860.

Cypher Telegraphic Message.

"YOUR private letter of 10th reached me on the 23rd, and I at once communicated the official reply from Government to the Minister, and invited him to a conference next day. He brought with him a translation of the Government letter; and together we verified it with the English version, paragraph by paragraph. Although I pressed him on the point, he told me it was impossible to then give an opinion how the Nizam would receive what was now proposed to him. We agreed together that, in order to give the transaction greater importance, I should address a note direct to the Nizam, on golden paper, enclosing the translated Government letter. This I did, giving the Minister English and Persian copies of the Government letter, and a copy of my note to the Nizam.

"In the evening, I received a note from the Minister, as follows: 'With reference to the 14th paragraph in the extracts of a letter from the Supreme Government, which you gave me to-day, which refers to the Shorapoor territory being made over to the Nizam without delay, and the delivery of the districts on the left bank of the Godavery to the

officer who may be sent by the Commissioner of Nagpore, I beg to say that the transfer of the Godavery districts, is connected with the four proposals relative to the restoration of certain of the assigned districts, and must be settled together. It cannot form a separate arrangement, as desired in the paragraph in question.

"It is evident it is seen what importance we attach to the cession of the Godavery districts, and the Nizam's Government also know that they will never be able to manage Shorapoor without a large force being kept up there; so the insinuation is clear that the negotiation will break down altogether unless the terms of the Nizam already submitted to Government are unconditionally accepted. Under such circumstances, how does the Government desire me to act? It was only by making it appear a matter of no importance whatever that I induced the Nizam so readily to agree to give up the Godavery districts, as he formerly consented to do. The Nizam has requested not to be hurried, and to be allowed 15 or 20 days to consider the present Government proposal. A reply by telegraph is requested."

(D.)

COPY of a TELEGRAM from Mr. *Beadon* to the Resident at Hyderabad;
dated Calcutta, 29th September 1860.

"CLEAR the line. In paragraph 12 of my letter (No. 2519), you were authorised to negotiate with the Nizam for the cession of the Godavery districts to the British Government, in return for a full equivalent, either in land or money; and you were told that the Government would cede, in lieu of those districts, either the lands in Masulipatam or a portion of Nagpore, or, if his Highness preferred it, a convenient strip of the assigned districts. In paragraph 12 of my letter (No. 21,518) of the same date, you were authorised to propose the arrangement absolutely.

"You were also authorised to propose that all accounts of the districts should be dispensed with, and, conditionally thereon, that the debt should be cancelled, and a large portion of the assigned districts restored to the Nizam. In the Minister's note of the 11th August, the Nizam agreed to cede the Godavery district in lieu of others to the Government, given by the British Government, and this cession has been conclusively accepted on these terms by the Government. But his Highness objected to dispense with the accounts, and therefore the negotiation in respect to all the proposals which are conditional thereon is still pending. But those proposals are entirely unconnected with the cession of the Godavery districts, to which the Nizam has absolutely agreed. The Government expects his Highness will not recede from his position, and is prepared to give lands of equal value from any quarter that may be preferred, as mentioned in my letter (No. 2519). You will represent this to the Nizam's Government; but the form and manner of doing so are left to your discretion. You will do it in the manner which you may judge best calculated to bring about a fulfilment of your instructions, on the other points which are still under discussion.

"The Governor General does not desire to hurry the Nizam or press him for an immediate answer."

(E.)

COPY of a LETTER from Lieutenant Colonel *Davidson* to the Nawab *Salar Jung*;
dated Hyderabad Residency, 30th September 1860.

My dear Salar Jung,

I HEREWITH enclose the telegram I received last night, in reply to your note of the 24th. You will observe the British Government will not allow his Highness the Nizam to retract from the cession of the Godavery talooks for an equivalent elsewhere.

There is no sort of loss to the Hyderabad Government from this arrangement, and I strongly urge on you to meet the Governor General's requisition, as it will otherwise assuredly lead to an unfriendly and angry feeling between the two Governments.

If you would like to have the telegram officially, I will send in the usual public note, if you will address me officially on the subject of your note of the 24th.

Ever yours, &c.
(signed) *C. Davidson.*

(F.)

TRANSLATION of a LETTER from His Highness the Nizam to Colonel *C. Davidson*, C.B.,
Resident at Hyderabad; dated 12th October 1860 (25th Rubbee-ool-awal).

I AM in receipt of your letter informing me that you have received a communication from his Excellency the Right honourable the Governor General, which you delivered to my Dewan, on the subject of the letter addressed by him to you under date the 11th August last.

last, in reply to the propositions which were made by his Lordship, and you enclosed a translation of the Governor General's communication in your letter to me, with a request that my attention may be directed to what his Lordship has written. Agreeably to your intimation, the communication from the Supreme Government has been attentively perused by me.

In the 3rd paragraph of the Governor General's communication, it is stated: "That in regard to the rest of the plan proposed by the Government of India, there are two points on which the reply of his Highness, as given in the Minister's note of the 11th August, is not altogether in conformity with the views of the Governor General in Council or consistent with the object for which the arrangement, as a whole, was proposed: first, the rendering of accounts by the British Government in respect to such parts of the assigned districts as may remain in its possession, in trust, for the performance of the obligations imposed by Article VI. of the Treaty of 1853; and, secondly, the arrangements for the future administration of these districts." In my Dewan's letter of the 11th August, these two points were stated agreeably to my commands, under the idea that there would be no difficulty in giving effect to them by the Supreme Government; and now I refer to them again more particularly, and I am sure that the doubts entertained by his Excellency the Governor General in regard to them will be entirely dissipated.

The Supreme Government is under an impression that my Government requires the accounts of the districts, but it will be perceived from the 7th paragraph of my Dewan's letter of the 11th August, that my Government did not at all make a request for the accounts of the assigned districts, but considering that the districts which the British Government propose to retain in their possession are very productive, and the best in my dominions, and in former times yielded a much larger revenue than they do now, and that it may be deemed certain that hereafter, when they have been all surveyed, and extensive tracts which were before under cultivation, but are now neglected, are again reclaimed, the revenue will largely increase under the administration of British officers, and that General Low, when negotiating for the districts to be held in Amanee, distinctly stated that by the assignment of the districts to the British Government, the benefit to my Government will be so great, as to prove a source of great satisfaction to it; it was stated in the paragraph above alluded to, in accordance with this, that from the revenues of the aforesaid districts, after deducting all charges in regard to which there will be no objections raised in future by my Government, and after providing for the payment of the contingent troops, the yearly stipends to Appa Desaye and Mohiput Ram's family, and the Mahratta Sallianadars, agreeably to the Treaty, whatever surplus remains should be paid to my Government; therefore it is clearly evident, from the paragraph above referred to, that my Government does not in any way require accounts of the districts to be rendered, as is supposed by the British Government, but asks merely for the surplus, that is, that when all the charges of administration considered proper and necessary by the officers of the British Government have been defrayed, and after payment of the Contingent, &c., as provided by the Treaty of 1853, any surplus that may then remain should in future years be paid to my Government; but in the event of any deficiency occurring at any time, no demand should be made on my Government for it, but when it has been covered, the surplus should be paid to it. Under the above view of the case, the Governor General in Council will consider that my Government is in every way entitled to receive such surplus.

In the latter part of the 5th and the beginning of the 6th paragraphs of the communication of the Supreme Government, it is stated: "That the Government of India desires to hold this territory, as it has hitherto held the whole of the assigned districts, not in sovereignty, but in trust for his Highness, so long as the Contingent is kept up, and no longer. And these assigned districts will continue to be called 'The Hyderabad Assigned Districts,' or by any other suitable name that may better serve to mark the sovereignty of the Nizam." I am happy to find that the Governor General in Council has borne in mind the above point, but by merely styling them "in trust," or the "Hyderabad Assigned Districts," the object of the sovereignty of this State is not fully attained as it ought to be, but it will be realized when information of the increase of revenue, when it occurs hereafter in the districts, is given by the British Government, and the surplus paid to my Government as described above.

In the 7th paragraph of the Governor General's letter, it is observed that "the Nizam cannot be unaware that in consenting to relinquish so large a portion of the assigned districts, and to keep in its hands only so much as will yield a gross revenue of 32 lakhs of rupees, the Government of India subjects itself to a certain pecuniary loss of no small magnitude. Although out of consideration for the interests of the Nizam, and for the long-standing friendship between the two states, the Governor General in Council has consented to charge 12½ per cent. on the gross jumma in payment of the expense of administration, yet his Highness must well know that the actual expense with which the British Government will charge itself for the benefit of the districts in question, is considerably in excess of this." My Government is not, nor will it ever be, desirous that the British Government should incur any loss. These districts are assigned merely for the pay of the Contingent Troops deemed as (necessary for) maintaining the tranquillity of the country, and who, in time of need, are prepared to render service, and to devote their lives on important occasions of the British Government, and for the payment of certain other items specified in the Treaty of 1853; and whatever the actual expenses for the administration and benefit of the districts in question may amount to, my Government

will accept and raise no objections in future, as will be apparent from the explanation given above, and therefore there will be no cause for any loss being incurred by the British Government.

With reference to the proposal made in the 10th paragraph of the Despatch from the Supreme Government, to place the administration of the assigned districts under the Commissioner of Nagpore, as the Resident at Hyderabad is the medium of carrying on the transactions between the two States, my Government desired that the whole administration of the districts that shall remain in trust with the British Government should be vested in that officer. It is provided by the VI. Article of the Treaty of 1853 that the districts shall be placed under "the exclusive management of the British Resident for the time being at Hyderabad, and to such other officers acting under his orders as may from time to time be appointed by the Government of India to the charge of those districts;" and this provision was made at the request of my Government, in consequence of the reports then prevalent that the districts would be incorporated in other zillas of the British Government, and this was done only with this object, that by the administration of the districts remaining in the hands of the Resident delegated to this Court by the British Government, the districts should be publicly recognized as belonging to this State, and that it should not be said that they or the revenue from them had been incorporated with British Territory.

In the 8th paragraph of the letter from the Supreme Government, reference is made to modifications of other parts of the arrangements to which I have already assented; in the 11th paragraph four propositions are made; and the 12th paragraph refers to my acceptance or rejection of the four proposals together as a whole. My Government accepts the whole of the propositions.

The first is that the British Government should restore to me the Raichore Doab and the districts of Dharaseo. My Government will be happy to take back these districts.

The second proposition is that the British Government should cancel the debt for 50 lakhs of rupees, and forego all further demand on account of interest. This is accepted by my Government.

The third proposition is that I should dispense with the accounts of the receipts and expenditure of the assigned districts for the past, present, and future. Although in your letter dated the 1st Mohurram, H. 1277 (21st July 1860), it was intimated that the accounts for the future only should be dispensed with, and which was accepted, yet agreeably to the wishes of the British Government the accounts for the past will not be called for.

The fourth proposition is, that I should assign to the British Government in trust all the Surfi-i-Khas districts, included within the limits of East and West Berars, and so much additional territory adjoining thereto, as small make up in all a present gross annual revenue of 32 lakhs of rupees. This is also accepted by my Government.

My Government has accepted all the propositions made by the Supreme Government, and two points only are submitted to his Lordship. One of these relates to the payment of the surplus revenues of the districts, which has no connection with any demand for accounts or discussion of any kind, and the other relative to the administration of the assigned districts being placed under the Resident at my court. Under these circumstances there will be no necessity for any modification of the arrangements, nor is there anything left for me to reject.

In the 14th paragraph of the letter from the Supreme Government, it is intimated that the Shorapore territory should be made over to me without delay, and that my Government should be requested to deliver over the districts on the left bank of the Godavery to the officer who may be sent by the Commissioner of Nagpore to take charge of them. Although this subject was not a separate one from the restoration of a portion of the assigned districts to my Government, and the propositions relating to all these matters were received together by my Government on behalf of the Supreme Government, in your letter of the 1st Mohurram, H. 1277 (21st July 1860), still, however, as I am always anxious to satisfy the Governor-General in Council, and keeping in view the unity of the two States, I have given orders to Mookhtar-ool-Moolk Salar Jung Bahadoor that the districts on the left bank of the Godavery, valued at about 20,000 rupees a year, should be made over to the officer of the British Government; and agreeably to the intimation of the Supreme Government, the navigation of the Godavery, and its tributaries, so far as they form the boundary of the two States, shall be made free, and the levy of any customs or other duties on goods passing up and down the river shall be prohibited.

My Government takes this opportunity to submit for the consideration of the British Government that from the beginning it has always been customary with it to keep the British Government pleased and satisfied, and with this view my Government has not had an eye to its own advantages, as may be instanced in the matter of the large amount of arrears of the Secunderabad and Jaulnah Abkarries; in the deficiency of the number of troops in the subsidiary force as compared with the strength of that force stipulated for by the Treaty of 1800; and in the remission of duties in the assigned districts; of all which the Supreme Government is thoroughly aware; and that likewise, the advantage of the services of the Contingent troops, both at present and in future, is available to the British Government, and the Supreme Government is well aware of the services they rendered, and the devotion they exhibited during the rebellion in India.

In consideration of the unity and friendship which has existed between the two States, and which, by the grace of God, is daily increasing, you will be pleased to submit to his Excellency

Excellency the Governor General the above-mentioned two subjects, by which it is deemed no loss can accrue to the British Government, in such a manner as may dispose his Lordship to accept and sanction them, which will be a source of gratification.

Translation furnished by Minister, and transmitted at his request.

(signed) *Cuthbert Davidson*, Resident.

TRANSLATION of a NOTE from the Minister to the Resident of 25th Rubbee-oo-lawul, 1277 H. (12th October 1860), No. 1846.

YOUR note of the 24th September (7th Rubbee-oo-lawul, No. 1427), with its enclosure, to the address of his Highness the Nizam, has been received, and duly presented to his Highness at an auspicious moment, when I also took the opportunity of intimating to his Highness your sentiments on the subject. I now beg to enclose his Highness's reply to your letter, in which every particular is fully stated. I am confident that you will explain the purport thereof to his Excellency the Viceroy and Governor General, and that his Excellency, viewing the existing friendship between the two Governments, will accept his Highness's reply favourably, which is his Highness's desire.

Agreeably to his Highness's orders, two *alikams** to the address of Lushkur Jung Bahadoor and Mirza Goolam Hussun Beg Talookdars, with two proclamations for making over the talooks† on the left bank of the Godavery (agreeably to your note of the 15th Mohurram, No. 1174) to any officer deputed to receive charge thereof, on the part of the British Government, together with two proclamations on the subject of goods passing up and down the Godavery, &c., are herewith sent.

* Forwarded to
Commissioner,
Nagpore.
† Buddrachellum.
Rakapilly.
Cheria.
Albaka.
Noogoor.
Sironcha.

(No. 5576.)

From A. R. Young, Esq., Deputy Secretary to the Government of India, to the Resident at Hyderabad; dated Fort William, 19th November 1860.

Sir,

I AM directed by the Governor General in Council to acknowledge the receipt of your letter (No. 91) of the 12th ultimo, on the subject of the present negotiations with the Nizam's Government, and in reply to state that his Excellency in Council, in consideration of the advantages to be derived from this re-transfer of the districts of Dharaseo and Raichore to the Nizam, and from the discontinuance of accounts between the two Governments, is willing to forego the further objects, namely, exemption from the obligation of paying to the Nizam's Government any surplus revenue that may hereafter accrue from the two Berars, and the administration of those districts, through the agency of the Nagpore, establishments, which, though deemed of importance by the Government, are found to be distasteful to the Nizam.

2. You will accordingly address to the Minister a letter, of which the draft is enclosed, and take such further steps as may be necessary to bring the arrangement to a conclusion.

3. It will be necessary to make two alterations in the draft of Supplemental Treaty, which was sent to you with my letter (No. 3889), dated the 5th September last. To Article 4 the following words must be added: "But the British Government will pay to his Highness any surplus which may hereafter accrue, after defraying all the charges under Article 6, and all future expenses of administration, the amount of such expenses being entirely at the discretion of the British Government." Article 8 will be omitted, and the number of articles contained in the Treaty will be 10.

4. With reference to the observations contained in paras. 9 and 10 of your letter, I am desired to state that the Governor General in Council declines to enter upon a discussion of subjects that must be held to have been disposed of by the Treaty of 1853, or to admit that the Nizam has any claim in consequence of the abolition of the transit duties. Those duties were abolished by the Government, in the exercise of the powers conferred on it by Treaty; and the measure was one obviously calculated to promote the prosperity and increase the resources of the assigned districts, and to be equally beneficial to both States. It would be most unfair that the Nizam should be allowed to claim credit for duties remitted, and that the British Government should receive no credit for the improved revenues from other sources—an improve-

ment which may be attributed in a great measure to the abolition of the transit duties.

5. You say that you have had to contend against the desire on the part of the Nizam and his durbar, to make it appear that you were forcing them into an acceptance of arrangements that they did not desire, and that they were again, in spite of the Queen's Proclamation, to suffer from a system of coercion which had for many years caused them great pecuniary embarrassments. You add, that your instructions did not at all warrant your accepting such a position, and that you therefore refused to acknowledge any such intention on the part of the Government, and pointed out that the offers contained in the Government letters were open and plain, and that the terms tendered must be considered most advantageous to the Hyderabad State. In so doing I am to observe you acted rightly. The general tenor of your instructions, as well as the specific terms offered in them, gave you the means of conclusively disproving the assumption of the durbar by a frank and conciliatory exposition of the spirit on which the Government was acting.

6. Further on, your remark that owing to the character of the policy pursued by the late East India Company towards the Nizam since 1817, expressions such as "His Highness can of course reject the proposals" (which expression is used in the letter addressed to you on the 5th September), render successful negotiation almost an impossibility; and you say that you were ordered to communicate the letter containing this expression to the Nizam. Upon this I am to observe, in the first place, that you are in error as to the fact: you had no such orders. The only opinion conveyed to you on this point is contained in a demi-official letter of the 10th September, in which you were told that the official letter of the 5th September (in which the above-cited expression occurs) is "one which, so far as relates to this part of the subject," (namely, the arguments used to induce the Nizam to agree to the two points, of foregoing the surplus revenue, and of administering the Berar districts from Nagpore) "can be shown entire to his Highness; and it may appear to you advisable to let him read verbatim the arguments used by the Government in support of its views." No order was given to you to communicate any part of the letter to the Nizam, least of all any part of it which might appear to you to render negotiation hopeless. One part was indicated as a part which might be communicated to his Highness, if you thought this advisable, whilst as regards the rest of the letter, not even a permission to communicate it was given.

7. Secondly, I am to observe that the Governor General in Council sees no reason to accept your opinion, that this expression to which you have referred was one which should impede the success of the negotiation, even if orders to communicate it had been given to you. It was an impression thoroughly sincere on the part of the Government of India, and if placed before the durbar by the representative of Government in the spirit in which it was used, and in that spirit towards the Nizam which has pervaded every line of the instructions addressed to you, the effect of it should have been exactly the reverse of that which you attribute to it.

8. The Governor General in Council does not approve of the proposal made in para. 14 of your letter. His Excellency in Council is not disposed to accept territory yielding 35 lakhs a-year, when the Nizam has already been told that we require only so much as will yield 32 lakhs; and as the Nizam agrees to demand no accounts, and to make the judgment of our officers the measure of what may be spent on the administration of the districts before beginning to count surplus, additional territory is not required to secure Government from eventual loss, though in the first years there may be some deficiency.

9. With reference to para. 15 of your letter, I am desired to observe that, although the condition of the people of the assigned districts, about to be restored to the Nizam had received the full consideration of the Government, you mistook your duty in abstaining from mentioning anything relating to it which appeared to you to be deserving of mention. It is not necessary for an officer in your position to consider whether any information or opinions which

he

he may think deserving of being known to the Government are likely to be embarrassing to it or not. If the information be accurate, and the opinions be well-considered and sound, the communication of them cannot be an embarrassment.

