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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. <u>332</u>	Press Mis.
Dated <u>28. 6.</u>	<u>1861.</u>

Original

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Proceedings of the Madras Government, Financial Department,

28th June 1861.

Read again Extract from the Proceedings of Government of India, dated 17th May 1861, No. 5,674 and recorded in Proceedings 24th May 1861, No. 322.

No. 83. Read the following letter from C. HUGH LUSHINGTON, Esq., Secretary to the Government of India; to His Excellency Sir W. DENISON, K.C.B., Governor of the Presidency of Fort Saint George, dated Fort William, 6th May 1861, No. 5,278.

Financial Department.

I am directed by the Governor General in Council to acknowledge the receipt of Mr. Secretary Pycroft's confidential letter, No. 4, dated the 22nd ultimo, with its enclosures, and in reply to offer the following remarks :

2. Under the reduced scale fixed by this Government not more than $7\frac{1}{2}$ or 8 lacs of Rupees will be required from Madras for the purposes of the Local Budget.

3. Of this sum $2\frac{1}{2}$ lacs is already provided by Tobacco, which has been struck out of the Budget of Imperial Revenue, in order to leave it at the disposal of your Government as a Local Tax.

4. The Governor General in Council is quite aware that the Madras Government has always declared its inability to raise a large Revenue from Tobacco, and he does not therefore expect a large amount from that source, but he observes that he fully expects that if the whole produce from Tobacco is made available to the Madras Government, they will, between Tobacco and Betel and other stimulants, be certain, before long, to realize more than $2\frac{1}{2}$ lacs.

5. Admitting, however, that more than $2\frac{1}{2}$ lacs cannot be raised from these sources, the extent of the requirements of the Government of India will be limited to $5\frac{1}{2}$ lacs more, and this may, in the opinion of His Excellency in Council, be obtained in several ways.

6. In the first place, the Police charges of the Madras Presidency include a sum of 5,67,910 Rupees for Village Police. This Village Police has been always paid for by Village Fees, and there is a report on the subject by Mr. Robinson, of the 26th May 1860, pointing out very clearly the nature of those Fees, and how they should be levied in future. It does not appear distinctly from the Madras Budget whether those Fees are included in any estimate of *Imperial Revenue*. If not, they are available to make up the Local Fund. If they are included, the Government of India would not be indisposed to give them up, as they are properly of a local nature, and to take in exchange what Mr. Morehead and Mr. Maltby concur in saying might be done "without any additional check to the sale being perceptible," viz., an increase of Salt duty from 1 Rupee 6 Annas to the legal *maximum* of 1 Rupee 8 Annas per maund.

7. Again, your Excellency and Mr. Morehead, both contemplate a large saving in the present excessive outlay for Public Works Establishments. This outlay is £1,60,000, on an outlay for works and repairs of £4,60,000. As Mr. Morehead observes, in former years the Madras Government never used to have more than about 24 lacs to spend on Public Works, and if the assignment were reduced even by the whole 10 lacs talked of, or to 42 lacs, this sum if properly husbanded and carefully expended, would suffice for the interests of the Presidency. It has been shewn that this Government does not require 10 but only $5\frac{1}{2}$ lacs, and the Governor General in Council would undertake to give to the Madras Government for useful works *all* that they can save in the cost of Establishments for looking after them. The Governor General in Council can scarcely doubt that with your Excellency's experience in such matters you will be able to save more than $5\frac{1}{2}$ lacs.

8. But there are other reductions of Civil Expenditure which a close examination of the Budget of the Madras Government and a comparison of it with those of other Governments have suggested, and which, although there has not been time to correspond respecting them before settling the general Budget, it is now thought necessary to bring to your Excellency's notice.