DRAFT of LETTER from the Resident to the Minister.

I AM instructed by the Governor General in Council to request that you will inform his Highness the Nizam, with reference to his Highness's note of the 12th October, that his Excellency in Council has received with satisfaction the signification of the acceptance by his Highness of the main points of the arrangement proposed to him; that in regard to that part of it to which his Highness objects, the Governor General in Council will not for a moment press it against the wish, now personally expressed, of the Nizam himself; and that his Excellency in Council is the less disposed to do this, as the grounds of his Highness's objection seems to be an apprehension that the true and complete reservation of his Highness's sovereignty over the retained districts, might, by his acceptance of that part of the proposal, become questionable.

The Governor General in Council has already shown his desire carefully to guard the integrity of his Highness's sovereignty against all manner of doubt; and therefore, although by foregoing the service of the civil establishments of Nagpore as the means of administering the two Berars, and by retaining the administration of these districts under the authority of the Resident, it is certain that a less satisfactory, convenient, and economical mode of administering them will be pursued, his Excellency in Council will not urge the proposed change further.

To the payment to the Nizam of any surplus revenue which may accrue from the districts to be retained when the charges upon them and the expense of administration shall have been met, the Governor General in Council will agree that it must be on the understanding that the widest latitude is allowed to the British Government on this head, and that all charges which its officers consider proper and necessary for the administration of these districts will be defrayed from the revenues, without question, before any surplus can be made over to the Nizam; and that any deficiency arising from excess of expenditure over income in one year will be made good by the surplus in another. His Excellency in Council also understands that no accounts are to be rendered to the Nizam's Government, but that when a surplus accrues, it is to be made over. The British Government having taken upon itself the administration of these districts, the Governor General in Council entertains the strongest objection to hold them on any terms which would hinder the Government from establishing a sound and efficient administration, or from promoting general advancement; while to revert to a system of annual accounts would be to revive a source of unpleasant discussion, and possible misunderstanding.

The Governor General in Council desires me to conclude by expressing his sincere conviction that the present arrangement will tend to promote a good understanding between the two States, and to strengthen the friendship which has so long and uninterruptedly existed between them.

(signed) C. Davidson,
Resident, Hyderabad.

(Political Department.—No. 108 of 1860.)

From Lieutenant Colonel C. Davidson, C.B., Resident at Hyderabad, to the Secretary to the Government of India, Foreign Department, with the Governor General, Camp; dated Hyderabad Residency, 21st November 1860.

Sir,

ADVERTING to my letter of the 15th instant (No. 104), I beg to forward, for submission to his Excellency the Viceroy and Governor General, the accompanying copies and translations of notes which have passed between myself and the Minister; by the two latter of which it will be observed that Lieutenant Glasford has taken charge of the districts on the left bank of the Godavery, ceded by the Nizam to the British Government.

1. To Minister, No. 1706, dated 15th instant 1860.
2. From Minister, No. 2086, dated 19th instant 1860.
3. From Minister, No. 2092, dated 20th instant 1860.

(No. 1706.)

TRANSLATION of a NOTE from the Resident to the Minister, dated 15th November 1860.
(1st Jumadeesolawul 1277.)

WITH reference to the 2nd paragraph of your note of the 12th October, I beg to state that Lieutenant Glasford has been appointed by the Right Honourable the Governor General to the charge of the districts on the left bank of the Godavery recently ceded by the Nizam, and that the British Government is ready to take possession of the same.

(No. 2086.)

TRANSLATION of a NOTE from the Minister to the Resident, dated 19th November 1860.
(5th Jumadeesolawul 1277.)

I BEG to acknowledge the receipt of your note of the 15th instant (recapitulates the contents of the Resident's Note). Ahkams were forwarded to you in my note of the 12th October (No. 1846), agreeably to which the talooks of Cherla, Albaka, Noogoor, and Sironcha, belonging to the Ilaka of Chimoor, have been made over by the talookdar of this Circar to Lieutenant Glasford, whose receipt is enclosed. In the same manner the talooks of Buddrachellum and Rakapilly have no doubt been made over to Lieutenant Glasford, and that officer's receipt for these talooks will be sent when received. I beg that the receipt now forwarded may be returned for record in my office.

TRANSLATION of RECEIPT.

Before Lieutenant Glasford, Assistant Agent, Governor General, Zillah Godavery.

Seal of the Kutcherry of Zillah Chandah to Bindiah Pundit Sur Duftur Illaka Miza Goolam Hoossain Beg, Talookdar Circar Aramghar.

I HAVE this day delivered to you ahkams and proclamations from Nawad Mooktear-ool-Moolk Bahadur to the address of the above-mentioned talookdar, to make over the talooks of Cherla, Albaka, Noogoor, and Sironcha in perpetuity to the British Government. I acknowledge that, agreeably to these instructions, you have made over to me four takeeds in the Ilakadars of the above-named talooks, to take charge of the talooks in question; and that I have accordingly received possession of the villages on the left bank of the Godavery on behalf of the British Government.

Dated 6th November 1860. (20th Rubec-oo-sannee 1277.)

(signed) C. Glasford,
Assistant Agent Governor General.

(No. 2092.)

TRANSLATION of a NOTE from the Minister to the Resident, dated 20th November 1860.
(6th Jumadee-oo-sannee 1277.)

REFERRING to my note of yesterday's date (No. 2086), I beg to enclose Lieutenant Glasford's receipt of having been furnished with authority from Syud Nizam-oo-deen to the address of the Naib and Zumeendarnee of the Poloncha, &c., talook, to give over charge of the talooks of Buddrachellum and Rakapilly to him (Lieutenant Glasford). I request that the receipt may be returned.

TRANSLATION of RECEIPT.

Given by Lieutenant Glasford, Assistant Agent Governor General, Zillah Godavery,
to Syud Nizam-oo-deen, Ally Sahib Munsubdah.

After Compliments,

YOUR note with two letters, to the address of Dhamur Luchmee Nursunammah Zumeendarnee (the mother of Seetaram Chundur Savai Ashwaun Bahadur), and Syud Curreem-oo-deen, Sahib Naib of Poloncha, and regarding making over to me, on behalf of the British Government, the talooks of Buddrachellum and Rakapilly, has been received and understood. The letters in question have been dispatched to the Zumeendarnee and Naib.

Dated 7th November 1860. (21 Rubbee-oo-sannee 1277.)

(signed) C. Glasford,
Assistant Agent Governor General.

(No. 116 of 1860.)

• (By Express.)

From Lieutenant Colonel C. Davidson, Resident at Hyderabad, to the Secretary to Government of India, Foreign Department, with the Governor General; dated Hyderabad Residency, 7th December 1860.

Sir,

I HAVE the honour herewith, in accordance with the instructions conveyed in your Despatch (No. 5576), dated the 19th ultimo, to transmit a Supplemental Treaty, duly signed and sealed, entered into this day with his Highness the Nizam.

2. Nothing particular occurred at the Durbar, and it has so frequently been described that it appears needless here to add to previous descriptions. His Highness the Nizam, as I was taking my leave, begged I would express to his Excellency the Governor General the high sense of obligation and gratification he felt that his wishes on the two points previously discussed had been conceded by his Lordship.

3. The only differences between the present transcript of the Supplemental Treaty and the Draft transmitted from your office in letter (No. 3889), dated the 5th September last, are as follows:—

1st. The designation of the Nizam and his titles in the preamble of the Treaty, and in Article X., are corrected according to the custom at Hyderabad.

2nd. Article IV. The addition ordered in para. 3 of the Despatch, dated 5th September 1860 (No. 3889), has been introduced at the end of this article, as directed.

3rd. Article VI. The words "currency of the British Government" have been added to prevent any mistake about the Hyderabad or Company's rupees, as in the Surf-i-Khas estates; the revenue has hitherto been collected in the Hyderabad currency, whereas in the assigned territory it has been collected in Company's rupees.

4th. Article VIII. The talooks ceded on the left bank of the River Godavery, &c., have been specified at the request of the Hyderabad Government.

5th. The Nizam requested that the words, "when this copy herewith, signed and sealed by the British Resident, will be returned," might be added; they will of course be omitted in the ratified Treaty.

6th. Article VIII., of the Draft Treaty has, agreeably to instructions, been struck out, and the present Treaty consists of 10 Articles.

(No. 2315.)

TRANSLATION of a NOTE from the Minister to the Resident, dated 22nd December 1860.
(8th Jumadee-Sannee 1277 H.)

YOUR letter of to-day's date (No. 1912), stating that you understand, from the records of your office, that on a previous occasion the seal of the late Nizam was attached at the top of the Draft Treaty of 1853 in the same way as the seal of the present Nizam was fixed at the top of the present Treaty, and that I should ascertain from the records of this Government, and let you know whether this was the case or not, has been received. My friend, it is true the seal of the late Nizam was fixed at the top of the Draft Treaty of 1853, and when the Treaty was returned duly ratified by his Excellency the Governor General, there was no space left for a seal at the top, but there was at the bottom. For this reason the late Nizam raised some objections, and mentioned the circumstance to General Low. The said gentleman remarked that the Treaty had been received by him as submitted to his Highness, and that it would not be advisable to return it to the Government merely because the seal was fixed at the end of the Treaty. Under these circumstances his late Highness then also attached his seal at the end of the Treaty; and of all these circumstances you yourself are cognizant.

(No. 119 of 1860.)

From Lieutenant Colonel C. Davidson, C.B., Resident at Hyderabad, to the Secretary to the Government of India, Foreign Department, with the Governor General, Camp, Benares: dated Hyderabad Residency, 7th December 1860.

Sir,

I HAVE the honour, with reference to my Despatch of this date (No. 116), and the draft of a note which I was directed to communicate to the Hyderabad Government, to enclose the reply dictated under his Highness the Nizam's orders.

Forwarding Supplemental Treaty concluded this day with H. H. the Nizam.
No. 2215, dated 7 December 1860 (23 Jumadeesamee 1277 H.), with English translation.

No. 2216, dated 7 December 1860 (23 Jumadeesamee 1277 H.), with English translation.
No. 1831, dated 7 December 1860 (23 Jumadeesamee 1277 H.), with English translation.

2. I also beg to transmit copy of a note, and of my reply, regarding an application from his Highness to be furnished with schedules showing the amount of revenue of the different talooks, assigned to the British Government, agreeably to the present Supplemental Treaty.

TRANSLATION of a LETTER from *Mookhtar-ul-Moolk Bahadoor*, Minister to his Highness the Nizam, to the Address of Colonel C. Davidson, C.B., British Resident at Hyderabad; dated 7th December 1860 (No. 2215) (23rd Jumadee-ool-awal II. 1277).

I HAVE been favoured with your letter of the 29th November 1860 (15th Jumadenovul 1277) (No. 1769), the purport of which is here recapitulated. In accordance with your suggestion, I have duly submitted to his Highness the Nizam, the several subjects of the communication from his Excellency the Right Honourable the Governor General in Council, as contained in your letter. The line of justice, and appreciation of rights shown by his Lordship, in accepting the propositions of this Government, have been highly gratifying to his Highness the Nizam; and I also feel very thankful and under great obligations to his Lordship in Council, for this mark of his kindness and favour. And with reference to full power being allowed to the British Government regarding the expenditure of the assigned districts, it is stated in your letter that all charges which its officers consider proper for the administration of these districts shall be defrayed without question; this point has been previously explained distinctly in his Highness's letter to your address; and this Government is fully satisfied that by the kindness of his Excellency the Governor General, instructions will be issued to the British Residents (at this Court) to see that the charges which may appear proper and necessary for the administration and improvement of the districts shall be defrayed.

2. I have represented to his Highness the Nizam, that his Excellency the Governor General in Council has expressed his sincere conviction that the present arrangement will tend to promote and strengthen the union and friendship between the two States, which has so long and uninterruptedly existed between them; and his Highness has been pleased to say that the union and friendship of the two Governments has been continually on the increase from the commencement, and it is certain that, under the present arrangements, the foundations of the ancient friendship, and the firm fidelity mutually existing between the two Governments, has acquired more than former strength, and which, by God's grace, will be duly promoted and increased.

(No. 2216).

TRANSLATION of a LETTER from *Mookhtar-ul-Moolk Salar Jung Bahadoor*, Minister to his Highness the Nizam, to Colonel C. Davidson, C.B., British Resident at Hyderabad; dated 7th December 1860 (23rd Jumadee-ool-awal 1277 H.)

I HAVE been favoured with your letter of the 1st December 1860 (17 Jumadeenovul II. 1277) (No. 1786), with copy of a Treaty received from the Supreme Government for submission to his Highness the Nizam, in due form.

The Treaty, signed and sealed by his Highness, has been delivered by him to you this day; his Highness has intimated his commands to me, that it is necessary for this Government to have a schedule of the districts to be exchanged for the surf-i-khas and other talookas of the surplus districts to be re-transferred; and of the districts yielding a gross annual revenue of 32 lacs of rupees, to be retained by the British Government in trust for the payment of the Contingent troops, &c.; detailing the amount of the revenue of each of the respective districts. I have the honour, accordingly, to request you will be pleased to furnish me with the schedule in question, signed and sealed by you for submission to his Highness the Nizam.

(No. 1934).

TRANSLATION of a NOTE from the Resident to the Minister; dated 7th December 1860 (23rd Jumadee-ool-awal 1277 H.)

I BEG to state, in reply to your note of this date (No. 2216), that after the Ratified Treaty arrives, and after the amount of the revenue of the surf-i-khas and other talooks is ascertained by an officer on the part of the British Government, and one on that of the Nizam, the required schedules will be transmitted to his Highness under my seal and signature.

(No. 137.)

From A. R. Young, Esq., Secretary to the Government of India, with the Governor General, to the Resident at Hyderabad; dated Camp, Mirzapore, 17th December 1860.

Sir,

I AM directed to acknowledge the receipt of your letter, No. 116, of the 7th instant, transmitting for ratification a Supplemental Treaty entered into by you, on behalf of the Viceroy and Governor General, with his Highness the Nizam of Hyderabad.

2. His Excellency the Governor General observes in this document an informality which must be corrected before the Treaty can be ratified. The seal of his Highness has been affixed at the top instead of at the bottom of the document, which is not only unusual in papers of the kind generally, but is a deviation from the practice which, in reference to previous Treaties, appears to have been invariably followed in engagements entered into between the British Government and the present and former Nizams of Hyderabad.

3. The delay which the ratification of this mistake will occasion is to be regretted; and his Excellency cannot but express surprise that you should have permitted a deviation from former practice in a transaction of so formal a character, the more so as you seem by your note to have been aware that in 1853 this deviation was not allowed, and as you have assigned no reason for now allowing it.

4. To prevent further delay two copies of the Treaty are herewith forwarded, on which are marked, in pencil, the proper places for your seal and signature, and for those of his Highness the Nizam. You will be so good as to return both of these documents duly executed, by express, when they will be ratified by the Governor General. One of the ratified copies will be sent to you to be delivered to his Highness the Nizam, and one will be retained in this office. An attested copy will hereafter be furnished for record in the Residency Office.

5. The copy of the Treaty submitted by you is herewith returned, and I am to suggest that it and the copy now in the possession of his Highness should be destroyed when the copies now transmitted have been signed and sealed as directed.

6. You will, if you should see reason to do so, explain to the Nizam that nothing is further from the Governor General's intention than to show any discourtesy to his Highness in withholding his signature from the instrument which his Highness has already signed.

7. But, having regard to the well-understood meaning which attaches to documents which the head of any State in India transmits to their destination, signed or sealed at the top, and having regard, too, to the fact that all Treaties between the British Government and Native States have been signed at the foot, it is not possible for the Governor General to accept the document which you have transmitted to his Excellency.

8. In the absence of explanation of the reason which has induced you to depart from an invariable custom, the Governor General does not consider it necessary to say more on this subject.

(No. 125 of 1860.)

From Lieutenant Colonel *C. Davidson*, C.B., Resident at Hyderabad, to the Secretary to Government of India, Foreign Department, with the Governor General; Hyderabad Residency, 22nd December 1860.

Sir,

I HAVE the honour to annex a copy of a telegram which has been dispatched to you this day.

"Express of 17th received at two p.m. of 22nd. All documents in my office show that the Draft Treaty of 1853 was sealed by the Nizam at the top. I have written for information to the Minister. The returned Ratified Treaty had the late Nizam's seal placed at the bottom, as no room was left at the top for the seal; he objecting, but remarking he would seal anywhere, as he did not wish to give the Governor General any further trouble."

(No. 127 of 1860.)

From Lieutenant Colonel *C. Davidson*, C.B., Resident at Hyderabad, to the Secretary to the Government of India, Foreign Department, with the Governor General, Camp, Benares; dated Hyderabad Residency, 24th December 1860.

Sir,

I HAVE the honour to acknowledge the receipt of your telegram of the 23rd instant, to the following effect:—

"Your message of 22nd received. The records in Calcutta have been examined, and show that the Nizam's seal and signature are invariably at the bottom of the Treaties. All Treaties whatever to which Governors General have put their signatures have been signed both by the Governor General and by the ruler of the State at the bottom. The Governor General desires that this practice be adhered to in the present instance. His Excellency cannot accept a document signed or sealed at the top."

2. I beg to add that the Nizam on receiving my communication on the above subject, said to the Minister he would receive me in three or four days, that is, after Christmas, and sign and seal the Treaty at the bottom, as required by his Excellency the Governor General, when I shall do myself the honour to submit the explanation called for in your Despatch, No. 137, of the 17th instant.

(By Express.)

(No. 128 of 1860.)

From Lieutenant Colonel *Cuthbert Davidson*, C.B., Resident at Hyderabad, to the Secretary to the Government of India, Foreign Department, with the Governor General, Benares; Hyderabad Residency, 26th December 1860.

Sir,

I HAVE the honour to acknowledge the receipt of Mr. Officiating Secretary Young's letter (No. 137) of the 17th instant, and in reply beg to state in explanation, that no Treaty or engagement was previously made with the present Nizam, and that in the preparation and submission of the Draft Supplemental Treaty to his Highness, I have followed exactly the precedent and mode of procedure adopted by General Low in 1853.

2. You will find from the accompanying attested copy* of the Draft Treaty of 1853, signed by General Low, C.B., which I beg may be returned to my office, that

* A copy of which was forwarded to the Foreign Secretary in Calcutta; vide Despatch, No. 83, dated 21st May 1853. The Draft Supplemental Treaty previously submitted is a counterpart of the above.

that the Nizam's seal was placed at the top of that document, and that no objection was made on the part of General Low, nor by the Government of India, when it was submitted to that authority.

3. On the Ratified Treaty of 1853 being returned, no place was left at the top for the Nizam's seal, and his Highness objected that he was required to seal in a different place in the Ratified from what he had done in the Draft Treaty, and that it was unusual for him, in a State paper of consequence, to put his seal at the bottom of the paper. General Low, it will be seen from the Enclosure, as per margin, did not refer the matter to Government, but evaded the question raised, and, as far as my recollection serves me, after a lapse of seven years and a-half, said, if the Nizam would not seal in the place marked out by the Governor General, he could not receive the Ratified Treaty within the 30 days promised, on which his Highness assented, saying, he did not desire to give his Lordship any further trouble on the subject.

4. When the present Treaty was being negotiated, the Minister begged that in the returned Ratified Treaty space might be left for the Nizam's seal at the top of the document, remarking that it was not unlikely the present Nizam would object to seal anywhere but in the place he had done in the Draft Treaty.