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9. The Madras Administration Report for 1859, states that "the Revenue Establishments have been carefully revised in connection with the new Police system. The Tehseeldaree Divisions have been considerably enlarged and the Subordinate Establishments reduced in numbers, while the pay of the several grades has been increased."
10. "It is hoped by those measures that a more efficient and trustworthy class of men will be obtained and the State be secured from fraud and the people from oppression. The result of the changes in course of being carried out are that a large number of subordinate Revenue Officials will no longer be required, and a sum of at least 11 lacs will be saved to meet the expenses of the new Police."
11. The aggregate charge for Land Revenue Establishments in 1861-62, does not however show any reduction, but an increase of 70,000 Rupees over that of 1860-61.
12. It would seem therefore that either the charge for these Establishments must have been over-estimated or there must be a large field for reductions by a careful revision. A revision of Collectors' Office Establishments has led to a considerable saving in Bombay, and might probably lead to the same result in Madras. There are special reasons why reductions under this head appear practicable. The number of Deputy Collectors was raised last year and a sum of 21,000 Rupees added for Establishments, while no corresponding reduction has been made in Collectors' Establishments for work transferred to Deputy Collectors. The separation of the Police from Revenue Departments must diminish labor and correspondence. Also, the transfer of Enam investigations to a separate Department. The Board of Revenue, Madras, reported in 1856, with reference to the creation of Deputy Collectors, that "it would relieve the Collector of much detail work; and that the reform of the district accounts and modification of the land assessment would much diminish and simplify the ordinary work and that of the annual Revenue Settlement. Eventually the salaries of the appointments (of Sheristadars) may be saved and other reductions of Establishment will be practicable." The Establishments of Sub-Collectors seem equally capable of reduction.
13. Again it may deserve consideration whether a Board of Revenue of three Members with two Secretaries is requisite. Two Members with one Secretary are found sufficient in the North West, where the amount of Land and other Revenue is very similar.
14. It may also be observed that the Accountant's Department at Madras is 50,000 Rupees in excess of that of Bombay, and 40,000 in excess of Bengal; and if it be the fact, as the Governor General in Council has good reason to believe it to be, that clerical aid is very much cheaper at Madras than at Calcutta, this, apparently great excess, is in reality greater.
15. In the Sub-Treasurer's Department a saving must be effected by the proposed transfer of business to the Bank of Madras.
16. In the Civil Auditor's Department large reductions have been recently made in Bengal, and probably something might be effected at Madras.
17. The whole Department of Law and Justice requires close revision, but the Governor General in Council abstains from entering into details as he is convinced that this, above all others, is a branch of expenditure which can only be effectually controlled by the constant vigilance of a Government on the spot. One charge only need be specified which appears clearly wrong, viz., 23,310 for guarding Judges' Courts, a duty which should be done by the new Police. The average cost of each prisoner per head appears to be 60 Rupees a year in the Jails of Madras, while in Bengal it is only 43 Rupees, and in Bombay 38 Rupees a head—this evidently requires attention.
18. In the Political Department there is a charge for the Chepauk Agency. The transfer of these duties to the Collector of Madras was formerly contemplated, and if there is no valid reason to the contrary this might be done.

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19. The office of Superintendent of Marine might certainly be dispensed with, considering the small extent of Naval duty at Madras and that there is a Master Attendant. The local Marine charges which should be met by Port Dues, &c., appear to amount to 2,80,410 Rupees, viz.:

Shipping Master's Establishment.....	3,960
Establishments at Outposts.....	18,430
Light Houses.....	34,280
Miscellaneous.....	2,23,740
	<hr/>
	Rs. 2,80,410

but the total receipts in the Marine Department are only 1,19,400 Rupees. The receipts and expenses for Port Dues, &c., and Port Expenses might properly be transferred to the Local Budget.

20. In Bengal and elsewhere a large reduction in the number of orderly Chupprassies has recently been effected. A similar reduction would effect a saving in the estimates of many Establishments at Madras. So also will the recommendations recently made with reference to stationery.

21. In regard to all these savings the Governor General in Council is willing to undertake to give the Madras Government the benefit by an assignment for Public Works, or in other words, by a diminished transfer to Local Budget during the first year, of the full amount of any reductions which they may agree to make, on the understanding that after that time the savings shall go wholly to the credit of the Imperial Treasury; and he trusts it has been shewn that an ample margin exists for the Government of Madras to obtain, by that means, more than the 5½ lacs which have been asked for.

22. The Governor General in Council thinks indeed that it has been clearly established that by the proposal of Local Budgets, the Madras Government will be placed in a better and not a worse position for carrying on useful Local works. They have been debited with only 8 lacs of Rupees, while credit has on the other hand been offered to them:—

1stly.—Of 2½ lacs on account of their own Estimate of the produce of Tobacco Licenses.
2ndly.—Of 5½ lacs on account of Village Police cess in exchange for 4 Annas extra on Salt which it is stated will not be felt.

3rdly.—Of the whole of any saving they can make in their excessive Public Works Establishments now costing 16 lacs, and which may probably be reduced by one-half; and,

4thly.—Of half of any saving they can make on the above or any similar heads of Civil expenditure, which certainly seem to afford scope for reductions to the extent of 10 or 15 lacs.

23. The larger question of Military reduction will be adverted to in a separate communication.

24. The Governor General in Council will be glad to be favored at your earliest convenience with your Excellency's views on all the above points.

MINUTE BY THE HONORABLE THE PRESIDENT.

No. 84.

In laying before the Council the accompanying letter, addressed to myself, and professing to be a reply to the confidential letter of Mr. Secretary Pycroft, dated 22nd April 1861, I do not think it necessary to allude to the specific reductions which, it is stated, may be made in the

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expenditure of various Departments; these will be carefully investigated and, if found consistent with a due regard to the efficiency of the public service, will of course be carried into effect.

I must however remark upon the distinction attempted to be drawn between local and Imperial revenue as altogether unwarranted, and I must protest against the attempt in paragraph 6 to bargain with this Government for an exchange of the revenue arising from an increase of 2 Annas in the Salt duty, against a purely hypothetical addition to the revenue arising, or supposed to arise, from the collection of the fees payable to the Village Police.

I consider such an arrangement, without any reference to its fairness, to be one which it is beyond the power of the Supreme Government to make, or of this Government to accede to.

It appears to me that in the propositions contained in their confidential letter, and in this to which I am now referring, the Supreme Government, instead of looking simply to the existing state of the Revenue, and to the necessity of making it commensurate with the expenditure, either by reduction of the latter, or increase of the former, have been speculating upon certain changes in the constitution of the local Governments and in that of the Supreme Government, without having any definite data; and that in so doing, and in trying to bring the existing state of things in harmony with their hypothesis, they have complicated most unnecessarily that which is in point of fact a very simple matter.

I conclude from the statements contained in the letter herewith submitted that there is a deficit of Revenue, and that in consequence a reduction must be made in the amounts proposed to be appropriated to certain special services in *each of the Presidencies and Provinces*. I assume also (though of this there is no evidence in the papers which I have seen) that, after due consideration, the fair proportion of this deficit to be made good by Madras amounts to 8 lacs.

It will then be the business of this Government to provide for this amount (should it feel desirous to carry out all the works proposed in the estimate) by increasing the Revenue, as for instance by adding 2 Annas to the Salt duty, which would probably produce lacs, or by such reductions as it may be able to suggest in the Civil or the Military establishments.

I see no possible reason for mixing up a simple question of finance with hypothetical considerations as to future changes of the constitution of the Government—there will be ample time, when these changes have been settled by Imperial enactment, to determine the mode in which they can best be carried into effect.

It appears then to me that our course will be to acknowledge the receipt of the letter; to submit in reply to suggestions contained in it such statements as may be necessary to explain the actual position of the Government, which is evidently utterly unknown in Calcutta; to express our regret that a further demand of 8 lacs should be made upon us, to say that we propose to provide for this in part by an increase of 2 Annas upon Salt, which we calculate will produce lacs; and that, as regards the balance of lacs, we propose to meet it either by reduction of expenditure, if possible, or if not by diminishing the amount proposed to be expended upon Public Works.

With reference to the letter from the Lieutenant Governor of Bengal, it may be as well to say that the whole bearing of his letter would indicate a reduction of the Salt duty in Bengal as the proper course to be adopted; it certainly does not contain one single reason why the duty in Madras should be increased.

(Signed) W. T. DENISON.

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No. 85.

ORDER THEREON, 28th June 1861, No. 332.

Ordered that the following letter be despatched.

(Signed) T. PYCROFT,
Chief Secretary.

No. 86. To the Secretary to the Government of India, Financial Department, dated Fort St. George 28th June 1861, No. 333.

SIR,

I am directed by His Excellency the Governor in Council to acknowledge the receipt of your letter under date 6th ultimo, Financial Department, No. 5,278.

2. In paragraphs 2, 3, 4 of that letter it is stated, that, under the reduced scale fixed by the Government of India, not more than $7\frac{1}{2}$ or 8 lacs—instead of 10—will be required from Madras for the purposes of the Local Budget. Of this sum, $2\frac{1}{2}$ lacs is already provided by Tobacco which has been struck out of the Budget of Imperial Revenue in order to leave it at the discretion of this Government as a Local tax. Further that, if the revenue from Tobacco only should be likely to fall below $2\frac{1}{2}$ lacs, it may be supplemented by taxes on Betel and other stimulants.

3. In stating that $2\frac{1}{2}$ lacs is already provided by Tobacco, the Government of India, I am instructed to observe, would appear to have overlooked the circumstance, that in sending up their Budget, this Government stated explicitly, that the estimate of the yield of the Tobacco tax, being the aggregate of the separate estimates sent up by the various Collectors, must be

To Government of India, 23rd March 1861, Paragraph 10.

“deemed merely conjectural,” and in proof of the loose manner in which the estimates had been framed, they instanced, that the District of

Trichinopoly, with only one large town, and that of but about 50,000 inhabitants, had been rated at 50,000 Rupees, while the Province of Madras including the old District of Chingleput and with the Presidency town of 700,000 inhabitants had been set down at 20,000 Rupees. In their confidential letter of 22nd April last, this Government repeated that the estimate of the produce of the Tobacco License Tax “could not be depended on,” and they referred to a previous letter of 11th June 1859 in illustration of their remark. In truth the Collectors’ returns were mere random guesses. Experience only can decide what the tax will bring in. That it cannot be very productive is clear from the fact, that the License tax must of course fall on the Tobacco, and raise its price to the consumer, and if the tax be heavy and the price be much enhanced in consequence, the people will buy their Tobacco from the Ryots at the place of growth. (a) Or on the other hand the Shop-keepers in the large villages and towns will refuse to take out Licenses, and continue to sell Tobacco as before, but clandestinely. The feeling of the people will be with them, and this evasion of the tax could not be prevented, unless by keeping up an army of excisemen to eat up all the profits, and harrass the people.