5. I inquired if, by sealing at the top, the Nizam wished to assume any superior position over those who would place their seals at the bottom of the document. Salar Jung assured me this was not the case; that in their (the natives') eyes it would give more validity and importance to such a State paper if it were sealed by the Nizam at the top, with his sign manual, or "Allurq," at the bottom, and that his Highness only signed and sealed the Persian part of the document. I offered to refer the question officially to my Government, but he begged I would not do so, but address the Secretary privately, as the Nizam had not as yet objected to seal anywhere. This occasioned my official Memorandum to you of the 7th instant, as I knew that if there was anything informal and incorrect in the Minister's request you would inform me, giving me the necessary instructions, and I was most unwilling that any proceeding of mine should prove distasteful to his Highness, or have the slightest appearance of detracting in the least degree from the act of grace conferred on his Highness the Nizam by his Excellency the Viceroy and Governor General of India.

6. I attended Durbar this day, and had the Draft Treaty in the Nizam's possession returned, and one of those received with your Despatch under acknowledgment substituted, and the two copies prepared in my office destroyed as directed; and I now beg herewith to enclose the Supplemental Treaty for ratification, signed and sealed in the manner ordered by his Excellency the Viceroy and Governor General.

7. The question of where the Nizam's seal is to be affixed, whether in preliminary Draft Treaties or those ratified by the head of the Government, is, by the present proceedings, now definitively settled at this Court. I could not, in the face of the wording of the 10th Article of the Treaty, ask the Nizam to return both copies of the document, as instructed in the 4th paragraph of your letter, as that Article provides that one of the copies shall remain with the Nizam till the Ratified Treaty is returned; and to exchange the documents when this is done, has been, I am informed, the invariable usage hitherto.

8. Nothing of consequence occurred at the Durbar; the only question put by the Nizam was in regard to the Governor General's health, and where his Excellency now is.

9. When the document was being sealed, Iktidhar-ool-Moolk (Shums-ool-Oomrah's youngest son), who is the keeper of the Nizam's great seal, rather significantly asked the Minister if it was to be affixed at the bottom, to which question Salar Jung replied, "Yes," and the Nizam nodded assent.

P.S.—The parchment arrived wet and damp, and therefore the ink ran where the Resident's seal and signature is placed on this copy.

2nd. I would beg to call attention to the 5th paragraph of my letter (No. 116), dated the 7th instant, and to request, that should the suggestion therein contained

Enclosure, No. 2.
Minister's note,
dated 22nd Decem-
ber 1860 (8 Jumma-
deosanec 1277 H.),
No. 2315, with
English translation.

tained of omitting the words "when this copy herewith signed and sealed by the British Resident will be returned," be approved of, the words in question may be omitted in the Ratified Treaty transmitted to me.

(Foreign Department.—No. 14.)

From *A. R. Young*, Esq., Secretary to the Government of India, with the Governor General, to the Resident at Hyderabad; dated Camp, Goonwarra, 2nd January 1861.

Sir,

I AM directed to acknowledge the receipt of your letter (W. 128), dated the 26th ultimo, submitting explanation connected with the signing of the Treaty by his Highness the Nizam, and, in reply, to inform you that the Governor General does not consider it necessary to remark further on that point.

2. The Supplemental Treaty, as ratified by the Governor General, is herewith forwarded, and I am to request that you will deliver it to the Nizam, and return the copy now in his possession duly executed. That copy will remain in the Foreign Office, and an attested transcript of it will be forwarded to you for record in your office. No words can be omitted, as suggested in your postscript, as it is necessary that your copy should correspond precisely with the originals.

3. The copy of the Treaty of 1853, which accompanied your letter, is herewith returned.

(Political. — No. 82.)

Sir *Charles Wood* to the Governor General of India in Council; dated 18th June 1861.

1. I PROCEED to notice the very important subjects connected with Hyderabad affairs, treated of in the Enclosures of your letters, dated 8th September 1860 (No. 117), and 5th January 1861, No. 4, and especially those referred to in your letter to the Resident, of the 7th July 1860, No. 2518. These papers have been considered by me in Council with the attention which their importance demands.

2. You have explained that circumstances, to which it is needless further to advert, prevented your making, at an earlier period, to his Highness the Nizam, any suitable acknowledgment of the very valuable services rendered to Her Majesty's Government by himself and his faithful minister, Salar Jung, during the eventful period of the mutiny of the Bengal Army.

3. It was not unknown to you that the transfer of the assigned districts was not obtained from the Nizam without much unwillingness and opposition on his part, and that his Highness more earnestly desired a restoration of that territory, partial or entire, than any other object which could be presented to him as worthy of acceptance in acknowledgment of these services. It naturally, therefore, occurred to you to endeavour to combine the gratification of this with the accomplishment of other arrangements beneficial to both Governments.

4. On reviewing the results of the past administration of the assigned districts by our officers, it appears that, although distinguished by a degree of regularity and freedom from oppression fully appreciated by the people, the administration had not, in a financial point of view, been attended with the expected success. The papers submitted by Colonel Davidson show that a deficit of 9,31,613 rupees had accrued during the period (five years) of British management. This deficit, however, is caused by the payment, at the commencement of our administration,

of

of the arrears of pay due to the Nizam's Contingent. Leaving out of account the sum (13,76,653 rupees) thus expended, I find that the assigned territories have yielded during the five years from 1853-54 to 1857-58, during which they had, at the date* of Colonel Davidson's Report, been under our management, 2,03,45,427 rupees, while the charges, including those of administration, and the payment of expenses of the Contingent, 32 lacs yearly, have, during the same period, amounted in the aggregate to 1,99,90,385 rupees, showing a surplus of 4,45,041 rupees.

* 6th July 1859.— Hyderabad Assigned Territories.

YEAR.	Receipts.	Charges.
	<i>Rs.</i>	<i>Rs.</i>
1853-54 - - -	38,43,198	46,83,703
1854-55 - - -	41,03,375	41,05,687
1855-56 - - -	40,15,113	40,03,330
1856-57 - - -	41,12,402	40,00,539
1857-58 - - -	42,71,338	43,03,779

5. The assigned districts were taken over to provide for annual charges on account of the Contingent, estimated roughly at 30,50,000 rupees. Their gross revenue is estimated at 45,00,000 rupees in Mr. Secretary Beadon's letter, dated 7th July 1860, upon the authority of a memorandum furnished by the Resident. But the same memorandum assumes the Civil Expenditure at 12½ lacs of rupees, and a further charge of 4½ for public works, has hitherto been incurred. With the administration conducted on these principles, the expectation of a surplus accruing for the benefit of the Nizam was not likely to be realised, and the omission to render accounts to his Highness, so as to give him the opportunity of urging objections to the heads of your expenditure, and to remissions of objectionable imposts, placed your Government in a position of embarrassment in its relations with the Nizam, the sources of which it was very desirable that you should seek to remove. The occasion, therefore, presented by his Highness's claims on your liberality for essential services rendered during the mutiny, was judiciously used to bring all these troublesome points to a final and permanent settlement.

6. Her Majesty's Government entirely approve the instructions addressed under your orders to the Resident at Hyderabad on the 7th July 1860, explaining the basis upon which he was to open negotiations for effecting all these desirable objects.

7. It was proposed by you to limit the extent of territory to be reserved as a provision for the charges of the Contingent to the districts of East and West Berar, yielding, with the Surfi Khas or Privy Purse Estates, 32½ lacs, and restoring to his Highness Dharaseo and Raichore, besides making over to him in perpetuity the principality of Shorapore.

8. You also directed the Resident to negotiate, in exchange for an equivalent, the cession of a strip of territory on the banks of the Godavery, which was desired in order to carry out your intention of rendering that river navigable. On condition also of his Highness relinquishing his right to call for annual accounts, you were prepared to cancel the debt of 50,00,000 rupees due from the Nizam to the British Government.

9. The negotiation conducted by Colonel Davidson upon this basis resulted in the Treaty ratified by you on the 2nd January 1861. I have laid this Treaty before the Queen, and I am commanded to signify Her Majesty's approval of the arrangements which you have brought to so satisfactory a conclusion.

10. Although the territory that will remain to be administered by British officers, in order to provide for the annual charges of the Contingent force to be maintained at Hyderabad, will be considerably reduced in extent and in amount of revenue, by the arrangements made under the Treaty, the British Government will hold the districts retained on a footing of greater independence, and will be able to conduct the administration with greater freedom and latitude of discretion. The acquisition of the Surfi Khas, or Privy Purse Lands, and the immunity from all necessity to render accounts and afford explanations to his Highness's Government, are essential objects, while the claims of the Nizam for good service during a season of trouble could not have been satisfied without a sacrifice of revenue in some shape.

11. Your determination to add the forfeited territory of Shorapore, with which districts of the Nizam were much intermixed, and which heretofore was a dependency of his Highness's Government, was a liberal and judicious means of giving to the measure the display of grace and friendly acknowledgment of service that was desired.

12. Undoubtedly there are objections arising from the character of his Highness's administration to replacing any population that has once enjoyed the blessing of a regular government by British officers, under the loose system adopted by his Highness's farmers and talookdars. A re-transfer of territory to a native power is always a source of regret to Her Majesty's Government, but the objection is outweighed by the obligations under which we stood towards his Highness, and is lessened by the peculiarity of the tenure and conditions upon which the territory was held by our officers, which evidently was an arrangement that could not continue.

13. I cannot but express regret that you were unable to obtain from his Highness the cession of the retained districts in full sovereignty, but I am not insensible to the weight of the considerations which induced his Highness to refuse wholly to relinquish any part of his paternal dominions. What occurs to me as most open to objection in the stipulations on this subject is the limit placed on the power of your Government to conduct the administration according to its own views, and to place the officers employed under such control as it may seem most expedient for the public service.

14. I attach less importance to the claim reserved by his Highness to secure any surplus that may arise under our administration, because both the number and constitution of the Contingent on one hand, and the free disposal of the revenues on the other for purposes of local improvement, rest entirely in your discretion. It would, however, have been more reasonable, in the event of increased revenue resulting either from improved management, or from the returns of capital expended, that the surplus should have accrued to the State to whose improved administration alone its existence was due.

15. Her Majesty's Government approve the relinquishment to his Highness of the claim to 50 lacs of rupees, on account of past advances for the pay and charges of the Contingent force, as an important act of grace towards his Highness, while the final settlement of all past accounts, and freedom from any future embarrassing pecuniary relations of the same description, is not less a benefit to your Government.

16. Although, in more than one instance, Colonel Davidson allowed himself to deviate not only from the letter, but even from the spirit of the instructions laid down for his guidance, and I cannot altogether approve of the tone of his correspondence with the Nizam, or with your Government, the negotiations appear to have been on the whole conducted by him with ability and judgment, and in a manner to entitle him to the commendations which your Government have bestowed upon him.

17. In conclusion, I have only to observe that Her Majesty's Government confidently hope that the results of the new Treaty will be advantageous to both States, and that they will tend to confirm the amicable relations which have so long existed between the two Governments.

(Foreign Department.)

The Governor General of India in Council to Sir *Charles Wood*, dated 22nd June (No. 87) 1861.

WE have the honour to transmit, for your information, copies of correspondence with the Resident at Hyderabad, on the following subjects:—

1. Disposal of the local funds of the Raichore Doab and Dharaseo Districts on their transfer to the Nizam's Government.
2. Adjustment of territory under the new Treaty with his Highness the Nizam.
3. Audit and adjustment of the accounts of the assigned territories and the Hyderabad Contingent.

We have, &c.
(signed) *Canning.*
H. B. E. Frere.
R. Napier.

(Civil Department.—No. 11, of 1861.)

From Lieut.-Colonel *Cuthbert Davidson*, c. B., Resident at Hyderabad, to the Secretary to the Government of India, Foreign Department, with the Governor General; dated Hyderabad, 12th January 1861.

Sir,

I HAVE the honour to submit, for the consideration of his Excellency the Right honourable the Governor General, a proposal from the Commissioner of the Hyderabad Assigned Districts, relative to the disposal of the balance of the local fund of the Raichore Doab, on its transfer to the Nizam's Government.

	Rs.	a.	p.
2. The cash in hand on account of the local fund of the Raichore District is - - - -	6,193	1	2
Expected collections in December 1860 and January 1861 - - - -	18,000	-	-
Making a Total of - - Rs.	79,913	1	2

From this sum has been paid, or it is proposed to pay certain sums, amounting to Rs. 25,553. 3. 10. and 34,000 rupees on account of expenditure on the Hyderabad and Sholapoor Road, leaving a balance of Rs. 20,359. 13. 4.

3. The Commissioner recommends that the balance available, after meeting all existing charges, should be added to the available balance of the Dharaseo District and rateably divided in compensation to officers and others whose property in both districts will, by the approaching transfer be lost to them.

4. The available balance of local funds in the Dharaseo District up to the 22nd December, is Rs. 15,243. 3. 7.

5. I would beg, therefore, to support the Commissioner's recommendation, this being a peculiar and special case, that after paying all existing charges, and the 40,000 (not 34,000) rupees on account of the Supplementary Estimate for the Hyderabad and Sholapoor Road, sanctioned by Government in the Public Works Department in letter, No. 144, dated the 22nd December 1860, that the surplus balance of the two districts be added together and paid as compensation to officers and others who have built houses in those districts, and who will become losers by their transfer to the Nizam's Government.

6. To those who possess houses at Lingsoogoor, I would propose to pay one-third of the amount claimed as depreciation of their value, and allow them to retain their property, as they will probably, from the civil lines adjoining the military cantonment of Lingsoogoor being still occupied by a regiment of the Hyderabad Contingent, be able to sell or rent their property.

7. I beg herewith to enclose copy of a letter, dated 3rd January 1861, from the Commissioner on the subject of compensation to officers and others in the Dharaseo District, to whom I would propose to pay the value of their houses in full, deducting only a rateable per-centage on the *bond fide* price, say 15 per cent. as house rent for the time they had been occupied as residences: these houses will then become the property of the Native Government.

8. What is now submitted is, as it will be seen, an approximate estimate of what may be the balance of the local fund at the date of transfer. If the proposal now submitted is approved of, a statement of the actual receipts and disbursements will be transmitted hereafter.

Enclosure, No. 1.

From *C. B. Saunders*, Esq., Commissioner Hyderabad Assigned Territories, to Captain *Fraser*, Officiating First Assistant Resident; dated Camp, Bolaram, 3rd January 1861.

Sir,

I HAVE the honour to forward, for the consideration and orders of the Resident, a copy of a letter, No. 192, from Lieutenant Cadell, Deputy Commissioner Dharaseo District, dated 26th December 1860, with its enclosures in original, applying in behalf of the officers and servants of Government for compensation to be granted to them on account of the loss of their house property at Dharaseo owing to the transfer of the district to the Government of his Highness the Nizam.

2. I enclose an abstract statement showing the amounts claimed by each individual on account of their expected losses. It appears to me that the claims advanced are moderate in amount as well as legitimate and equitable in principle.

3. The whole of the above parties were either required or led to erect habitations for themselves at the station of Dharaseo upon the implied guarantee of Government that they would be continued in their several appointments subject to their own good conduct, and that the district would remain under the administration of British officers.

4. It has consisted with the policy of the Government to restore to his Highness the Nizam the district as a reward for his loyal and faithful conduct during the mutinies; but this fact can hardly be held to affect prejudicially the interests of private individuals.

5. The Government, without in any way committing themselves to a distinct promise on the subject, have already signified their intention of providing, if possible, for the officers who may, in consequence of the new arrangements, lose their present appointments, and I feel confident that the same liberal and equitable consideration will be extended to them in the matter of compensating them for losses which are about to occur through no fault of their own, but from causes entirely beyond their control.

6. There are several of the officers and others who, although they have expended considerable sums upon the houses they were erecting, have not yet inhabited them for a single day, and, unless relieved by the payment to them of compensation for the amount of their respective outlay, will suffer considerable pecuniary loss and inconvenience.

7. I would, therefore, beg strongly to urge upon the consideration of the Resident, the advisability of applying the balance of any sums remaining in the local funds of the two districts of the Raichore Doab and Dharaseo rateably, in liquidation of the amounts expended by private individuals connected with the administration of those two districts in erecting house accommodation for themselves.

8. The Deputy Commissioner of Raichore Doab has not yet submitted detailed lists of the expenditure incurred by individuals in erecting accommodation for themselves at Raichore, but I gather from that officer's letter, No. 243, dated 26th December 1860 (copy of which was forwarded for the orders of the Resident under cover of my letter, No. 1242, dated 31st idem), that the amount which may be claimed by such parties will not exceed 10,000 rupees, and therefore, the total amount claimable for both districts will fall short of 40,000 rupees.

9. I am not able to state exactly what the balance outstanding in the local funds will be when the accounts are brought to a final adjustment; but whatever the balance may prove, I do not think that under the circumstances it can be considered otherwise than a legitimate and proper expenditure of the same to liquidate the cost of buildings which will remain for local purposes, and may be turned by the Native Government in all probability to profitable use.

10. Should the amount remaining in the local funds not prove sufficient to meet the claims of all parties, after such claims have been properly taxed and ascertained to be correct, I trust that the Government of India, or that the Native Government, who will reap the advantage from the expenditure of private capital on the house property, will liberally defray the balance.

11. From an inspection of some of the enclosed claims, it would appear that sums have been charged on account of advances made for the purchase of materials which have not yet been applied in the construction of the works, and I am of opinion that in such cases, if compensation is awarded, the materials in question should be sold to the best advantage for Government, and the value thus obtained be credited to Government.

12. I regret that, in consequence of my immediate departure to join my new appointment, as Judicial Commissioner at Mysore, I am unable to undertake myself the duty of taxing and ascertaining their accuracy, but I have no reason to believe that any over-charge whatever has been made.

(Financial.—No. 192, of 1860.)

From Lieutenant *W. Cadell*, Deputy Commissioner, Dharaseo District, to *C. B. Saunders*, Esq., Commissioner, Hyderabad Assigned Territories.

Camp, Mourinabad, 26 December 1860.

Sir,

I HAVE the honour to forward, for your favourable consideration, claims for compensation made by the officers and some of the subordinates for expenditure incurred on houses which they were compelled to build on Dharaseo being established by Government as the head quarter station of the district.

ABSTRACT STATEMENT of CLAIMS for Compensation for Houses made by the Officers and Subordinates of the Dharaseo District.

No.	NAMES.	Amount of Claim.		
		Rs.	a.	p.
1	Lieutenant Cadell, Deputy Commissioner - - - -	6,575	3	8
2	Lieutenant Temple, Assistant Commissioner - - - -	2,622	12	5
3	Mr. C. Hordern, Officiating Assistant Commissioner - - - -	1,262	12	8
4	Mr. Shunker Rao Rugonath, Extra Assistant Commissioner - - - -	1,753	6	-
5	Mr. Turunjee Ruttonjee, Extra Assistant Commissioner - - - -	347	7	2
6	Dr. J. B. Fleming, Superintendent Central Gaol - - - -	*4,703	6	7
7	Sub-Assistant Surgeon F. Copwicke - - - -	188	-	-
8	Assistant Apothecary Manasse - - - -	1,167	-	-
9	Bhaskur Succoram, Acting Head Clerk - - - -	47	-	-
10	Mr. Torrick, Clerk - - - -	29	2	10
11	Kistiah, Clerk - - - -	150	-	-
12	Suddasee Rajahram, Revenue Serishtador - - - -	100	13	-
13	Arnachel Rao Goondoo, Judicial Serishtador - - - -	20	-	-
14	Kundoo Rao Ram Chunder, Judicial Naib Serishtador - - - -	43	8	-
15	Pandoorung Ram Chunder Nazir - - - -	31	12	-
16	Rugonath Ram Chunder, Jakman - - - -	55	-	-
17	Cassim Allee, Jemadar - - - -	7	4	-
18	Ram Chunder Vittul, Roobcar Novees - - - -	27	15	-
19	Rookmaje Venketesh - - - -	35	-	-
20	Mulkor Succaram, Roobcar Novees - - - -	59	-	-
21	Waman Rao Narseo, Mahafiz Daftur - - - -	50	-	-
22	Waman Rugonath - - - -	15	-	6
23	Shaik Biekun, Sowar - - - -	90	-	-
24	Govind Norhen, Dorogah - - - -	1,011	8	-
25	Krista Rao Narseo, Izhor Novees - - - -	104	6	3
26	Rookree wuld Byragee, Chuprassee - - - -	27	-	-
TOTAL - - - Co.'s Rs.		20,524	6	1

* I do not recommend that interest be allowed on the expenditure, and I therefore have reduced the claim by Rs. 207. 13. 7. charged on that account.