(a) NOTE.—This was admitted by Mr. Laing in his speech on the Budget, page 15. “In a third Province the general cottage cultivation makes Licenses at any thing beyond a nominal rate almost impracticable.” All the Madras Provinces except perhaps Malabar and Canara are in this category.

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4. But secondly, the revenue from Tobacco, be it 2½ lacs, or any other sum, *has not been provided*. As pointed out in the letters from this Government of 23rd March and 22nd April last, the tax cannot be levied without an Act for the purpose, and none such has yet been passed. Neither indeed can such an Act, if, as is to be presumed, it is meant to be a local Act, be proceeded with at all, until by the action of the Imperial Legislature this Government have been invested with powers of local legislation. Taking into account the time that will be required for the passing of the general Imperial Act conferring powers of legislation on the Local Governments, for the settlement and passing of the special Local Act, and for the various subsidiary arrangements which will be required to give the law effect, as the rating and assessment of shops, &c., it is scarcely probable that the measure, if productive at all, would have much effect on the revenue of the current year.

5. Moreover it will be remembered that the Madras Government have uniformly opposed the plan of raising a revenue from Tobacco, as in a high degree objectionable, and unsuited to the circumstances of this Presidency. They could therefore scarcely be expected to adopt it as a subject of local taxation, although they would of course have adopted it, and done what in them lay to realize all that could be gained from it, had it been imposed as a general tax by the Imperial Legislature.

6. The Government of India would however seem to contemplate this Government drawing 2½ lacs not from Tobacco only, but from Betel and other stimulants. It is not clear what article is here meant by Betel—whether Betel properly so called, the Betel-nut, the Areca, or the Betel leaf, the leaf of the vine so called, because usually eaten by the Natives with Betel. The Betel-nut is for the most part imported from beyond sea, and pays an import duty of 10 per cent. on entry. The only part of the Madras territories where it is produced in any quantity is North Canara. Here it was at one time subjected to a “Hawlut” or special duty. This in common with the transit and town duties was swept away by Act VI, 1844, seventeen years ago, and could not now be introduced. If the Betel leaf be meant, this could only become the subject of taxation by a resort to the system which obtained prior to 1844, and was abolished as intolerable in that year, viz., by putting an excise-man over every man’s Betel garden. Whichever be intended—the Betel-nut or Betel leaf or both, neither could be made to contribute to the revenue, save by resort to an excise system which would be hateful to the people, and bring but little into the Treasury. The same remark will apply to the only other stimulants which were taxed under the old system—Ganjah, Bang and Godauk,—and these are not extensively used by the people of the Madras Presidency.

7. The above remarks will, it is submitted, show that little or no revenue can be derived from Tobacco, Betel and other stimulants, in the Madras Territories at all, and certainly not during the official year 1861-62.

8. Assuming however that 2,50,000 Rupees may be realized from Tobacco, Betel, &c., during the current year, your letter proceeds to state that the requirements of the Supreme Government will be limited to 5½ lacs, which may be obtained in various ways.

9. In the first place, it is observed, the Police charges of the Madras Presidency include a sum of 5,67,910* Rupees for Village Police. “This Village Police has been always paid for by Village fees, and there is a report on the subject by Mr. Robinson of the 26th May 1860, pointing out very clearly the nature of these fees, and how they should be levied in the future. It does not appear distinctly from the Madras Budget whether those fees are included in any estimate of Imperial Revenue. If not, they are available to make up the Local Fund. If they are included, the Government of India would not be indisposed to give them up, as they are properly of a local nature, and to take in exchange, what Mr. Morehead and Mr. Maltby concur in saying might be done without any additional check to the sale being perceptible, viz., an increase of Salt duty from 1 Rupee 6 Annas to the legal maximum of 1 Rupee 8 Annas per maund.”

* Budget Estimate F. IV, Police No. 17.

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10. It is not, I am to remark, correct to state as in the above Extract, that the expense of the Madras Village Police has been always paid for by Village fees, the fact being that, for some years past, these fees have proved more and more difficult of collection by the Village servants, and have now in some Districts ceased to be realized at all. That under the old Native régime the Village Police were remunerated by assignments of land and by fees is true, but the present state of these fees, and the impossibility of the Government collecting them is fully discussed in

See Volume.—Selections from the Records of Government Papers relating to the reform of the Police of India, 1861, page 322.