3 January 1861.

(signed) *Chas. B. Saunders.*

(Foreign Department.—No. 285, of 1861.)

From *A. R. Young, Esq.*, Officiating Secretary to the Government of India, with the Governor General, to *Lieut.-Colonel C. Davidson, c.B.*, Resident at Hyderabad; dated Camp, Kylwara, 29th January 1861.

Sir,

I AM directed to acknowledge the receipt of your letter, No. 11, dated the 12th instant, submitting a proposal that the officers of the Raichore Doab and Dharaseo District should be compensated from the local funds of these districts for the houses which they will have to abandon when the above districts are transferred to the Nizam.

2. In reply, I am desired to inform you that these funds can be expended only on the improvement of the districts within which they were raised, as they belong to the people of those districts, and are not Government money in the sense of ordinary revenue. The Governor General is of opinion that the whole of the balance of the local funds, and the Raichore Doab and Dharaseo District, should be transferred to the Nizam along with the districts, on the understanding that the money will be expended on works of local interest.

3. As regards the question of compensation to the officers and other servants of Government in those districts, I am directed to inform you that his Excellency sanctions the grant of the compensation suggested by you on the 6th and 7th paragraphs of your letter under acknowledgment; the amount being charged to the ordinary revenue of the districts which we retain.

4. You are requested to furnish details of the amount which you may pay as compensation, under this sanction.

(No. 286, of 1861.)

Copy forwarded to the Financial Department at the Presidency for information.

(No. 287, of 1861.)

Copy of paragraphs 1 and 2 of this letter, and of paragraphs 2, 4 and 5 of the letter to which it is a reply, forwarded to the Public Works Department with the Governor General, for information.

(Civil Department.—No. 52, of 1861.)

From *Lieut.-Colonel Cuthbert Davidson, c.B.*, Resident at Hyderabad, to *G. C. Barnes, Esq., c.B.*, Officiating Secretary to the Government of India, Foreign Department; dated Hyderabad, 6th April 1861.

Sir,

REFERRING to my telegram of the 18th February 1861, wherein I reported the dates on which the Raichore Doab and the Dharaseo Districts had been transferred to the management of the Nizam's talookdars, and that the Deputy Commissioners of East and West Berar had also received charge of the Surfi Khas estates in their respective divisions, I now do myself the honour to submit a further

further report in connection with these arrangements, having received the necessary information which I had been awaiting.

2. Agreeably with the instructions conveyed under my orders to the Deputy Commissioner, Dharaseo District, in a letter, No. 169 of the 21st January 1861, that officer reported in a communication, No. 12, of the 31st January 1861, that he had on that day made over charge of those districts to Mahomed Ibrahim Munsubdar, Esre Pershaud, and Syud Mohideen, the officers appointed by the Nizam's Government for that duty.

3. Mr. Cadell reported, at the same time, that he had informed the Nizam's officers, that all collections made after that date, would belong to his Highness the Nizam, but that the balance in the treasuries on that day belonged to the British Government.

4. Although instructions had been issued to the Deputy Commissioner, Raichore Doab, on the same date as that on which they had been sent to the Deputy Commissioner of the Dharaseo District, viz., the 21st January 1861, the arrangements for the transfer of the Raichore Doab Districts to the management of the officers appointed by the Nizam's Government were not finally completed until the 28th February 1861, as reported by Mr. Ricketts, the officer in charge of those districts in his letter, No. 71 of that date.

5. This delay in the transfer of these districts to the Native Government induced me to call for an explanation from Mr. Ricketts, who stated the delay to have been caused by the Nizam's Talookdars themselves, who did not arrive at Linsoogoor till the 2nd February 1861: that at an interview the same day they expressed a desire for Mr. Ricketts to communicate any suggestions he might have to make to them in regard to making over charge of the Talooks in writing; that this was done the same day, and their reply being received on the 4th, on the 5th all the Talook Tehsildars were desired to receive charge on behalf of the talookdars. From the date on which the Tehsildars received these instructions and similar orders from the Talookdars, they were virtually in charge, and all reports, revenue, collections, &c., were forwarded to them. On the 7th February they were in charge, except of the Sudder Establishments, which were occupied in preparing the necessary accounts, and particularly in showing the collections that had been made, and what remained to be made.

6. The accounts of the Raichore Doab and Dharaseo districts up to the date of transfer to his Highness the Nizam's officials, have been closed and forwarded by the district officers direct to the Accountant General to the Government of India.

7. The following statement shows the demand for the current Fuslee year 1270, A.D. 1860-61, in the above-mentioned districts; the collections that had been made on account of the British Government up to the date of their transfer to the Nizam's officials, and the balance that was left to them to collect:—

	Land Revenue.		Miscellaneous Revenue.		TOTAL.		Local Funds.		Village Expenses.		TOTAL.	
	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.
RAICHORE DOAB:												
Demand - - - -	10,94,503	8 5	2,31,397	10 11	13,25,901	3 4	42,483	9 5	-	-	42,483	9 5
Collected by Deputy Commissioners - - - -	6,28,473	2 4	1,52,918	6 1	7,81,391	8 5	29,902	10 11	-	-	29,902	10 11
BALANCE remaining to be collected by Nizam's Officers - -	4,66,030	6 1	78,479	4 10	5,44,509	10 11	12,580	14 6	-	-	12,580	14 6
DHARASEO DISTRICT:												
Demand - - - -	7,95,574	6 11	15,287	8 -	8,10,861	14 11	16,397	11 -	99,436	11 4	1,15,834	6 4
Collected by Deputy Commissioners - - - -	2,93,096	2 6	11,372	10 -	3,04,468	12 6	7,009	- 4	58,838	11 3	65,392	11 7
BALANCE remaining to be collected by Nizam's Officers - -	5,02,478	4 5	3,914	- -	5,06,393	2 5	9,388	10 8	41,053	- 1	50,441	10 9

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8. The balances of revenue of 1270 Fuslee, A.D. 1860-61, remaining to be collected from the Surfi Khass and other estates, now transferred to our management in the two Berars, are as follows:—

DISTRICTS.	Amount of Balances.	TOTAL.	Recoverable.	Irrecoverable.
EAST BERAR:				
Surfi Khass:	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Nizamipoor - - - -	16,810 14 4			
Salode - - - -	493 1 8			
Makhair - - - -	456 15 2			
Riedpoor - - - -	28,241 14 3			
Batkooley - - - -	10,543 13 3			
Dewanee:				
Moortijapoor - - - -	1,093 9 10			
Manmah - - - -	428 9 3			
Kooram - - - -	359 13 3			
Mungroolpeer - - - -	1,453 14 10			
Koorah - - - -	400 7 -			
Mungrool Dastageer - - - -	213 2 11			
Dorraipoor - - - -	- - -			
Jagheer villages - - - -	542 11 6			
TOTAL Rupees - - - -	- - -	35,648 15 3	31,824 10 5	3,824 4 10
WEST BERAR:				
Surfi Khass:				
Budnair Gungui - - - -	384 1 -			
Punmy Mahagaom - - - -	565 14 6			
Punchghawan - - - -	1,763 7 3			
Yewdah - - - -	240 - -			
Budnair Bolejee - - - -	2,603 10 9			
Jagheer:				
Am'lorah - - - -	459 6 -			
Julkah - - - -	49 2 -			
Khoolawundpoor - - - -	152 12 -			
Bowenbeer - - - -	2,003 2 6			
Wunchorai, or grazing tax of Talook Budnair - - - -	1,406 14 6			
TOTAL Hyderabad Rupees - - - -	- - -	9,630 6 6	3,949 12 -	5,680 10 6

9. I would here, however, beg to observe that the officers of the native Government, immediately they heard of the proposed transfer of the Surfi Khass and other estates to the British Government, insisted on all revenue being paid up, hence the small sum which has been left to us to collect in Berar.

10. The balances in the treasuries of the Raichore Doab and Dharaseo Districts up to the date of their transfer to the Nizam's Government, remitted assets of the British Government to the Collectors of Dhurwar and Sholapoor respectively, were 10,60,000 rupees from the former, and Rs. 3,11,127. 11. 2. from the latter district, as per statement appended, marked No. 1.

11. But the balances which have been remitted as assets of the British Government to the Bombay Presidency, it will be perceived from the statement above referred to, include certain sums, such as balances of the local funds which, agreeably to the instructions of Government, as conveyed in their letter No. 285, dated 29th January 1861, are assets of the Nizam. Balances of collections on account of village expenses, and of deposits which had remained unpaid, and which are locally repayable, amounting in all to Rs. 1,03,537. 8.

12. As a set-off against the above, however, are certain other items amounting to Rs. 57,596. 10., on account of expenditure incurred under our administration by the Bombay Revenue Survey Department, for erecting boundary works in

in Government cultivated and Inam lands in the Raichore Doab and Dharaseo Districts which are recoverable from the ryots and Inamdars, and a sum of Rs. 2,998. 7. of Tuccavee advances made by the Deputy Commissioner Dharaseo District remaining to be collected from ryots. These sums will now be collected from the parties by the Nizam's Talookdars, and are therefore, debitable against the items mentioned in the preceding paragraph.

13. The actual sum remitted in excess to the Bombay Presidency from the assets of the Nizam's Government, after the above adjustment, amounts to Company's Rs. 23,507. 11. 7.

14. The sum of Rs. 22,433. 2. 5., the balance in the Raichore Doab Treasury on the 28th February 1861, deposited by the district officer in the Military Cash Chest at Lingsoogoor, is also a portion of the assets of the Native Government which should have been made over to the Nizam's Talookdars, but as, for reasons of financial economy, it was found desirable to withdraw that sum for the pay of the troops of the Hyderabad Contingent stationed at Lingsoogoor; the same is recoverable from the revenues of the districts which we retain, as is also the item of 400 rupees advanced from the Dharaseo Treasury, for the conveyance of timber from that district to Berar. The small item of Rs. 32. 8., advanced from the same Treasury on account of Government horses proceeding to Hyderabad is a charge against the British Government, and will be duly adjusted in account with the Political Treasury at this Residency.

15. The Berar Districts at the end of the present year will, by the re-transfer of Dharaseo and Raichore to the Nizam, have borne a very unproportionally large share of the general expenses of the administration, and the general charges payable under the Treaty. From the more profitable rates of exchange available to us by bills on the Berar Treasuries, we have drawn on them principally during the year for the supply of this treasury, for the pay of the Contingent at other stations, and indeed in all possible cases. It would not appear that his Highness the Nizam should profit in every way to our pecuniary disadvantage by the late negotiations. The kists not actually due in the Raichore and Dharaseo Districts were left undisturbed; those in the Districts of Berar under transfer to us were eagerly forestalled. Until the revenues of the Berars reach the stipulated amount of 32 lacs of rupees, it could hardly be expected that they should bear so disproportionate a share of the pay of the Contingent as will have been borne by them this year, at a rough estimate, 22,66,000 rupees against the 2,64,544 rupees which alone has been drawn on this account from the revenues of Dharaseo and Raichore. It is estimated that the revenues of the Berars during the present year will amount only to 24,65,488 rupees inclusive of the balances left uncollected by the native officials in the Surfi Khass and Jagheer estates. It may perhaps be intended by the expression in the late Treaty of dispensing "with all accounts, past, present, or to come" that no question of accounts shall now be entered into; otherwise it appears to me that we might, under the foregoing considerations very fairly claim the sum of Rs. 3,89,938. 3. 10, as per accompanying statement. The difference between the estimated revenues of Berar for the year, and the stipulated amount of 32 lacs, at which they were made over to us.

Enclosure No. 1 A.

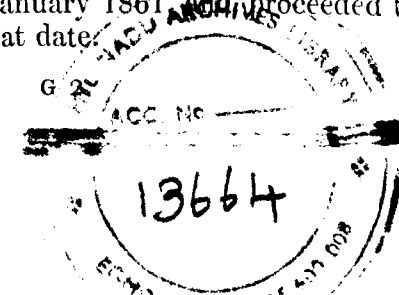
16. The officers of the commission in the Raichore Doab and Dharaseo Districts gave up their respective charges on the following dates; up to which period their salaries were disbursed to them from the district treasuries of the British Government.

17. Mr. T. H. Bullock, Deputy Commissioner, left the Raichore Doab District on the leave to Europe, granted to him by Government on the 29th January 1861, making over charge of the district to Mr. Ricketts, Assistant Commissioner, and he disbursed to himself half pay from that date up to the 26th February 1861, the date on which he embarked at Bombay.

18. Mr. Kustonjee Viccajee, Assistant Commissioner, vacated his appointment in the Raichore Doab on the 31st January 1861, and proceeded to Hyderabad, pay being disbursed to him up to that date.

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19. Mr.



19. Mr. Narrainsawmy Naidoo, extra Assistant Commissioner, vacated his appointment on the 14th February 1861, and was paid up to that date.

20. Mr. Ricketts, Assistant Commissioner at Lingsoogoor, the Suddur station of the Raichore Doab, up to the 28th February 1861, to close the accounts of that district, being paid up to that date, and left to take up his appointment as Assistant Commissioner in the Mysore Commission.

21. Mr. Mahomed Hunneef, extra Assistant Commissioner, vacated his office on the 28th February 1861, and was paid up to that date.

22. *Dharaseo District*.—Lieutenant Cadell, the Deputy Commissioner, received his salary from the treasury of the Dharaseo District up to the 31st January 1861, the date on which the charge of the district was made over to the Nizam's officials, but remained at Nuldroog to close the accounts of the district up to the 28th February 1861, when he proceeded to West Berar.

23. Lieutenant S. Temple, Assistant Commissioner, vacated his appointment on the 31st January 1861, being also paid up to that date.

24. Mr. C. Hordein, Extra Assistant Commissioner, vacated his appointment on the 31st January 1861, was paid up to that date, and proceeded to West Berar.

25. Mr. Shunker Rao Rughonath, Extra Assistant Commissioner, vacated his appointment on the 31st January 1861, and was paid up to that date.

26. Mr. Javaiajee Ruttonjee, Extra Assistant Commissioner, vacated his appointment on the 28th February 1861, and was paid up to that date; he was detained up to this period; his services being required by the Deputy Commissioner.

27. Dr. Fleming, the Superintendent, made over the prisoners in the central gaol of Dharaseo to the Nizam's authorities on the 14th February 1861, and salary was disbursed to him up to 31st January 1861 from the Treasury of the Dharaseo District, his salary up to the 14th February was disbursed from the Civil Treasury at Hyderabad.

28. *Establishments*.—The different establishments in these districts were dispensed with on the following dates.

RAICHORE DOAB:

Tehseel Establishments	-	-	-	-	-	-	on the	7th	February	1861.
Thannah Establishment	-	-	-	-	-	-	"	7th	"	"
Gaol Establishments	-	-	-	-	-	-	"	7th	"	"
Post Office Establishment	-	-	-	-	-	-	"	7th	"	"
Assistant Commissioners' Establishment	-	-	-	-	-	-	"	14th	"	"
Sub Divisional Assistant Commissioners	-	-	-	-	-	-	"	14th	"	"
Extra Assistant Commissioners	-	-	-	-	-	-	"	14th	"	"
Extra Assistant Commissioners	-	-	-	-	-	-	"	14th	"	"
Deputy Commissioners	-	-	-	-	-	-	"	28th	"	"
Treasury Establishments	-	-	-	-	-	-	"	28th	"	"

DHARASEO DISTRICT:

1st Class Assistant Commissioners' Establishment	-	-	-	-	-	-	"	31st	January	"
2nd Class Assistant Commissioners' Establishment	-	-	-	-	-	-	"	31st	"	"
Extra Assistant Commissioner	-	-	-	-	-	-	"	31st	"	"
Extra Assistant Commissioner	-	-	-	-	-	-	"	31st	"	"
Tehseel Establishments	-	-	-	-	-	-	"	31st	"	"
Police Thannah Establishments	-	-	-	-	-	-	"	31st	"	"
Mounted Police Establishments	-	-	-	-	-	-	"	31st	"	"
Medical Establishments (excepting three waiters at 5 rupees each, who were dispensed with on the 28th February 1861)	-	-	-	-	-	-	"	31st	"	"
District Gaol Establishment	-	-	-	-	-	-	"	31st	"	"
Surfi Khass Thannah Establishment	-	-	-	-	-	-	"	31st	"	"
Deputy Commissioner's Establishment	-	-	-	-	-	-	"	28th	February	"
Treasury Establishment	-	-	-	-	-	-	"	28th	"	"
Talook Treasury Guard	-	-	-	-	-	-	"	28th	"	"
Central Gaol Establishment	-	-	-	-	-	-	"	9th	"	"

29. I would here beg to solicit the instructions of Government in regard to an application for a gratuity of six months' pay, under section III. of the pension and gratuity rules, made to me by several Government officials in the Dharaseo Division

Division, in consequence of their being thrown out of employ by the transfer of that district to the native Government; a similar application in behalf of the officials, similarly situated in the Raichore Doab was likewise made by Mr. T. H. Bullock, the Deputy Commissioner of that division. The maximum sum that will be required for the disbursement of these donations to servants in the two districts above mentioned, will probably amount to about 1,10,000 Company's rupees.

30. I now proceed to report upon the arrangements that have been made for taking under our management, districts in Berar, to the extent of 32 lacs of rupees, in conformity with the recent Treaty with his Highness the Nizam.

31. From the accompanying two statements received from the district officers it will be perceived that the revenues of West Berar, including the Surfi Khass and other estates (exclusive of village expenses) taken over by the Deputy Commissioner under his charge, amount to Company's Rs. 16,13,685. 10. 6, and that of East Berar likewise, including the Surfi Khass and other estates, to Company's Rs. 14,47,928. 13. 8., making a total of Company's Rs. 30,61,614. 8. 2., or Rs. 1,38,385. 7. 10., less than the amount we require. Enclosures 2 and 3.

32. As the Rs. 16,13,685. 10. 6., however, in West Berar is exclusive of 140,000 rupees, on account of remissions in 1859-60, that season being one unusually unfavourable, the same has been taken into account in calculating the revenues of that district, which enhances the revenue of it to Rs. 17,53,685. 10. 6.

33. At the same time it will be observed that the Rs. 14,47,928. 13. 8., the revenue of East Berar, includes a sum of Rs. 71,579. 4. 2. Collections on account of former years which should not have been taken into account not being revenue collections for the year. This deduction reduces the revenue of East Berar to Rs. 13,76,349. 9. 6., and from which should further be excluded 15,000 rupees, the balances of previous years remaining uncollected at the end of 1859-60, thus bringing the actual revenue of East Berar down to Rs. 13,61,349. 9. 6.

34. According to these adjustments, the total revenue of the two Berars as per statement accompanying, would amount to Rs. 31,15,035. 4. or Rs. 84,964. 12., less than the 32 lacs we require. Enclosure No. 4.

35. It has already been shown that the revenues of West Berar, as given by the Deputy Commissioner amount to Rs. 16,13,685. 10. 6., or Rs. 13,685. 10. 6., over and above the sum of 16 lacs of rupees which it is proposed to allot hereafter to that district as its share of the 32 lacs allowed by the Treaty.

36. With a view to bringing about this equalisation of revenue in the two districts, the Deputy Commissioners propose that Mehals of West Berar yielding (after deducting village expenses), Company's Rs. 14,244. 1. 4. and lying within the boundary of Sirkar Gawil, should be transferred to East Berar, bringing the revenue of the Western Division Rs. 558. 6. 10. short of the sum of 16 lacs. These Mehals are shown in the margin; the principal is one of those lately received in West Berar from the Surfi Khass estates.

	Rs.	a.	p.
Mouza Luckpooree, near Moortoozapoore, in Sirkar Gawil	850	3	8
Kusha Burda, received from Surfi Khass, Sirkar Gawil	13,384	13	8
TOTAL - - Co.'s Rs.	14,244	1	4

37. The above sum of Rs. 14,244. 1. 4. added to the revenue of East Berar as given by the Deputy Commissioner, viz., Rs. 14,47,928. 13. 8., will make up the revenue of that district to Rs. 14,62,172. 15. 0. or Rs. 1,37,827. 1. 0. short of the sum required to complete the 16 lacs allotted to the Eastern Division.

38. The Deputy Commissioners conjointly are of opinion, that this deficiency of Rs. 137,827. 1., may be best made up by receiving additional Purgunnahs now belonging to his Highness the Nizam, and lying to the North of the Pyne Gunga river, as shown in the map accompanying; by this arrangement the Pyne Gunga will form the boundary of East Berar to the South, and though the country is in some places jungly, and not densely populated, still it is believed

believed to be like the Woon Talook, to which it is adjacent, highly capable of improvement, and with adequate protection will no doubt in a few years increase greatly in revenue.

39. The Deputy Commissioners are not in possession of correct data on which to form an exact estimate of the value of these Purgunnahs to the North of the Pyne Gunga, but believe the revenue of them will be found to amount to the sum required.

40. Although it is our object not to extend our frontier in that direction, still situated as the Sudder stations of the two divisions of Berar are, the Deputy Commissioners consider it impossible to hand over more mehals from West to East Berar without bringing the boundary of the latter district close up to the Sudder station of the former, and that, under any circumstances, the frontier towards his Highness the Nizam's territories must be an extended one, and they do not consider that it would be desirable to bring that frontier nearer to the Sudder station of our districts.

Vide Encl. No. 5.

41. The map forwarded will show that between Talook Mehkur of West Berar and Booldanah, there is a strip of country still held by his Highness the Nizam's Government, and running far into the district close to the new military station of Telgaon: this interrupts the communication between Talooks Meh Kua and Davulghat, and it will be at once apparent that a fresh arrangement of our frontier in this direction is desirable.

42. In this strip of country are the Purgunnahs of Aurrapoor Chicklee, Chandole, &c., and the Deputy Commissioners are of opinion that they should be brought within the boundary of the assigned districts. As far as can be ascertained, the Deputy Commissioners state the revenue of these Purgunnahs and other adjacent mehals amount to about Company's Rs. 35,000, and that an equivalent may be given to his Highness the Nizam's Government, by restoring to it mehals as per statement No. 6, in West Berar, amounting to Company's Rs. 35,455. 7. 6.

Enclosure No. 6.

43. The two first mehals in this statement are to the extreme south west of West Berar, and yield Company's Rs. 31,744. 14. 1., to which are added seven villages now under Purgunnah Nurse, which form part of Talook Bassim; they are completely detached from our districts, and are in the centre of, and belong to Purgunnahs under his Highness the Nizam; some of them 20 or 30 miles to the south of Hingolje, and nearly 60 miles from the Tehsil station of Bassim; one of them is on the banks of the Godavery, it is inconvenient to have the revenue management of villages so situated, while proper supervision in matter of police is altogether impracticable. These seven villages yield Company's Rs. 3,700. 9. 5., which added to the two Purgunnahs of Shewly and Sundkhair above referred to, makes a total of Company's Rs. 35,445. 7. 6., for which an equivalent would easily, and with great advantage to us, be obtained in the Purgunnahs of Umrappoor, &c., intervening between Mehkur and Booldanah.

44. I concur generally in the desirability of the arrangements as proposed by the Deputy Commissioner, but we require, according to the statement prepared in my office, the further sum of Rs. 84,964. 12., of annual revenue to make up the 32 lacs, and I would propose to re-transfer to the Nizam, districts of the value of Rs. 52,862. 5., with a view to the re-arrangement of the frontier, making a total amount of Rs. 1,37,827. 1., of annual revenue to be received from the Hyderabad Government.

As per Enclosure No. 7.

45. The above proposals have already been made by me to the Minister with a view to their submission to his Highness the Nizam, and although our frontier towards the south and south west in West Berar is still open, and not as well defined by natural boundaries as I would wish, still I believe it is possible to defend it, as we now get rid of all the isolated Talooks, and Surfi Khass estates, dotted over both districts of Berar, the nature of which will be seen by the portions marked green in the accompanying map, and which have hitherto rendered an efficient police almost an impossibility.

Vide Enclosure No. 5.

MEMORANDUM of Balances of Cash remitted to Dharwar and Sholapoor, from the Raichore Doab, and Dharaseo District Treasuries, on closing the accounts of those districts previously to their transfer to the Nizam officers, and the portions of those balances which are assets of the native government.

	C. Rs.	a.	p.
Balance in the Raichore Doab Treasury remitted to Dharwar -	10,60,000	-	-
Balance in ditto transferred to the military cash chest at Lingsooogoor -	22,433	2	5
	10,82,433	2	5
Balance in the Dharaseo District Treasury remitted to Sholapoor -	3,11,127	11	2
	13,93,560	13	7
TOTAL Balance in the Raichore Doab and Dharaseo Treasuries -			
	C. Rs.	a.	p.
Balance of Local Funds of the Raichore Doab, included in the above balance of Rs. 10,82,433 2. 5. -	52,278	3	10
Balance of Local Funds in the Dharaseo district, included in the above balance of Rs. 3,11,127. 11. 2. -	15,749	2	3
Balance of collections on account of village expenses remaining unpaid, included in the above balance -	28,135	-	5
Balance of deposits remaining unpaid, included in the above balance -	7,275	1	6
	51,159	4	2
TOTAL Balance, being assets of the Nizam's Government -	1,03,537	8	-
Balance of expenditure incurred by the Bombay Revenue Survey Departments on account of boundary works in Government cultivated and Inam lands in the Raichore Doab, recoverable from the Ryots by the Nizam's Government -	-	-	-
Expended by the Bombay Revenue Survey Department, on account of boundary works in Government cultivated and Inam lands in the Dharaseo district, recoverable from the Ryots by Nizam's Government -	31,547	5	5
Balance of Tuccavee advance made by the Deputy Commissioner, Dharaseo district, remaining to be recovered from Ryots by Nizam's Government -	2,998	7	-
	34,545	12	5
Actual balance due to Nizam's Government -	57,596	10	-
	45,940	14	-
TOTAL -	Rs.	1,03,537	8 -
Balance remitted to Bombay in excess of the assets of the British Government, which was payable to the Nizam -	23,507	11	7
Balance transferred to military cash chest at Lingsooogoor, which was payable to the Nizam, now recoverable from the revenues of the Berar districts, having been withdrawn for pay of the troops of the Hyderabad contingent at Lingsooogoor -	22,433	2	5
	45,940	14	-
ACTUAL BALANCE of Local and other Funds repayable to the Nizam -			
	C. Rs.	a.	p.
The following sums advanced from the Dharaseo District Treasury, are recoverable as follows:			
Advanced for Government horses proceeding to Hyderabad, recoverable from the British Government -	2	8	-
Advanced for conveyance, &c., of Timber, from Dharaseo to Oomrowtee, recoverable from the Berar Division of Public Works -	400	-	-
	402	8	-

(signed) Hastings Fraser,
Officiating 1st Assistant Resident.

Hyderabad Residency,
6 April 1861.

STATEMENT showing the anticipated REVENUE of the BERAR DISTRICTS for the Year 1860-61, under the new treaty arrangements, and the amount that will be required to make up the 32 lacs of rupees of revenue of that year of those districts, after taking into account the balances of the revenue collections of the Raichore Doab, and Dharaseo districts, up to the date of their restoration to his Highness the Nizam.

	Rs.	a.	p.	Rs.	a.	p.
Anticipated Revenue of East and West Berar for 1860-61, as given by the Deputy Commissioners of those divisions from all sources of revenue -	2,429,714	-	-			
Left uncollected by the Nizam Talookdar's Naibs in the Surfi Khass and other estates, at the time they were made over to the Deputy Commissioners -	35,774	6	8			
Collected by the Deputy Commissioners in the Raichore Doab and Dharaseo districts, exclusive of village expenses -	10,85,860	4	11	24,05,488	6	5
Deduct expenditure incurred by the Deputy Commissioners in the above-mentioned districts up to date of transfer :-						
On account of salaries -	29,195	14	3	33,150	-	-
Ditto establishments -	1,08,607	6	5	93,241	13	-
Ditto contingencies -	81,452	2	6	71,504	15	8
	2,19,255	7	2	1,97,896	12	8
Expenditure incurred by Public Works Department -	38,550	-	-	66,982	-	-
Drafts on Deputy Commissioners for supply of funds for Civil Treasury at Hyderabad, and for pay of troops of the Hyderabad contingent -	2,01,741	15	2	62,801	11	-
	4,59,547	6	4	3,27,689	7	8
	7,87,227	14	-	2,98,632	6	11
Add balance of Local Funds, &c., remitted to Dharwar and Sholapoor, and deposited in the military cash chest at Lingsooogoor, repayable to his Highness the Nizam -	45,940	14	10	3,44,573	5	9
				28,10,061	12	2
				3,89,938	3	10
Amount required to make up the sum of 32 lacs -				32,00,000	-	-
				TOTAL -	Co's Rs.	

(signed) Hastings Fraser,
Officiating 1st Assistant Resident.

Resident's Civil Office, Hyderabad Residency,
6 April 1861.

IV.—STATEMENT of ACTUAL COLLECTIONS of Government Demand, for the Year 1859-60, of the Old Talooks of *East Berar*, and of the New Talooks just received, after Deductions shown in Statement No. 3.

	Land Revenue.				Abkaree.				Salt Pans.				TOTAL.			
	Current Year.	Former Years.	TOTAL.	Current Year.	Former Years.	TOTAL.	Current Year.	Former Years.	Current Year.	Former Years.	TOTAL.	On Account of Current Year.	On Account of Former Years.	GRAND TOTAL.		
EAST BERAR:																
Omratoce	1,62,700 5 6	10,936 7 4	1,73,636 12 10	27,883 13 4	1,298 2 4	29,181 15 8	4,730 1 4	2,351 14 6			6,981 15 10	1,95,314 4 2	14,176 8 2	2,09,490 12 4		
Karinjah	1,07,155 10 8	7,202 14 4	1,14,358 0 -	12,708 13 -	-	12,708 13 -	-	-			-	1,19,804 7 8	7,202 14 4	1,27,007 6 -		
Tullagaom	75,455 7 7	6,145 3 2	81,600 10 9	15,278 15 -	509 2 -	15,878 1 -	-	-			-	90,734 6 7	6,744 5 2	97,478 11 9		
Ellichpoor	1,14,555 12 6	14,988 4 2	1,29,544 - 8	31,601 - -	3,089 3 2	34,690 3 2	-	-			-	1,46,156 12 6	18,077 7 4	1,64,234 3 10		
Moorsee	1,46,061 11 11	2,304 8 2	1,48,366 4 1	20,193 - -	1,635 4 10	21,828 4 10	-	-			-	1,60,254 11 11	3,939 13 -	1,70,194 8 11		
Kurugoom	94,290 6 11	1,793 1 7	96,083 8 6	15,188 4 -	839 3 2	16,027 7 2	-	-			-	1,09,478 10 11	2,632 4 9	1,12,110 15 8		
Woon	51,128 3 1	2,381 9 10	53,509 12 11	11,329 - -	-	11,329 - -	-	-			-	62,457 3 1	2,381 9 10	64,838 12 11		
TOTAL Company's Rupees	7,51,347 10 2	45,442 - 7	7,96,789 10 9	1,34,182 13 4	7,400 15 6	1,41,643 12 10	4,730 1 4	2,351 14 6			6,981 15 10	8,90,260 8 10	55,154 14 7	9,45,415 7 5		
SURFI KHASS:																
Nizampoor Pergunnah	1,06,554 2 -	1,600 - -	1,22,554 - -	5,579 6 6	-	5,579 6 6	1,701 - -	-			1,701 - -	1,13,834 8 6	16,000 - -	1,30,834 8 6		
Salade	7,545 1 6	-	7,545 1 6	1,329 1 -	-	1,329 1 -	-	-			-	8,874 2 6	-	8,874 2 6		
Papul	3,606 11 -	-	3,606 11 -	214 12 -	-	214 12 -	-	-			-	3,821 7 -	-	3,821 7 -		
Malkhair	5,135 9 -	-	5,135 9 -	892 10 -	-	892 10 -	-	-			-	6,028 3 -	-	6,028 3 -		
Pullas Khair	4,807 - 9	-	4,807 - 9	672 3 -	-	672 3 -	-	-			-	5,479 3 9	-	5,479 3 9		
Cusba Khaid	3,542 3 9	-	3,542 3 9	223 12 3	-	223 12 3	-	-			-	3,766 - -	-	3,766 - -		
" Bailoorah	8,766 1 -	-	8,766 1 -	433 9 -	-	433 9 -	-	-			-	9,199 10 -	-	9,199 10 -		
Pergunnah Reepoor	63,572 2 3	1,200 - -	64,772 2 3	4,704 4 -	-	4,704 4 -	2,561 10 -	-			2,561 10 -	68,366 6 3	1,200 - -	69,566 6 3		
" Bhatooly	31,388 5 6	3,000 - -	34,388 5 6	1,966 12 6	-	1,966 12 6	-	-			-	35,316 12 -	3,000 - -	38,316 12 -		
TOTAL Hyderabad and Company's Rupees	2,34,917 4 9	20,200 - -	2,55,117 4 9	15,506 6 3	-	15,506 6 3	4,262 10 -	-			4,262 10 -	2,54,086 5 -	20,200 - -	2,74,286 5 -		
Details:																
Hyderabad Rupees	1,59,487 12 3	20,200 - -	1,79,687 12 3	15,458 - -	-	15,458 - -	4,262 10 -	-			4,262 10 -	1,79,208 6 3	20,200 - -	1,99,408 6 3		
Company's Rupees	75,439 8 6	-	75,439 8 6	48 6 3	-	48 6 3	-	-			-	75,477 14 9	-	75,477 14 9		

DEVANEE:

Pergunnah Moortazapoor	45,825 7 -	-	45,825 7 -	2,075 8 6	-	2,075 8 6	-	-			-	47,900 15 6	-	47,900 15 6		
" Manah	25,890 13 9	-	25,890 13 9	473 6 3	-	473 6 3	-	-			-	26,304 4 -	-	26,304 4 -		
" Koorum	15,788 10 3	-	15,788 10 3	523 5 6	-	523 5 6	-	-			-	16,311 15 9	-	16,311 15 9		
" Mungroolpoor	36,779 7 6	-	36,779 7 6	580 6 6	-	580 6 6	-	-			-	37,359 14 -	-	37,359 14 -		
" Girolee	20,854 6 9	-	20,854 6 9	369 13 -	-	369 13 -	-	-			-	21,224 3 9	-	21,224 3 9		
Mouza Garwarce	1,432 11 9	-	1,432 11 9	26 - -	-	26 - -	-	-			-	1,458 11 9	-	1,458 11 9		
Pergunnah Koorah	52,477 9 6	-	52,477 9 6	1,891 6 -	-	1,891 6 -	-	-			-	54,368 15 6	-	54,368 15 6		
" Mungrool Dustager	20,414 5 -	-	20,414 5 -	409 8 -	-	409 8 -	-	-			-	20,823 13 -	-	20,823 13 -		
" Durriapoor	68,098 9 9	-	68,098 9 9	3,495 13 9	-	3,495 13 9	1,034 - -	-			1,034 - -	75,228 7 6	-	75,228 7 6		
Mouza Kokurdah	973 3 6	-	973 3 6	-	-	-	-	-			-	973 3 6	-	973 3 6		
TOTAL, Hyderabad Rupees	2,89,075 4 9	-	2,89,075 4 9	11,845 3 6	-	11,845 3 6	1,034 - -	-			1,034 - -	3,01,954 8 3	-	3,01,954 8 3		

JAGHER:

Mouza Dahah	1,450 13 -	-	1,450 13 -	25 3 6	-	25 3 6	-	-			-	1,476 - 6	-	1,476 - 6		
" Pahore	3,058 15 6	-	3,058 15 6	104 3 3	-	104 3 3	-	-			-	3,163 2 9	-	3,163 2 9		
" Darmengom	5,331 15 -	-	5,331 15 -	1,575 11 9	-	1,575 11 9	-	-			-	6,907 10 9	-	6,907 10 9		
" Munbah	5,682 14 9	-	5,682 14 9	119 8 -	-	119 8 -	-	-			-	5,802 6 9	-	5,802 6 9		
" Poosdah	4,667 13 3	-	4,667 13 3	315 - -	-	315 - -	-	-			-	4,982 13 3	-	4,982 13 3		
" Khanjannah Nigger	679 12 6	-	679 12 6	80 - -	-	80 - -	-	-			-	759 12 6	-	759 12 6		
" Verrook	1,430 14 9	-	1,430 14 9	253 2 3	-	253 2 3	-	-			-	1,674 1 -	-	1,674 1 -		
" Thar Kheira	350 7 0	-	350 7 0	525 15 6	-	525 15 6	-	-			-	876 7 3	72 1 6	948 8 9		
TOTAL, Hyderabad Rupees	22,643 10 6	72 1 6	22,715 12 -	2,998 12 3	-	2,998 12 3	-	-			-	25,642 6 9	72 1 6	25,714 8 3		
TOTAL of Surfi Khass, Dewannee, and Jagher Estates in Hyderabad and Company's Rupees	5,46,636 4 -	20,272 1 6	5,66,908 5 6	30,350 6 -	-	30,350 6 -	5,296 10 -	-			5,296 10 -	5,82,283 4 -	20,272 1 6	6,02,555 5 6		

Viz.—Company's Rupees

Hyderabad Rupees converted into Company's currency at Rs. 23. 6 a. 10 p. per Cent.	75,429 8 6	-	75,429 8 6	48 6 3	-	48 6 3	-	-			-	75,477 14 9	-	75,477 14 9		
TOTAL of Surfi Khass, Dewannee, and Jagher Estates in Company's Rupees	3,81,769 4 11	16,424 5 7	3,98,193 10 6	24,550 8 3	-	24,550 8 3	4,291 4 9	-			4,291 4 9	4,10,611 1 11	16,424 5 7	4,27,035 7 6		

GRAND TOTAL, Company's Rupees	12,08,546 7 7	61,866 6 2	12,70,412 13 9	1,58,781 11 10	7,400 15 6	1,66,242 11 4	9,021 6 1	2,251 14 6			11,273 4 7	13,76,349 9 6	71,579 4 2	14,47,928 13 8		
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Note.—The Total of Rs. 14,47,928. 13 a. 8 p. includes Rs. 10,424. 5 a. 7 p. on account of the previous year of Surfi Khass Estate, and Rs. 55,154. 14 a. 7 p. of East Berar.