Mr. Robinson’s letter to the Board of Revenue, 26th May 1860, which is referred to by the Supreme Government. He there proposed to abolish these fees altogether, and in lieu of them

to establish a light and uniform Local or Village Police cess rated on the land assessment. He reckoned that a cess of 6 Pies in the Rupee, or 3½ per cent. on a land revenue (ryotwarrie) of 350 lacs would bring in nearly 11 lacs of Rupees, one of 4 Pies would yield nearly 8 lacs, and one of 3 Pies would produce 5½ lacs. The Police Commission which sat at

Ibid—page 318.

Calcutta in their report of 10th September last, stated their belief that “the remuneration of the Village Police in the Madras Presidency was in a most precarious condition which could only be remedied by legislative action”—and they “strongly recommend that such action be taken as soon as possible.”

11. In accordance with the above views Mr. Robinson prepared the draft of an Act for the imposition of an uniform local cess as he had proposed. The Madras Government, however, hesitated to bring this Act before the Legislative Council, deeming it doubtful whether that body would be prepared to give their sanction to a measure of local taxation, in addition to the Imperial taxes, Income tax, Stamp, Salt tax, License tax, Tobacco tax, &c., which had been imposed, or were under contemplation.

12. The Board of Revenue, I may here observe, on the 20th November last submitted a draft Act for the commutation and collection of the village fees of the Revenue and Police Departments.

The draft provided for the commutation of fees in villages where they now existed, and for levying them on individuals who had hitherto evaded payment, but not for imposing them in villages where they are not now found. The Board were of opinion that all existing fees should be abolished, and a single money cess be imposed in lieu, but thought that the adoption of this plan should be deferred until the land assessment had been every where revised. The Government held proceedings on the Board’s report under date 17th April last. They did not concur in the modified plan proposed by the Board, but thought that measures should at once be taken for the imposition of a money cess on the payers of land revenue for the remuneration of the village servants. The draft was to be confined to the Revenue Department only, the fees in the Police Department were to be dealt with by the Inspector General of Mofussil Police.

13. The Revenue Board have accordingly submitted the draft of such an Act, and that with the draft Act for Police cesses previously furnished by Mr. Robinson are now before the Government, and will receive early attention.

14. The preceding observations will show that the Village Police fees cannot be levied by Government, nor can any substitute for them be provided unless by a Legislative Enactment, which, if it is to be a Local Act, this Government, has at present no power to pass; but whether the Act should be passed by the Imperial, or by the Local Legislature, when this latter shall have been constituted, it is certain that it cannot be passed and brought into operation during the current year, so as to add materially to its resources.

15. Thus for the year now current, little or no revenue is to be expected from taxes on Tobacco, Betel and other stimulants, or from Police fees and cesses.

16. In paragraph 7 of your letter it is noted that the estimated outlay in 1861-62 for Public Works Establishment is Rupees 16,00,000 and the Government of India undertake to give to the Madras Government for useful works all that they may be able to save out of this sum, which in paragraph 22 it is stated may probably be one-half. It is not explained by what process this proportion has been arrived at. At present the question of the revision of their Public

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Works Establishment is under the immediate consideration of this Government. The result of their inquiries and deliberations will show what saving may be effected, as also whether, although the organization may be improved, and thus more got for the money, any saving can be effected at all.

17. In paragraphs 9 and 10 of the letter under reply, reference is made to the expectation held out by this Government that the result of the revision of the old Revenue and Police establishments now being conducted by Mr. Pelly would be a saving of at least 11 lacs of Rupees, which would be available to meet the expenses of the new Police. It is remarked, that the aggregate charge for Land Revenue establishments in 1861-62 does not, however, show any reduction, but an increase of 70,000 Rupees over that of 1860-61, and it is argued that either the charge for these establishments must have been over-estimated, or there must be a large field for reductions by a careful revision.

18. In the first place, I am to remark, it is not correct to state that the aggregate charge for Land Revenue establishments, that is Land Revenue establishments proper,—establishments for realizing and administering the Land Revenue for 1861-62—does exceed that for 1860-61, by 70,000 Rupees, and the conclusion which would seem to have been arrived at, that there has been no reduction of Revenue establishment, and therefore that there is a large field for saving is equally erroneous.

19. The Supreme Government probably refer to Statement B, Revenue Department, "Land Revenue including Abkarri," No. 5 of the Madras Budget estimates for 1861-62. That

1. Board of Revenue.
2. Collectors, Sub Collectors and Assistant Collectors, including Hoozoor and Tank establishments.
3. Uncovenanted Deputy Collectors.
4. Abkari.
5. Inam Commissioner.
6. Revenue Survey and Settlement.
7. Conservator of Forests.
8. Postage on Official letters.
9. Public Works.