Deputy Commissioner's Office, Comraratee,
5th March 1861.

(signed) J. Alardge,
Officiating Deputy Commissioner, East Berar.

IV.—STATEMENT of REVENUE of *West Berar*, for 1269 Fuslee, including that of the Surfi Khass and Jagheer Estates recently transferred.

Number.	Talookahs and Purgunnahs.	Amount.	TOTAL.
		Rs. a. p.	Rs. a. p.
TALOOKAHS OF WEST BERAR:			
1	Dewulghat - - - - -	1,05,450 11 10	
2	Mulcaipoor - - - - -	1,61,725 3 -	
3	Julgaom - - - - -	1,09,041 4 7	
4	Ballapoor - - - - -	2,65,274 8 6	
5	Akolah - - - - -	1,61,784 11 9	
6	Udgaom - - - - -	1,18,793 8 8	
7	Akote - - - - -	1,40,691 2 4	
8	Mailghau - - - - -	24,508 1 9	
9	Mehkur - - - - -	2,00,229 5 6	
10	Bassim - - - - -	1,31,916 11 9	
	Amount realised at the Suddur - - -	25,300 9 2	14,44,715 14 10
SURFI-KHAS ESTATES:			
11	Purgunnah Budnair Gaugai - - -	48,268 4 10	
12	Ditto - Puroney Mahagaom - - -	29,299 1 1	
13	Ditto - Punchghowham - - -	7,389 5 6	
14	Kusbah Yewdah - - - - -	13,384 13 8	
15	Ditto Sonalah - - - - -	9,917 14 2	
16	Mouza Sawurgaom - - - - -	2,226 9 6	
17	Turf Chinchonah - - - - -	12,693 - 6	
18	Mouza Taklee - - - - -	660 4 11	
19	Ditto Porallah - - - - -	75 4 9	
	Wunchorai of the above nine mehals - -	1,215 4 8	
20	Purgunnah Budnair Bolejee - - -	18,569 6 10	
JAGHEER VILLAGES:			
21	Mouza Pulsee - - - - -	2,778 8 6	
22	Ditto Kudmapoor - - - - -	1,755 10 9	
23	Ditto Tumboorna - - - - -	2,363 1 6	
24	Ditto Amborah - - - - -	1,552 4 6	
25	Ditto Julka - - - - -	2,903 4 9	
26	Ditto Seradoni - - - - -	702 4 -	
27	Ditto Khodawundpoor - - - - -	279 14 9	
28	Pergunnah Bawenbier - - - - -	12,935 4 6	
			1,68,969 11 8
		Rs.	16,13,685 10 6

Deputy Commissioners' Office, Camp Romtaik,
9th March 1861.

(signed) *Ivie Campbell*,
Deputy Commissioner, West Berar.

STATEMENT showing the REVENUE RECEIPTS of *East* and *West Berar*, including the Surfi Khass, Jagheer, and other Estates, for the Fuslee Year 1269, A.D. 1859-60.

	Co.'s Rs. a. p.	Co.'s Rs. a. p.	Co.'s Rs. a. p.	Co.'s Rs. a. p.
Estimated revenue of the districts to be taken in Berar, exclusive of village expenses, agreeably with the Treaty of 31st December 1860.	- - -	- - -	- - -	32,00,000 - -
EAST BERAR:				
Collections from old talooks of East Berar, as Deputy Commissioner's statement, marked Enclosure No. 2.	9,45,415 7 5			
Deduct amount included in the above sum as collections on account of previous years, as per ditto.	55,154 14 7			
		8,90,260 8 10		
Collections from the Surfi-Khass, Jagheer, and other estates, as per Deputy Commissioner's statement, marked Enclosure No. 2.	5,02,513 6 3			
Deduct amount included in the above sum as collections on account of previous years, as per ditto.	16,424 5 7			
		4,86,089 - 8		
		13,76,349 9 6		
Deduct balances previous years remaining uncollected at the end of the year 1269 Fuslee, as estimated by Deputy Commissioner in his letter, No. 116, dated 4th March 1861.	- - -	15,000 - -		
Estimated Revenue of East Berar - - - - -	- - -	- - -	13,61,349 9 6	
WEST BERAR:				
Collections from old talooks of West Berar as per Deputy Commissioner's statement, marked Enclosure No. 3.	14,44,715 14 10			
Collections from the Surfi-Khass and other estates, as per ditto.	168,969 11 8			
		16,13,685 10 6		
Add remissions of revenue made in the year 1859-60 in the old talooks of West Berar and the Surfi-Khass and other estates, after deducting village expenses, as per Deputy Commissioner's letter, No. 25, dated 29th March 1861.	- - -	1,40,000 - -		
			17,53,685 10 6	
Estimated Revenue of East and West Berar - - - - -	Co.'s Rs.	- - -	- - -	31,15,035 4 -
Deficit for which additional Talooks are required - - -	Co.'s Rs.	- - -	- - -	84,964 12 -

Resident's Civil Office, Hyderabad Residency,
6 April 1861.

(signed) *Hastings Fraser*,
Officiating First Assistant Resident.

STATEMENT (B.), showing Mehals proposed to be restored to His Highness the Nizam's Government.

	Revenue of 1859-60.
Pergunnah Sheolce - - - - -	Rs. a. p. 11,786 15 4
Ditto - Scindiah, with Rajah Dewulgaom - - - - -	19,957 14 9
Mouza Kooptee Pergunnah Wallore - - - - -	1,004 9 8
Ditto Kanna, Pergunnah Cheirwair - - - - -	183 2 -
Ditto Dewulgaom, Pergunnah Lohurra - - - - -	935 5 6
Ditto Gurrud Goorhan, Pergunnah Jurtoor - - - - -	241 14 8
Ditto Chamme, Pergunnah Jurtoor - - - - -	234 13 9
Ditto Alpoor, Pergunnah Jurtoor - - - - -	236 1 -
Ditto Pangree, Pergunnah Jurtoor - - - - -	864 10 10
TOTAL - - - Co.'s Rs.	35,445 7 6

(signed) *Eric Campbell*,
Deputy Commissioner, West Berar.

Deputy Commissioner's Office,
Camp Hudgaom, near Moortizapoor,
29 March 1861.

J. Allardye,
Officiating Deputy Commissioner,
East Berar.

(Civil Department, Financial.—General No. 565, of 1861.)

To Major *T. A. Comper*, Commissioner, Hyderabad Assigned Districts.

Sir,

I HAVE the honour by desire of the Resident to acknowledge the receipt of your letter, No. 297¹, dated 19th March 1861, offering certain suggestions for the re-arrangement of the Berar Districts, agreeably with the terms of the Treaty of 31st December 1860.

2. With reference however to this Office, No. 486, of the 21st March 1861, forwarding, for your information, copy of a letter to the address of the Officiating Deputy Commissioner of East Berar, No. 484, of the same date, in which that officer was directed by the Resident to meet Captain Campbell, Deputy Commissioner of West Berar, and to re-arrange with him the establishments to be entertained agreeably to the amount allowed for the civil expenditure of the two Berars, and to finally determine, subject to the approval of higher authority upon all questions connected with the equalisation of the revenue of the two divisions of those districts and the adjustment of the new frontier, between the Nizam's immediate districts, and the assigned territories, I am directed to convey Colonel Davidson's views and opinions on the conjoint proposals of the two district officers referred to as submitted in their letter, No. 25 of the 29th ultimo, a copy of which the Resident presumes has already been furnished to you by them direct.

3. According to the calculation of revenue made by the Deputy Commissioner of East and West Berar, it will be perceived that they show we shall require additional territory to the extent of Rs. 1,37,827 1. 0., but the accompanying statement prepared in this office, shows no more than Rs. 84,964 12. 0. worth of territory is wanting to make up the 32 lacs we require.

4. The Resident does not consider it, however, desirable to make any change in the arrangements proposed by the Deputy Commissioners in the transfers suggested by them, but with a view to reducing the amount to the Rs. 84,964 12. 0. of revenue required to make up the deficit, Colonel Davidson has proposed to the Nizam's Government to restore districts to them in the talooks of Sindkhair, Bassini, and Karunjah, to the extent of the difference between that sum and Rs. 137,827 1. 0.

5. The

5. The accompanying map of Berar Districts is forwarded in illustration of the Resident's proposals.

6. If necessary, an assistant or extra assistant should be directed to fix his head quarters at some eligible spot in the Woon Talook, as it appears to Colonel Davidson, that if this officer is accompanied by a sufficiently strong detachment from the Hyderabad Contingent to act in support of a party of the Hill Rangers, and of the organised police of the district which should be stationed on the frontier, to protect the inhabitants of Woon from the depredations of marauders from the neighbouring territory of his Highness the Nizam, notoriously the most disturbed of his Highness's country, the confidence which such an arrangement would instil in the minds of the people would tend materially to induce farmers to come forward to take up waste land, and to develop the present latent resources of a talook, which the Resident is confident only requires capital and labour to render it as remunerative as any of the other talooks in Berar.

7. The proposals of the Deputy Commissioners as contained in their letter under reference in regard to equalizing the establishments of their respective districts is approved by the Resident.

8. As his Highness the Nizam is desirous of being furnished with a statement exhibiting the revenue talookwarree of all the old talooks of both Berars, with the Surfi-Khass and other estates received and about to be received over by us from the Native Government, the Resident begs that you will have the goodness to cause the preparation and submission of such a document with the least practicable delay.

9. Colonel Davidson begs that you will at the same time call for and furnish him with a similar statement of the revenue of the talooks now proposed to be made over to the Nizam in conformity with the arrangements herein approved.

I have, &c.

(signed) *H. Fraser*,

Officiating First Assistant Resident.

Hyderabad Residency,
6 April 1861.

STATEMENT showing the Transfers of District proposed to be made to make up the Revenue of Berar to 32 Lacs of Rupees.

	Rs.	a.	p.
Estimated Revenue of districts in Berar, which are required according to Treaty - - - - -	32,00,000	-	-
Revenues of West Berar as proposed by Deputy Commissioners with a view to equalize the Revenues of the two divisions - - - - -	Rs. a. p. 16,00,000	-	-
Revenues of East Berar as proposed by Deputy Commissioners with a view to equalize the Revenue of the two divisions - - - - -	14,62,172	15	-
	30,62,172	15	-
Deficit as shown by Deputy Commissioners - - - Rs.	137,827	1	-
In lieu of which it is proposed to take additional districts to the north of the Pyne Gunga River adjoining the Woon Talook - - -	137,827	1	-
Deduct districts proposed to be restored to H. H. the Nizam in the Talooks of Sind Khair, Bassim, and Korrinjah in lieu of the difference between the deficit shown by the Deputy Commissioner, and that exhibited in the Statement prepared in the Resident's Office - - - - -	52,862	5	-
Talooks required to make up the deficit according to Resident's Estimate - - - - -	84,964	12	-
TOTAL - - - Rs.	137,827	1	-

Districts between Talook Mekhur and Deolghant, viz., Amrapoor, Chicklee, Chandole, &c., which it is proposed to take from the Nizam, being inconveniently situated, and causing interruption to communication between the two Talooks referred to. Estimate revenue - - - - -	Rs.	a.	p.
	35,000	-	-
Districts proposed to be restored to H. H. the Nizam in lieu of the above Talooks, as per Enclosure No. 6 - - - - -	35,445	7	6

(signed) *Hastings Fraser*,
 Resident's Civil Office, Officiating First Assistant Resident.
 Hyderabad Residency, 6 April 1861.

(Civil Department.—No. 56 of 1861.)

From Lieutenant Colonel *Cuthbert Davidson*, c.b., Resident at Hyderabad,
 To *G. C. Barnes*, Esq., c.b., Officiating Secretary to the Government of
 India, Foreign Department; dated Hyderabad, 9th April 1861.

Sir,

IN continuation of my letter to your address, No. 52 of the 5th instant, I have the honour to point out that it is believed a clerical error may exist in the latter part of para. 44, which, if such is the case, I beg may be corrected. The value of the districts proposed to be restored to his Highness the Nizam in the Talooks of Bassim, &c., should be Rs. 52,862 5. 0. as will be perceived on reference to figured statement No. 7, and not Rs. 53,862 5. 0. as it is feared may have erroneously been written, as the correct and incorrect amounts both appear in the copy retained in my office.

(Foreign Department.—No. 2313 of 1861).

From *C. U. Aitchison*, Esq., Under Secretary to the Government of India,
 To Lieutenant Colonel *C. Davidson*, c.b., Resident at Hyderabad; dated
 Fort William, 8th May 1861.

Sir,

I AM directed by the Governor General in Council to reply to your letter, No. 52, dated 6th ultimo, in which you submit a report on the arrangements that have been made for the adjustment of territory under the late Treaty with his Highness the Nizam.

2. The first 29 paras. of your letter have been sent to the Financial Department for consideration. The only point in these paras. which appears to call for orders in this department, is that raised in para. 15. The value of the lands to be retained under the Treaty is 32 lakhs. But for the year 1860-61 there will be a deficiency of Rs. 3,89,938 3. 10.

Amount due under the Treaty - - - - -	Rs.	a.	p.
Revenues of East and West Berar for the year 1860-61 - - - - -	Rs.	a.	p.
	24,65,488	6	5
Net amount realised from Raichore and Dharaseo balance of local funds - - - - -	3,44,573	5	9
	28,10,061	12	2
Deficit - - - Rs.	3,89,938	3	10

The question is, shall this deficit, for the year 1860-61, be demanded of the Nizam? You think we may fairly demand it, unless the expression in the new Treaty dispensing with all accounts past, present, and future, means, that no question of account shall now be entered into.

3. His

3. His Excellency in Council observes, that if the accounts by which this deficit is calculated, were merely the estimated revenues of the districts we retain, there would apparently be no objection to demanding the balance from the Nizam. But as these accounts comprise the receipts and expenditure in Raichore and Dharaseo, up to date of transfer, the demand cannot be made without submitting accounts for Raichore and Dharaseo; and his Excellency in Council therefore directs that the amount be debited to the revenues of the districts we retain, as has been done with regard to the balance of debt against the Nizam for 1858-59.

4. Paras. 31 to 45 of your letter relate to the lands which are to be taken from the Nizam to make up the deficit between the revenues of East and West Berar, and the 32 lakhs stipulated for in Art. VI. of the Treaty, and to the question of certain exchanges to be effected with the Nizam, with a view to improve the boundaries of the assigned districts. Divested of its complications, your scheme appears to be the following:—

The Deputy Commissioners of East and West Berar calculate the revenues of their respective districts to be—

										Rs.	a.	p.
West Berar	-	-	-	-	-	-	-	-	-	16,13,685	10	6
East Berar	-	-	-	-	-	-	-	-	-	14,47,928	13	8
TOTAL - - - Rs.										30,61,614	8	2

They propose, after lands have been assigned to make up 32 lakhs, that the districts should be more equally divided, so as to yield, as nearly as may be, a revenue of 16 lakhs each. It is, therefore, proposed to transfer from West to East Berar villages worth Rs. 14,244 1. 4., which would reduce the present revenue of West Berar to Rs. 15,99,441 9. 2., and raise that of East Berar to Rs. 14,62,172 15. 0., or Rs. 1,37,827 1. 0. under 16 lakhs. To make up this deficiency, they propose to take from the Nizam lands to that value north of the Pyne Gunga.

5. Between the Mehkur Pergunnah of West Berar and Booldana, there is an awkward strip of land held by the Nizam. Its value is 35,000 rupees. This it is also proposed by the Deputy Commissioners to take, giving in exchange lands to the south of East and West Berar worth Rs. 35,455 7. 6.

6. You approve generally of these proposals for exchange. But you observe that as regards the deficiency under the 32 lakhs, the calculations have not been properly made. The revenues of East Berar, as calculated by the Deputy Commissioner, include balances on account of previous years to the amount of Rs. 86,579 4. 2., which should be excluded, while the revenues of West Berar should include a sum of 1,40,000 rupees remitted in 1859-60 for reasons of a temporary kind. Your calculations are, therefore—

										Rs.	a.	p.	Rs.	a.	p.
Due under the Treaty - - - - -	-	-	-	-	-	-	-	-	-	-	-	-	32,00,000	-	-
Revenue of East Berar, as stated by Deputy Commissioner - - - - -	-	-	-	-	-	-	-	-	-	14,47,928	13	8			
Deduct balance of former years - - - - -	-	-	-	-	-	-	-	-	-	86,579	4	2			
										13,61,349	9	6			
Revenue of West Berar, &c. - - - - -	-	-	-	-	-	-	-	-	-	16,13,685	10	6			
Add remissions - - - - -	-	-	-	-	-	-	-	-	-	1,40,000	-	-			
										17,53,685	10	6	31,15,035	4	-
Deficiency - - - Rs.													84,964	12	-

You, therefore, propose “to re-transfer to the Nizam districts, of the value of Rs. 52,862 5. 0,” in the Talooks of Sindkhair, Bassim, and Korinja, in lieu of the difference between the deficit shown by the Deputy Commissioners and 338.

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by

by yourself, "with a view to the re-arrangement of the frontier, making a total amount of Rs. 1,37,827 1. 0. of an annual revenue to be received from the Hyderabad Government." You have made the above proposals to the minister, with a view to their submission to his Highness the Nizam.

7. The Governor General in Council is not sure that he has apprehended your exact meaning. It seems, however, to his Excellency in Council to be this: The Deputy Commissioners have proposed to take from the Nizam, lands on the north of the Pyne Gunga to the value of Rs. 1,37,827 1. 0., or Rs. 52,862 5. 0. in excess of the real deficit of the revenues of East and West Berar under 32 lakhs. You approve of this, but observe that it will be necessary to re-transfer to the Nizam lands yielding Rs. 52,862 5. 0. But his Excellency in Council cannot discover where these lands lie, which it is proposed to re-transfer to the Nizam. In Enclosure, No. 7, of your letter, you say, "in the Talooks of Sind Khair, Bassim, and Koringa." But from statements No. 6 and No. 7, it appears that the land in Sind Khair and Bassim is to be given in exchange for the strip, worth 35,000 rupees, between Mekhur and Booldana. If the "part of Koringa" (coloured purple in the map) "is the land to the value of Rs. 52,862 5. 0., which is to be re-transferred, his Excellency in Council finds it difficult to see how the boundary will be improved unless the map be faulty. Apparently, the boundary will be made worse than it is at present. His Excellency in Council does not see why you should have troubled yourself at all with the deficit of Rs. 1,37,827 1. 0., shown by the Deputy Commissioners. It is an erroneous calculation, and there seems no reason why you should have encumbered your present report with it.

8. The proper account seems to his Excellency in Council to be this:—

	Rs.	a.	p.
Deficit of Revenues of East and West Berar under 32 lakhs - - -	84,964	12	-
Lands to be given, as per Statement No. 6, for adjustment of boundaries - - - - -	35,455	7	6
Lands to be received for adjustment of boundaries - - - - -	35,000	-	-
Difference - - - - -	455	7	6
TOTAL excess of lands to be given by Nizam over lands to be received by him - - - - -	85,020	3	6

His Excellency in Council thinks that lands to this extent north of the Pyne Gunga might be taken from the tract coloured yellow in the map.

(No. 2314, of 1861.)

ORDERED, that paragraphs 1 to 29 of the Resident's letter, and of paragraphs 1 and 3 of the above reply, be sent to the Financial Department for information and further orders.

(No. 1266.)

EXTRACT from the Proceedings of the Government of India, in the Financial Department, under date 4th February 1861.

READ again, the Financial Resolution, No. 1095, dated the 14th January 1859, on the subject of the irrecoverable balances of the North Berar division of the Hyderabad Assigned Districts and the preparation of the annual account of the revenues and charges of those districts.

Read, the Resolution recorded in the Foreign Department, with the Governor General, No. 2, dated the 1st ultimo, and the papers which accompanied it on the subject of the proposed modifications of the Commission, and the revision of the establishments of the Hyderabad Assigned Districts, in consequence of the restoration of Raichore Doab and Dharaseo to the Nizam.

Resolution.—

Resolution.—The Honourable the President in Council observes that on the 5th December last, his Excellency the Governor General requested the Resident at Hyderabad to report on the arrangements which it might be necessary to make in connection with the transfer of a portion of the assigned districts to the Nizam's Government, and for the administration of the Berar districts, with such additions as may be made to them when the Raichore Doab and Dharaseo districts shall have been transferred to the Nizam, and when Shorapore shall also have been made over to his Highness in accordance with the conditions agreed upon.

The Resident accordingly submitted the statements given below, showing the designations of the officers whom he proposed to retain for the administration of East and West Berar, and schedules of the office establishments which he proposed to retain for those officers, an abstract of which follows:—

	Salaries Proposed to be Retained at Present.	Prospective Salaries.	
	Rs.	Rs.	
Commission - - - - -	2,000	2,000	} Exclusive of all Establishment. East and West Berar. - - ditto. - - ditto. East Berar. West Berar. - ditto. East Berar. - ditto. West Berar. - ditto. Residency Civil Officer. West Berar. - ditto. East Berar. - ditto.
Chief Engineer - - - - -	800	800	
Second Assistant Resident - - - - -	600	600	
Executive Engineer - - - - -	750	750	
Assistant Engineer - - - - -	250	250	
Superintendent of Police - - - - -	700	500	
Deputy Commissioner - - - - -	1,200	1,200	
Ditto - ditto - - - - -	1,200	1,000	
Ditto - ditto - - - - -	700	700	
Assistant Commissioner - - - - -	600	600	
Ditto - ditto - - - - -	600	600	
Ditto - ditto - - - - -	600	500	
Ditto - ditto - - - - -	500	500	
Ditto - ditto - - - - -	400	400	
Extra Assistant Commissioner - - - - -	400	300	
Ditto - - ditto - - - - -	300	250	
Ditto - - ditto - - - - -	250	250	
Ditto - - ditto - - - - -	250	250	
Ditto - - ditto - - - - -	250	250	
TOTAL per Mensem - - Rs.	12,100	11,450	
TOTAL per Annum - - Rs.	1,45,200	1,37,400	

ABSTRACT.

	Cost per Mensem.	Cost per Annum.
	Rs. a. p.	Rs. a. p.
Resident's Civil Office Establishment - - - - -	1,389 - -	16,668 - -
Commissioners' Establishment - - - - -	1,608 - -	19,296 - -
Engineers' Establishment in East and West Berar - - - - -	284 - -	3,408 - -
West Berar Establishment of district officers - - - - -	15,049 1 4	1,80,589 - -
East Berar " " - - - - -	11,228 8 6	1,34,742 6 -
TOTAL Amount of Establishment for which sanction is solicited - - - - -	Rs. 29,558 9 10	3,54,703 6 -

These establishments, it was said, are the same as those which have already received the sanction of Government, with the exception of one Assistant Commissioner's establishment which has been added for the management of the revenue of the Surfi-Khas estates in each of the districts of East and West Berar, and may suffice for the present, though some future modifications in respect to them may be found necessary, as the Berar districts with the Surfi-Khas estates will, it was expected, yield a larger revenue than before, and the restoration of some Talooks be probably necessary.

In submitting the above schedules, the Resident again solicited the consideration
338.

ration of the Governor General to the question of entrusting him with the audit and adjustment of all charges, both civil and military, in connection with the assigned territories and the Hyderabad Contingent. It did not appear to him there were any insuperable objections to the plan, while the advantages and convenience of early audit and adjustment being thus effectually ensured are, he stated, too manifest to need recapitulation.

He also proposed to abolish the Enam Commissioner's office and establishments, as very few claims would remain on the file after the restoration of the Dharaseo and Raichore to his Highness the Nizam, and those cases might be disposed of by the Commissioner and his district officers.

The President in Council observes that his Excellency the Governor General has approved of the selection which has been made by the Resident of the officers whose services will be retained for the administration of East and West Berar, and of the salaries proposed for them both present and prospective, as also of the appointment of a Commissioner on 2,000 rupees a month; and has sanctioned the abolition of the Enam Commissioner's office and establishment, and that under his Excellency's direction the sanction of the Government of India is requested to the salaries above approved of, the remaining questions being referred to it for consideration and orders.

His Honor in Council is pleased to sanction the salaries and appointments approved by the Governor General.

In regard to the office establishments, his Honor in Council remarks that

	Acc rding to Civil Auditor's Book of Entries.	Proposed by the Resident.
	Rs. a. p.	Rs. a. p.
Resident's Civil Office Estab- lishments - - -	2,923 - -	1,389 - -
Commissioner's Office - - -	2,527 - -	1,608 - -
Engineer's Establishment - - -	1,057 - -	284 - -
West Berar - - -	13,978 7 4	15,049 1 4
East Berar - - -	11,063 8 6	11,228 8 6
Enam Commissioner's Office and Establishments - - -	2,088 - -	- - -
Raichore Doab - - -	10,451 15 1	- - -
Dharaseo - - -	8,590 10 8	- - -
TOTAL - - - Rs.	52,679 9 7	29,558 9 10

the Resident has not submitted a paper showing the financial result of the arrangements now reported. But the table given in the margin, prepared from the Civil Auditor's Book of Establishments for 1859 in the Financial Department, exhibits a saving effected of Rs. 23,120. 15. 9. per mensem, which may be relied on as a sufficiently correct result, and as the proposed establishments do not on the whole appear excessive, his Honor in Council is pleased to sanction them for one year, subject to report at the expiration of that period. His Honor in Council at the same time requests that the Resident will prepare and submit a tabular statement in the usual form, showing in detail the former and present establishments, so as clearly to exhibit the increases and decreases in each office caused by the revision in question.

His Honor in Council observes that the question of transferring to the Resident the business of auditing the accounts of the assigned territories, was once before submitted to this Government in 1859. It was then stated, in the Financial Resolution, No. 1075, dated the 14th January 1859, that this Government agreed with the Accountant General to the Government of India, in thinking it likely that the plan proposed by the Resident would be productive of much greater inconvenience and delay than the plan in force. In now making a second application, the Resident has not, as he ought to have done, shown that he possesses all the means of enforcing the rules of audit and account with sufficient exactness to obviate the multifarious references and counter references to Calcutta, without which the retrenchments, explanations, and correspondence which would inevitably follow, would cause far more labour and greater delay than the present system, and would thus defeat the object to attain which the change is proposed. This was pointed out to the Resident in the resolution above referred to, but as he has submitted no explanation on the point, and as the new system of audit and account is about to be introduced, his Honor in Council desires that the Resident may be informed that no change in the system of preparing the accounts can be sanctioned at present, but that the question will be reconsidered on the receipt of a report from the Budget and Audit Committee (to whom the question will be referred) as to the expediency of extending the number of local auditors to distant provinces, such as Pegu, Tenasserim, Hyderabad, &c.

From the Budget and Audit Committee to C. H. Lushington, Esq., Secretary to the Government of India, Financial Department.

Sir,

Fort William, 22 February 1861.

WE have the honour to reply to your Despatch (No. 1269) of the 4th February, forwarding for our report the questions raised in a Resolution passed by the Supreme Government, in a reference by the Resident of Hyderabad, regarding the audit of the civil accounts of that jurisdiction :—

2. We understand the questions referred to us to be :—

1st. Whether the audit and adjustment of all charges, both civil and military, in connection with the assigned districts, and the charges of the Hyderabad Contingent, should be entrusted to the Resident.

2nd. Whether it is desirable to appoint additional local authorities to detached and distant provinces.

3. The first of these questions, which has indeed been broadly raised by the Resident, amounts, as we understand, to a request on the part of that officer that he should audit his own accounts. After the promulgation of the new system of audit and account in India, based on principles which have prevailed equally in India as in England, it will not be necessary for us to trouble the Supreme Government with detailed remarks, to show that such a proposition would not be admissible. We presume that it could never be contemplated to exempt the Resident of Hyderabad from conditions to which every Government, Local Government, and department throughout India is now subjected; namely, the auditing of accounts by an agency, independent of the party responsible for those accounts. The Resident is responsible for the accounts of his jurisdiction, and by Imperial system those accounts must be audited by independent agency; even if the audit be at Hyderabad, still it could not be conducted in subordination to the Resident.

4. This brings us to the second of the two questions, namely, the desirability of appointing additional local authorities for detached and distant provinces generally, and for Hyderabad in particular. Now, as a matter of principle, we have always been prepared to admit that of any detached province of sufficient size and importance, it may very possibly be desirable to appoint a special local auditor; such appointment must, however, we apprehend, entirely depend on the circumstances of the province, and the amount of work to be done. It is to be remembered that each new appointment of this nature entails considerable expense on Government in salary and establishment, not less than a quarter of a lac per annum, or perhaps more. We are therefore anxious to save the necessity of such appointments. Again, the multiplication of auditors entails the chance of greater deviations from uniformity, and the distance of these officers from central authority indirectly lessens control.

5. Such being the general principle, we have not, under existing circumstances, perceived the necessity of appointing additional auditors for detached provinces. We thought that the accounts of the Eastern Settlements may be audited by the Bengal Deputy Auditor General, those of Oudh and Rajpootana by the North Western Provinces auditor, those of Nagpore and Baroda by the Bombay auditor, those of Hyderabad by the Madras auditor. We still entertain a hope that, with one exception, this plan may work sufficiently well for the present, and that thus extra expense may be avoided. The exception above indicated, is that of the Eastern Settlements in British Burma. When the provinces of Pegu, Arracan, and Tenasserim shall be amalgamated under one administration, we think it possible that the pre-audit of sanctioned charges may, in order to save delay, be conducted at Rangoon by an assistant under the Chief Commissioner on a salary of, say, 600 rupees per mensem; but this pre-audit pertains to the Pay rather than to the Audit Department, and will not affect the ultimate audit and adjustment of charges. Even for Pegu, then, we do not propose that a separate Deputy Auditor General be appointed at present, though we think that the necessity for such an officer is more likely to arise there than anywhere else. We have only to submit that we shall be prepared to admit the necessity whenever it shall be shown to arise.

6. As regards Hyderabad in particular, however, we would submit that such necessity is less likely to arise there than in any other case. The purely civil charges are now limited, compared with the civil charges of other provinces. The accounts which once had to be rendered to his Highness the Nizam, will no longer be required, since the restoration of some of the assigned districts. It appears to us that the work to be done at Hyderabad could not possibly afford employment to one officer. The accounts of the Hyderabad Contingent are audited by the Military Auditor General of Bengal. The only change that could possibly be needed there, would be the transfer of that particular audit to the Madras Military Auditor General; but this point can be settled by the Military Finance Department. There can be no more difficulty respecting these accounts than the accounts of the Nagpore Military Force, or the Punjab Frontier Force, or Central India Levies, of all which the accounts are audited in the same manner. We have no doubt that whatever arrangements may be necessary for the speedy auditing of these accounts will be made by the Military Finance Commission; but we apprehend that in that department it would be found quite impossible to provide a separate audit establishment for each separate body of troops.

7. We are therefore precluded from recommending that any additional auditor be appointed for Hyderabad.

We have, &c.
(signed) *C. H. Lushington.*
E. Drummond.
R. Temple.

(No. 2000.)

Fort William—Financial Department, 28 February 1861.

His Excellency the Governor General in Council concurs in the views of the Budget and Audit Committee, as expressed in the above report, on the ground that the appointment of local auditors in district provinces will entail additional expense to the State.

By order of the Governor General in Council,
(signed) *C. H. Lushington,*
Secretary to the Government of India.

To the Foreign Department for information and for communication to the Resident at Hyderabad, in continuation of the Financial Resolution (No. 1266) of the 4th instant.

(Civil Department—No. 34 of 1861.)

From Lieutenant Colonel *Cuthbert Davidson*, C.B., Resident at Hyderabad, to the Secretary to the Government of India, Foreign Department: dated Hyderabad, 22nd February 1861.

Sir,

I HAVE the honour to enclose copies of the correspondence as per margin, which has passed between the Accountant General to the Government of India, and myself, in relation to the proposed financial arrangements connected with the Hyderabad assigned districts.

2. In my letter to your address (No. 180) of the 13th December 1860, I took the liberty of suggesting that much convenience and advantage would result from the adjustment of all charges, both civil and military, being entrusted to the Resident at Hyderabad.

3. In the present correspondence I have urged the adoption of this system upon the Accountant General with a view to ensure more prompt audit, as well as to relieve the officers at Calcutta from no small share of labour.

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4. I would solicit especial attention to the fact that so long as the district and departmental accounts are rendered direct to the offices of audit and account at Fort William, by no possibility can the Resident at Hyderabad reconcile the financial statements received from thence with those he receives from the district offices. They appear to be prepared on different systems, and not to be contemporaneous, while details are not, and scarcely can be, given with that minuteness which would enable me to determine the precise cause and extent of discrepancies, as these are often rather apparent than real.

5. I may observe also that the financial statements received from the Accountant General have several times required and received alteration, but I am to this day without the means of stating satisfactorily the exact amount derived from the different sources of revenue in the Hyderabad assigned districts and the exact amount of disbursements fairly chargeable against them.

6. A statement of discrepancies, which I have forwarded to the Accountant General, and which can be called for if required, will show the many points of difference which still require elucidation.

7. Until the financial questions under discussion with the Accountant General are decided, and the orders of Government have been passed upon the revised schedules of establishments for my office and that of the Commissioner, which, with the letter above quoted, I did myself the honour to submit for the consideration of his Excellency the Governor General of India, and which, on the score of economy, I have, pending the sanction of Government, directed to be introduced from the 1st instant, things are naturally liable to fall into confusion, and I would therefore beg to be favoured with the instructions of Government in regard to them at as early a date as may be found convenient.

(No. 242.)

The Accountant General to the Resident at Hyderabad.

9 February 1861.

Sir,

REFERRING to Article IV. of the new Treaty concluded with the Nizam in December last, in which it is stipulated that his Highness shall "forego all demand for an account of the receipt and expenditure of the assigned districts for the past, present, and future," I have the honour to inquire whether it will still be requisite to furnish you with his Highness's account with this Government for 1859-1860, which is alluded to in my letter to your address, No. 134, dated 8th October last. Future returns of the same description need not, I apprehend, be prepared, as the balances for or against the Nizam can best be determined at the close of each year's adjustments of the accounts of the assigned districts in the books of this office, but your opinion on this point is solicited.

2nd. I observe that Article III. of the new Treaty cancels the Nizam's old debt of about 50 lacs of Hyderabad rupees, which had accumulated up to May 1853, but makes no allusion whatever to the subsequent demands against his Highness, which, at the close of 1858-1859, amounted to nearly 3,20,000 rupees, as ascertained in this office. It may be necessary, therefore, to make a reference on the subject to Government, in case it is intended that the entire balance outstanding up, to the date of the Treaty, should, as on a previous occasion, be written off.

3rd. I take this opportunity to inquire whether arrangements have been made for the adjustment of the balances of the Raichore Doab and Dharaseo treasuries, which will remain outstanding in the accounts after the transfer of those two districts.

4th. In conclusion, I beg that in submitting the Hyderabad Budget Estimate for 1860-1861, and 1861-1862 (now over-due), due regard may be had to the increase or decrease of receipt or expenditure, which the terms of the Treaty may involve.

Civil Department.

The Resident at Hyderabad to the Accountant General.

21 February 1861.

Sir,

I HAVE the honour to acknowledge the receipt of your letter (No. 242), under date the 9th February 1861, calling for my opinion upon the system to be pursued for the future in regard to the adjustment of the accounts of the Hyderabad assigned districts.

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2nd. Although

2nd. Although it is stipulated in the new Treaty that his Highness the Nizam shall "forego all demand for an account of the receipt and expenditure of the assigned districts for the past, present, and future," yet, as any surplus revenue that may hereafter accrue is to be paid to the Nizam, it will be necessary that the Resident at Hyderabad should have the means of ascertaining the exact financial position of those districts.

3rd. It is observed by you that the balances for or against the Nizam can best be determined at the close of each year's adjustments of the accounts of the assigned districts on the books of your office. I would beg to remark that experience has fully demonstrated the serious inconveniences of this system; while the Resident is responsible both to the British and the native Governments for the efficient and economic administration of the assigned districts, he is precluded, under existing circumstances, not only from guarding against extravagant expenditure, but even from acquainting himself with the amount of expenditure that has been incurred, until the accounts have been received from Calcutta.

4th. The distance between the district officers and the department of audit and account necessarily causes, as we must perceive has throughout been the case, great delay in the adjustment of these accounts. It has been objected that one cause of the delay has been in my having returned the accounts to Calcutta for explanation, or revision. I do not dispute this, but I trust that it will be perceived that they have not been unnecessarily returned, and that it was not possible for me to submit accounts to the Nizam, which I did not understand, and on which large corrections were obviously requisite, and were eventually made.

5th. I beg to be understood as not having the most remote intention of imputing any avoidable delay, or anything in the shape of remissness, to your department; but I regard it as an inevitable consequence of the distance between Calcutta and these districts, when it must frequently happen, as it frequently has happened, that references backward and forward are so repeatedly requisite that the accounts cannot be furnished with the desired punctuality.

6th. It has also been decided by the Finance Commissioners that the audit offices at Calcutta are already over-worked, and I would, for many reasons, strongly recommend that the audit of all charges connected with the Hyderabad assigned districts should be entrusted to the Resident at that Court.

7th. The Finance Commissioners have expressed this opinion, that "the powers of the Resident at Hyderabad, the Commissioner at Nagpore, and the officer commanding the Irregular Forces, as regards sanctioning expenditure being clearly defined, and the pay and allowances being fixed by the Government of India, the allotment of stores being also laid down, the duty of officers connected with the control and examination of money charges, or of expenditure of stores, would be quite easily performed."

8th. I have already in a letter (No. 180) of the 13th December last to the Secretary to the Government of India in the Foreign Department, urged that all charges, civil and military, in connection with the assigned territories should be left to the Resident; and I trust you will concur with me in the opinion that while your department would thus be relieved from considerable labour, prompt audit would be ensured, all charges would be immediately brought under the notice of the Resident, and he would then have it in his power effectually to control expenditure, instead of remaining in ignorance with regard to it, until information reaches him from a distant source, and what is done is irretrievable.

9th. There would be little difficulty in the accounts being so arranged "as to allow of transactions being recorded as they occur;" and while it is admitted that there is no great peculiarity in the nature of the duty of audit and account, I would beg to point out that the delay attending a reference to Calcutta on every little point upon which any obscurity may rest, has been productive of much embarrassment and delay.

10th. I beg, in illustration, to append copy of a letter from the Deputy Commissioner, Raichore Doab (No. 378), of the 29th December 1860, in which he confesses himself wholly incapable of reconciling your accounts with those of his own office, although he supposes the discrepancies are rather apparent than real, or that the accounts are not contemporaneous.

11th. I also submit a statement prepared in my office exhibiting discrepancies which have been found to exist between the accounts of your office and those of the district officers, and which I am unable to reconcile; and when you call to mind the multitudinous references that it has been requisite to make before these accounts could be closed, you will, I have no doubt, agree with me that a change of system is indispensably necessary.