Note.—The Inam, and Settlement and Survey Departments are terminable Departments. The more work that is done in the year, the sooner will the Department itself come to an end.

and Survey, and Forest Departments, and this is in consequence of the expected extension of the operations of those Departments. But again the estimate of the Hoozoor and Talook establishments for 1860-61, was filled up by the

NOTE.—This was explained in my letter of 23rd March last, forwarding the Budget Estimates—see paragraph 16.

several Collectors according to the strength of their respective establishments as they stood at the time when the returns were sent in to the Accountant General or in January last, and these establishments had already been largely reduced in consequence of Mr. Pelly's revision. From the letter to the Government of India of 14th September 1860, No. 1,596, it will be seen, that the total annual cost of the District and Taluq establishments, exclusive of those for Salt, Sea Customs and Ports, as they existed before Mr. Pelly began his enquiries, was Rupees 29,66,382. The new establishment proposed by Mr. Pelly with the same omissions was to be Rupees

Hoozoor and Taluq Establishments, Budget Statement No. 5, page 13.....	22,02,460
Add Establishment of Deputy Collectors.....	34,200
	22,36,660

* Calculated as above.

16,13,343, besides 1½ lacs for Sub Magistrates, leaving about 11½ lacs available for the Police. Now the total amount for Hoozoor and Taluq establishments entered in the estimate for 1860-61, is Rs. 22,36,660 or 7,63,922 below the old establishment. That for 1861-62* is Rupees 20,68,850 or Rupees 9,32,532 below that establishment. Some reductions yet remain to be made, but these can only be effected as the new Police are introduced and supersede the Members of the old establishment, for the revision of the former establishments, and the introduction of the new Police are to proceed *pari passu*. This will scarcely be accomplished in full in the course of the current year.

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20. The above remarks will prove,

First.—That there is a decrease, and not an increase, in the Revenue, Hoozoor and District establishments' estimate for 1861-62, as compared with that of 1860-61.

Secondly.—That the reductions recommended by Mr. Pelly have largely been carried out already, and that they will be carried out in full, as the organization of the new Police proceeds.

Thirdly.—That nothing is to be looked for under this head for meeting the 8 lacs which has to be provided from local sources.

21. The Government of India state that "the number of Deputy Collectors was raised last year and a sum of Rupees 21,000 added for establishments." This is a mistake. The fixed number of Deputy Collectors sanctioned was sixty, and Rupees 26,750 was the monthly charge, establishments included. In April 1860, this Government reduced the number to 48, costing with establishments Rupees 21,400 per mensem. The Government of India continue that no corresponding reduction has been made in the Revenue Department in consideration of the appointment of Deputy Collectors—of the separation of the Police—of the Inam Commission and of various administrative reforms—and they refer to a report of the Revenue Board in 1856, admitting that reductions would be practicable in Collector's establishments, and that the pay of the Sheristadars in particular might be saved. The Government of India add to this that "the establishments of the Sub-Collectors seem equally capable of reduction." I am to explain that the Revenue establishments have been most carefully revised by a special Officer in direct communication with the Government. The revision has extended to every branch of the Revenue Department, and the result every where has been reduction. The saving in round numbers when

(a) These are included among the savings 7,63,922 for 1860-61 and Rupees 9,32,532 for 1861-62 referred to in the preceding paragraph.

(b) So are these.

all arrangements have been carried out will be 11½ lacs as shown in the preceding paragraph. The reduction (a) in the Collectorate, Sub, Assistant, and Deputy Collectorate establishments is already effected. The Taluqdary charges (b) have been carried out in several districts, and will take effect every where as soon as the Police is fully organized. The Sheristadars to whom the Government of India specially allude, used to draw salaries rising from Rupees 280 on appointment to Rupees 700, the maximum. They now get the fixed rate of Rupees 200, certainly not too much for the chief servant in a Collector's Office. The Sub Collectors' establishments also specially noticed by the Government of India, were revised along with the others. These proceedings were reported to the Government of India in September last, and so lately as the 8th November last, that Government expressed their satisfaction at the result as regards the Sudder establishments.

22. In paragraph 13 of your letter it is observed that "it may deserve consideration whether a Board of Revenue of three Members with two Secretaries is required. Two Members with one Secretary are found sufficient in the North West where the amount of land and other revenue is very similar." In making this comparison, it probably escaped the Government of India that although the amount of revenue of the Madras Presidency and that of the North West Provinces may be nearly equal, yet that the land revenue system of the North West is that of long village leases, whereas in Madras it is by ryotwarrie or individual settlement. There is no Moturfah in the North West Provinces, nor Salt nor Sea Customs. Further, although there are only two Members of the Board of Revenue for the North West Provinces, there are eight Commissioners of Revenue, of whom six draw each a salary of Rupees 2,916-10-8 per mensem, one draws

2,500, one 2,000. It is the general impression that a Board of Revenue and Commissioners of Revenue cannot both be required. Should the Commissioners in the North West Provinces be abolished, it might perhaps be found advisable to add a third Member and an Assistant or Sub Secretary to the Board of Revenue there.