12th. One chief source of the difficulties that have been experienced in adjusting these accounts is, it appears to me, that we have throughout dealt with the revenue of the assigned districts as if it had been Imperial revenue, which it clearly is not. The districts were assigned by the Nizam for certain specific purposes, and whenever we realise more income than we find sufficient for those purposes, we are bound to make over the surplus

surplus to the native Government. Had we not incorporated these accounts with those of the general Government, much inconvenience and delay in their adjustment would have been avoided.

13th. I may here also mention that the incorporation of the revenues of the assigned districts with Imperial revenue on the financial statements that have been published in public prints as emanating from the authority of the Government of India has given umbrage to the Hyderabad Government, as I have been questioned by the Minister as to the reason why the revenue of the assigned territory should be included in the Imperial revenue.

14th. I would therefore earnestly recommend that the audit of these accounts be left to the Resident, who would furnish monthly accounts and vouchers to your office in the same manner as the civil treasury accounts are now submitted.

15th. In reply to the 3rd paragraph of your letter under acknowledgment, I beg to inform you that orders have been issued to make up all accounts in the Raichore Doab and Dharaseo Treasuries to 1st March 1861. Financial statements will be furnished as soon as practicable. The accountants have been directed to come with their accounts to Hyderabad, and all cash balances have been ordered to be paid into the treasuries of Shalapoor and Dharwar, and the military cash chest at Lingsogoor.

16th. In preparing the Budget Estimates for 1860-1861 and 1861-1862, due regard has been had to the increase or decrease of receipt or expenditure which the terms of the new Treaty may involve; but I regret that, in the present transition state of the assigned territories, it has been found impossible to furnish estimates with the desired degree of accuracy.

17th. It has not escaped my recollection that on a previous occasion it was pointed out that it was open to me to call for such duplicate returns, or financial statements, from the district officers that I might consider necessary to a thorough exposition of the financial position of the assigned districts; but these, it is evident, would not enable me to reconcile them with the accounts preferred in your office, when, as Mr. Bullock has remarked, there is a difference between the two systems of accounts. The district officers also have too frequently complained of the inadequacy of their establishments, and any considerable increase in their official duties would, I have little doubt, have been immediately followed by applications for an increase of their office establishments.

18th. With regard to the balance of Rs. 3,25,198. 9. 10 $\frac{3}{4}$ appearing in your accounts against the Nizam at the end of 1858-1859, it is not quite clear to me how we can demand it from his Highness unless we render accounts, and that is specially provided against by the Supplemental Treaty. From the accompanying statement it will be perceived that this balance does not correspond with the balance elicited by me from the district officer's accounts; and I, of course, cannot consequently be expected to feel satisfied of the accuracy of the results shown in the Calcutta accounts.

19th. But there will be a still larger balance against the Nizam, owing to the districts being just now re-transferred in the midst of a Fuslee year, and an immediate decrease of revenue ensuing, which will not be accompanied by a simultaneous amount of reduction of expenditure on establishments. My own idea is, and the following may perhaps be the intention of the Government, that we should forego all claim for balances due to us, and commence the ensuing Fuslee year with a clear balance-sheet or entirely fresh account, otherwise I presume our only alternative will be to charge such balances against the revenues of the district, the management of which it is agreed that we retain.

(Financial—No. 378 of 1860.)

From *T. H. Bullock*, Esq., Deputy Commissioner, Raichore Doab, to Captain *H. Fraser*,
Officiating Assistant Resident, Hyderabad.

29 December 1860.

Sir,
I HAVE the honour to acknowledge the receipt of your Circular Letter (No. 11) of the 24th November 1860.

2. I have endeavoured to reconcile the discrepancies between the Accountant General's statement of the district officers, but the difficulty is, that the Accountant General does not seem to have included his items under the same head as we have; that is to say, that he has embodied his totals under fewer heads, particularly the contingent charges, and yet there is not sufficient detail for us to discover what he has included in each heading. For instance, in 1858-1859, he has got ordinary contingencies Rs. 5,318. 7. 3. No such item was in the district accounts, nor can we, by adding several together, make up such a total. Again, in 1856-1857 he makes out our disbursements in village expenses Rs. 11,896. 10., whereas by adding every description of village expense in the district statement, viz., lighting, chowries, stationery, &c., both adjusted and unadjusted, the total comes to Rs. 9,895. 15. 6.; therefore it would be seen that the Accountant General's accounts

accounts are not contemporaneous with ours, and to effect reconciliation it would be necessary to go through every year's receipts and disbursements, and compare them with each other in detail.

3. I would beg to suggest that the statements of receipts and disbursements from 1853-1854 to the present year, should be forwarded to the Accountant General for comparison.

4. It appears to me that the discrepancies can only be apparent and not real, and that they would disappear in comparison of accounts, because the accounts of this district have been passed as correct by the Accountant General himself.

5. As I believe all the English records of the office are to be sent to the Residency, it might perhaps be advisable that the head accountant, Mahomet Fazil, who has always had charge of the accounts of the Raichore Doab, should accompany them, when he would be able by the original vouchers, contingent bills, &c., to verify all the accounts of this district year by year.

(No. 4048.)

OFFICE MEMORANDUM.

Fort William, Financial Department,
27 March 1861.

In respect to the several questions mooted in the foregoing correspondence, the Governor General in Council observes that the question relating to the audit and adjustment of the accounts of the assigned districts has already been determined,* it being considered that it is inexpedient, on the score of expense, that such audit and adjustment should be conducted at Hyderabad.

With respect to the continued necessity of furnishing an annual account of receipts and disbursements, his Excellency in Council agrees with the Accountant General to the Government of India in thinking there is no such necessity, as the balances for or against his Highness the Nizam can best be determined at the close of each year's adjustment in the books of this office.

On the question as to the mode of dealing with the revenues of the assigned districts, his Excellency in Council desires that it may be pointed out to the Resident that he labours under a mistake in supposing that those revenues have been hitherto dealt with as Imperial revenue. The accounts of the revenues and charges of the assigned districts, though included in the accounts of the general government, are shown under the distinct head of "Debt," not under the head "Revenues and Charges."

The question as to the adjustment of a balance standing against his Highness at the close of 1858 and 1859, amounting to nearly 320,000 rupees should, his Excellency in Council thinks, be decided in the Foreign Department.

By order of his Excellency the Governor General in Council.

(signed) *C. H. Lushington*,
Secretary to the Government of India.

(No. 1474.)

EXTRACT from the Proceedings of the Government of India in the Foreign Department; under date the 30th March 1861.

READ a letter and its enclosures, from the Military Finance Department (No. 185 A.), dated 22nd instant, suggestive of a change in the system of auditing the accounts of the Hyderabad and Nagpore forces, and recommending a local audit.

Ordered, that the above letter and its enclosures be sent in original to the Financial Department for consideration and orders, with reference to the Resolution of Government in that department (No. 2000), dated 28th ultimo, with a request that the papers be returned when no longer required.

(Foreign Department.—No. 2201.)

From *C. U. Aitchison*, Under Secretary to the Government of India, to Lieutenant Colonel *Cuthbert Davidson*, c.B., Resident at Hyderabad; dated Fort William, 2nd May 1861.

Sir,

Sir,
WITH reference to your letter dated 22nd February last (No. 34), with its enclosure, regarding proposed financial arrangements connected with the Hyderabad Assigned Districts, I am directed to inform you that the Governor General in Council has resolved that the balance standing against his Highness the Nizam at the close of 1858-59, amounting to nearly 3,20,000 rupees, shall be charged to the revenues of the districts retained.

2. A further communication will be made to you hereafter on the other points mooted in your letter under acknowledgment.

(No. 2202.)

Ordered, that with reference to Memorandum from Financial Department (No. 4048), dated 27th March, and also to extracts to Financial Department (No. 1474), dated 30th March, a copy of the above be sent to the Financial Department, for information and further orders.

(No. 5101.)

EXTRACT from the Proceedings of the Government of India in the Financial Department; under date 22nd April 1861.

READ again the undermentioned papers on the subject of transferring the audit and adjustment of the Hyderabad accounts from Calcutta to Hyderabad :—

Financial Resolution No. 1266; dated 4th February last.
Ditto - - - No. 2000; dated 28th idem.
Ditto - - - No. 4048; dated the 27th ultimo.

Read an extract from the Foreign Department (No. 1474), dated the 30th ultimo, forwarding, for consideration and orders, a letter and its enclosures from the Military Finance Department, submitting certain proposals for the audit and adjustment of the accounts of the Hyderabad Contingent and Nagpore forces.

Resolution.—In a report (No. 13), under date the 22nd February last, the Budget and Audit Committee, with reference to a proposal by the Resident of Hyderabad for the transfer of the audit and adjustment of the civil accounts from Calcutta to Hyderabad, were of opinion that as a matter of principle it may be desirable to appoint, for any detached province of sufficient size and importance, a special local auditor, such appointment being, however, entirely dependent on the circumstances of the province and the amount of work to be done. But as these appointments would entail additional expense to the State, and their distance from central authority would indirectly lessen control, they felt precluded, under existing circumstances, from recommending such appointments for sanction generally, and especially for Hyderabad, where the purely civil charges are more limited, compared with the civil charges of other provinces.

This Government concurred in the views of the Committee, on the ground that the appointment of local auditors would entail additional expense.

The question has now again come forward for consideration in connection with the letter of the Military Finance Department, to the address of the Secretary to the Government in the Foreign Department, No. 185A., dated 22nd ultimo, with which they forwarded, for the information of the Foreign Department.

30th July 1860, No.
2010.
18th March 1861,
No. 183 A.

ment, copies of the letters noted in the margin, addressed by them to the Military Department, suggestive of a change in the system of auditing the accounts of the Hyderabad and Nagpore forces, regular and irregular.

In the first of these letters the Military Finance Department pointed out certain difficulties and anomalies in the existing practice, and suggested, first, that the contingent charges of the forces now sent to the Commissariat Auditor, Calcutta, should be sent to the auditor of Commissariat accounts at Madras, who, having the Commissariat disbursements before him for the Madras troops at Secunderabad and Kamptee, has better means than the Calcutta auditor of checking the rates charged for Commissariat supplies for the contingent and Nagpore irregular force. Secondly, that the bills now sent to the auditor of commissariat accounts, Calcutta, for ordnance supplies to the contingent and irregular force, should be brought under the control and check of the Inspector General of Ordnance at Madras. Thirdly, that the journalised system in use in Madras, for the accounts of the Pay, Commissariat, and Ordnance Departments, would admit of the charges for the forces being entered therein, without keeping up, as at present, two sets of accounts, and observed that the powers of the President at Hyderabad, the Commissioner at Nagpore, and the officer commanding the irregular force, as regards sanctioning expenditure, being clearly defined, and the pay and allowances being fixed by the Government of India, the allotments of stores being also laid down, the duty of officers connected with the control and examination of money charges or of expenditure of stores would be quite easily performed.

In their second letter to the Military Department, the Military Finance Department adverted to the difficulties that had presented themselves to the different officers who had been consulted on the above-mentioned questions, and the disinclination expressed by the Madras Government themselves to the transfer of the accounts of the contingent to the Madras authorities; and they then went on to consider a measure recommended by the Resident of Hyderabad, viz., that the accounts of the contingent be subjected to a local audit, a measure which the Military Finance Department consider to be decidedly the best of the measures before the Government.

According to the plan of the Resident, this local audit would be conducted by the Military Secretary at Hyderabad, under the orders of the Resident; and as the duties of the military secretary appear to be such as to leave him ample time for auditing the accounts of the contingent; and as moreover, the Resident states that this officer is available for this special duty, and is prepared to undertake the transmission of the audited accounts to Calcutta with promptitude and regularity, the Military Finance Department advise that the appointment of military secretary to the Resident be abolished as such, and that the designation of the office, in substitution, be changed to that of Controller of Military Finance at Hyderabad, adding that they shall then propose the transfer to him of several important duties, and that they hope that by changes in the offices of the paymasters at Secunderabad and Nagpore, they shall have it in their power to provide efficiently for the office establishment of controller.

With advertence, however, to the recent treaty concluded between the British Government and his Highness the Nizam, under Article IV. of which the Nizam has agreed to forego all demand for accounts of the Assigned Districts, either for the past or for the future, and the British Government are left at full liberty to appropriate the revenues and arrange the expenses of administration at their entire discretion, being only required to pay over to the Nizam any surplus that may remain over the cost of such discretionary administration, without any necessity for accounts being shown to his Highness, the Military Finance Department subsequently recommended the appointment of a local controller of military finance for Hyderabad and Nagpore, a local examiner and two deputy paymasters, one at Secunderabad and the other at Nagpore, observing that for the duty of controller the Resident's military secretary was available, but that a separate officer would have to be appointed for the duties of examiner, and that arrangements would have to be made for converting the paymasters at Secunderabad and Nagpore into deputy paymasters. "The deputy paymasters," the Military Finance Department observe, "will estimate for and pay both the regular and local forces, granting cheques for the purpose on the

the civil treasuries. They will transmit their accounts to the examiner, by whom the accounts thus rendered will be audited and classified, and when approved by the controller, will be forwarded to the officers of account, viz., that pertaining to the Madras troops, to the Military Accountant, Madras, through the Madras Controller, and that appertaining to the contingent and irregular accounts to the Military Accountant, Calcutta, through the Controller at Calcutta, the accounts so transmitted being incorporated with the Bengal and Madras accounts respectively."

"In the same way the commissariat and ordnance charges will be examined and disbursed by the existing departments, and on examination and approval by the local examiner and controller, will be transmitted for the purpose to the military accountants, through the controllers of Bengal respectively, viz., the charges appertaining to the regular troops to the Military Accountant at Madras, and those appertaining to the contingent and irregular force, to the accountant at Calcutta."

The Governor General in Council is of opinion that the last recommendation of the Military Finance Department may, with advantage, be adopted, and his Excellency in Council sees no difficulty in entrusting the Controller of Military Finance at Hyderabad with the disposal of the accounts of the Nagpore forces in addition to those of the forces at Hyderabad, the total expenditure on account of both forces being 103,32,000 rupees per annum, as shown in the following Table:—

	European.	Natives.	Total.
Hyderabad Force, Subsidiary	3,454	5,145	8,599
Nizam's Contingent	87	9,519	9,606
Nagpore Regular Force	1,052	4,401	5,453
Nagpore Irregular Force	40	* 3,731	3,771
TOTAL	4,633	22,796	27,429

* These are to be shortly reduced to—

Europeans	20
Natives	1,699

Cost of the above.—At 1,000 rupees for each European, and 250 rupees for each Native per annum, the aggregate cost will be as follows:—

	Rs.
Europeans	46,33,000
Natives	56,99,000
TOTAL	Rs. 103,32,000

It also appears to his Excellency in Council that the supervision of the accounts of the Civil Department at Hyderabad might without objection be committed to the controller in addition to his military duties, and that an uncovenanted officer of the Account Department might be appointed to that post under the designation of Controller of Military Finance and Deputy Auditor General at Hyderabad, and subordinate to the Military Finance Departments in matters of military, and to the Auditor General for India in respect of civil finance.

Before carrying out these arrangements, however, his Excellency in Council desires to be informed whether there are any objections in the Military Department:—

- 1st. To the appointment of a Local Controller of Military Finance for Hyderabad and Nagpore.
- 2nd. To entrusting the supervision of the Civil Accounts to the Controller of Military Finance, and
- 3rd. To the appointment to that post of an uncovenanted officer of the Account Department.

His Excellency in Council also desires to be informed whether there are any objections in the Foreign Department to the abolition of the office of Military Secretary to the Resident at Hyderabad.

(Political.—No. 8.)

Sir Charles Wood to the Governor General of India in Council; dated
31st January 1862.

1. I HAVE duly considered in Council the letter of your Excellency's Government (No. 87) of the present year, dated the 22nd of June, respecting the details of the arrangements for carrying into effect the Treaty of 1860 with the Government of his Highness the Nizam.

2. I observe that Colonel Davidson proposed to you to compensate, from the local funds of the two districts, Dharaseo and Raichore, which have been restored to the Nizam, those officers of your Government who had built houses or acquired house property in those districts. You properly pointed out to Colonel Davidson that these funds were not Government money, in the ordinary sense of the term, as belonging to the Imperial revenues. They were levied for a special purpose, and the faith of the British Government may be said to be involved in their due application to that object. This being so, I approve your orders that the amount should be made over to the Nizam's Government, on the understanding that it should be applied to the purposes of local advantage, for which it was levied.

3. Considering the circumstances in which these districts revert to the Nizam, I sanction the grant made by you of compensation (to an extent varying according to the loss they may have sustained) to public officers who have erected or acquired property in Dharaseo and Raichore. It does not appear from the papers whether anything had been done to obtain payment from the Nizam's Government for these houses at a fair valuation.

Adjustment of territory under the new Treaty with his Highness the Nizam.

4. I now proceed to the second subject (noted in the margin) to which you have directed my attention in the letter under reply. The value of the lands to be retained by us under the new Treaty with his Highness the Nizam is 32 lacs of rupees. It is, however, calculated that, with the addition of the Surf-i-Khas, the Berar districts, which are to remain in our possession, will in future years yield a revenue short of this sum by 84,964 rupees. For the past year, 1860-61, there was a still larger deficiency, amounting, as shown in the marginal statement extracted from your Secretary's letter of the 8th May 1861, to 3,89,938 rupees. This large deficit for 1860-61 appears to be, in a considerable measure at least, attributable to the fact that payments not actually due in the Surf-i-Khas, under transfer to us, were forestalled by the Nizam's officers, whilst similar payments in Raichore and Dharaseo, under transfer to his Highness, were left uncollected by our officers. In these circumstances, you were of opinion that "if the accounts by which this deficit was calculated were merely the *estimated* revenues of the districts we retain, there would apparently have been no objection to demanding the balance from the Nizam; but as these accounts comprise the receipts and *expenditure* in Raichore and Dharaseo up to the date of transfer, the demand could not have been made without submitting accounts for Raichore and Dharaseo;" and you considered it preferable to forego the amount altogether. In this opinion I concur; but I cannot but think that if Colonel Davidson had been more careful in arranging with the Nizam's Government the details connected with the transfer of territory, a portion at least of this loss might have been avoided.

	Rs.	a.	p.	Rs.	a.	p.
Amount due under Treaty -	-	-	-	32,00,000	-	-
Revenue of East and West Berar for 1860-61 -	24,05,488	6	5			
Amount realized from Raichore and Dharaseo. Balance of local funds -	3,44,573	5	9	28,10,061	12	2
Deficit - - -	Rs.			3,89,938	10	-

5. When the proposed exchange of territory, with a view to the adjustment of boundaries, shall have been carried out, the lands then in our possession will yield a revenue less than the stipulated sum of 32 lacs by Rs. 85,420. 3. 6. To make up this deficiency, in accordance with the 6th Article of the Treaty, you propose that territory of this annual value should be taken north of the Pyne-Gunga river. I approve this arrangement; but the suggestions of Colonel Davidson, both for this object and for the improvement of the boundaries of the Assigned Districts, are reported by that officer in a manner so complicated as to render them difficult of comprehension.

6. I must

st again call your Excellency's attention to the importance of attaching papers sent to me copies of any maps to which they may refer. It is for me, in the present instance, to understand the precise position which are described as marked a certain colour in a map which has been forwarded.

The third subject mentioned in your letter under reply, comprises several matters relative to the audit and adjustment of the accounts of the Assigned Districts and the Hyderabad Contingent. Before noticing the arrangements proposed to carry out, I await the reports from the Resident at Hyderabad, and the Military Department, to whom you have referred certain matters connected with the details of the proposed changes.



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