In Bengal although the land revenue be larger than in Madras, yet nearly the whole of it is permanently settled. The business of the Revenue Board will therefore probably be

	North West.	Madras.
500 2.	3,750	7,500
333 1.	2,000	2,000
333 2.	2,916	24,500
333 3.	2,500	1,500
1. 2,000	2,000	2,000
	34,000	13,925
	4,08,000	1,67,100
		10,432
		3,500
		32

The Government of India apparently overlook the report of the Special Commissioner Mr. Ricketts, on the Revenue establishments of this Presidency. Mr. Ricketts gave the preference to Commissioners over a Board, but this plan involved an increase of expenditure of one lac per annum. The Revenue Board in this Presidency is the sole supervising authority in Revenue matters and their functions embrace those of both the Board and the Commissioners of the North Western Provinces and Bengal. The charge for the Madras Board amounts to 1,68,000 Rupees annually or 0.3 per cent. on the Revenue they supervise, and is certainly extremely moderate, whether thus viewed, or compared with the charge for the same purpose of Rupees 4,08,000 in the North West, and Rupees 4,88,000 in Bengal.

But the question, it may be said, is not whether the cost of our Revenue Superintendence be or be not more moderate than that of Bengal or of the North West Provinces, but whether it is or is not too high per se. Is the Madras Revenue Board or is it not stronger in Members and Secretaries than is necessary? In respect to Members, this Government, one of their body the Honorable E. Malthby speaking from long experience as a Member in the Board, are clearly of opinion that three Members are efficient for *its ordinary* duties in this large and diversified Board. The three Members have special or extra duties also to perform. The Board of two Members only would break down. The Secretariat, the Government

Member in the Board, are clearly of opinion that three Members are essential to make the Board efficient for *its ordinary* duties in this large and diversified Presidency. At present all the three Members have special or extra duties also to perform. The Government are convinced that a Board of two Members only would break down.

In respect to the Board Secretariat, the Government have consulted their Chief Secretary and Secretary in the Revenue Department of whom the former served as Secretary and Sub Secretary in the Board for eight years, and the latter for six. These Gentlemen are clearly of opinion that the work is altogether beyond the power of a single Secretary. An evident proof of the laborious nature of the Secretary's office, even with the aid of a Sub Secretary, is afforded by the way it has told on those who have held it, several of whom have had their health shattered, their brain over-wrought, and their nervous system seriously affected by their close application to its duties.

23. The department of

23. The department of account and audit alluded to in paras. 14 to 16 of your letter are wholly under the control of the Supreme Government. This Government have no power over these, nor means of judging whether or not the establish-

Bengal.			North West.		Madras.		
Members ... 3, each at Rs. 4, 165 per mensem, Rs.			12,500 2.	3,750	7,500 3.	1	4,000
Revenue Boards.	Secretaries	2 " 2,500 and " 2,323 }	4,833 1.	2,000	2,000 2.	1	3,408
	Commissioners	8 " 2,916 " 23,333 " 2,500 " 1,200	23,333 2.	6,291 6	24,500 0.	1	3,016
				2,500			2,000
				1,200			1,500
						32	32
							10,425
							3,500
							32
							13,925
							1,67,100

ments in the Offices of the Accountant General and Civil Auditor are larger than are necessary, especially considering the many changes lately introduced into the departments of Audit and Account—of the effect of which on the work of those Departments they can form no opinion. The Accountant General, as this Government are aware, has recently obtained from the Supreme Government a revision of his establishment. The Civil Auditor has lately submitted to the Supreme Government a proposed revision of his establishment at an increase of about 100 Rupees month.

The large reductions stated to have been made in the Civil Auditor's Department at Fort William have, it is said, been found to have been carried out somewhat inconsiderately, and the Civil Auditor has had to apply for the re-entertainment of many of the discharged servants.

Sub Treasurer's letter, para. 15.

Directors of the Bank of Madras as to the amount to be made over to them for establishment, when

Present establishment per annum	46,100
Proposed to be made over to the Bank*	12,000
	Remaining
Must be retained to do work which will still have to be performed	34,100
	9,085
	Saving
	24,116

*The Bank demur to this and ask Rs. 15,000, which would reduce the saving to Rs. 21,116.

ness have to be effected. The power of issuing Notes on the part of the Bank of Madras will not cease until the 25th February next, but the change may by mutual agreement be made at an earlier date.

25. In paragraph 17 of your letter, it is observed that the whole Department of Law and Justice requires close revision, but the Governor General in Council abstains from entering into details as he is convinced that this above all others is a branch of expenditure which can only be effectually controlled by the constant vigilance of a Government on the spot. One charge only need be specified which appears clearly wrong, viz., Rupees 23,310 for guarding Judges' Courts, a duty which should be done by the new Police. The average cost of each Prisoner per head appears to be 60 Rupees a year in the Jails at Madras, while in Bengal it is only Rupees 43 and in Bombay Rupees 38 a head.

In the letter forwarding the Madras Budget, 23rd March 1861, the Supreme Government were informed that this Government were actively engaged in revising Judicial establishments, and several instances were given in which this revision had been carried out. With respect to guarding Judges' Courts, this Government, as the Government of India have been apprized, are in communication with the Judges of the Court of Sudder Adawlut and the Inspector General of Police. The reports from the Sudr and the Inspector have just been received and will be shortly disposed

Paragraph 13. "The expenses of the Jails for the year have been Rupees 3,67,061-9-3 $\frac{1}{2}$, on an average of 6,274 Prisoners or at the rate of Rupees 58-8 per head. In 1857-58 it was Rupees 3,37,287-12 for 5,700 Prisoners or at the rate of Rupees 59-2-9 per head per annum. The cost of diet has varied from Rupees 19-13-4 per head in our most Northern Jails to Rupees 46-12-6 at Coimbatore, the average cost has been at the rate of Rupees 27-13-9 for all the Prisons. In clothing and bedding the average cost per head has been Rupees 1-15-3. The purchase and repair of tools chiefly for repair of public roads, has cost Rupees 4,984-15-2. The permanent establishments of the Jails has cost Rupees 58,548, while for extra guards, a charge mainly attributable to the employment of prisoners outside the Jail walls, the charge has been Rupees 87,789. It is from this last item that I mainly look for compensation in building new Prisons."

of. In respect to the comparative costliness of prisoners in the Madras Jails as contrasted with that of those in the Jails of Bengal and Bombay the Government are in communication with the Inspector General of Jails. I give in the margin the remarks of this Officer on that head in his report for the year 1859.

26. *Chepauk Agency.*—The Government are not aware that it was ever contemplated to transfer the duties of the Chepauk Agency to the Collector of Madras. This latter officer since the incorporation of the Chingleput with the Madras District has to collect a revenue of Rupees 35 lacs. His jurisdiction in place of being

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confined to the Town of Madras and limits of the Supreme Court, embraces an area of 3,100 square miles. His Head Quarters are not at Madras but three miles from St. Thomas' Mount. He must be occasionally absent from Madras on revenue tours through his District.

	No.	Aggregate Yearly Stipend
* Stipendiaries of 1801.....	735	2,37,293
Do. of 1855.....	1,444	5,87,811
	2,179	8,25,104

NOTE.—At present the pension are paid at the General Treasury on certificates passed by the Government Agent. It is however very doubtful whether the Bank of Madras, on the Government business being transferred to it will undertake these payments except such as are of considerable amount, in which case it may be necessary that all the small pensions be paid by the Agent.

On the other hand the Carnatic Stipendiaries whose pensions are checked by the Government Agent at Chepauk are more than 2,000* in number and draw in the aggregate more than 8½ lacs per annum. With the exception of the stipends of some of the immediate family of the late Newaub, who do not number more than 20 persons, all the stipends of 1855 are life grants, as are most of those of 1801. Much vigilance is required to ensure lapses being duly reported, and to prevent frauds.

Again, the Chepauk Agency serves as the medium of communication between Government and the Stipendiaries, some of whom are of high birth and on large allowances. Thus His Highness Prince Azeem Jah, uncle of the late Newaub and Regent from 1826 to 1842, during his minority, has a pension of Rupees 1,50,000 per annum. Her Highness Kyre-oon-Nissa Begum, Shadi widow of the late Nabob, draws Rupees 9,250 per mensem. Auzeem-oon-Nissa Begum his Nicaah widow draws Rupees 4,000 per mensem, and so on. Some consideration is due to the fallen fortunes of these persons. Questions are constantly arising in connection with them and their affairs which have to be arranged by the Agent, or have to be reported by him to Government, and on which information is desirable from an Officer acquainted with Carnatic matters, and the feelings and concerns of the family. Numerous petitions are presented to Government by the heirs or connections of the minor Stipendiaries praying for a renewal, or partition of stipends which require to be reported on by some one well acquainted with Carnatic affairs.

Again it is not without its use to have at Madras an officer in frequent intercourse with the higher classes of the Mussulmen in Triplicane, and informed of the state of feeling in that quarter. The Mahometans there can scarcely be well affected to our Government. There is constant correspondence between the Mussulmen of Madras, Mysore and Hyderabad. It is of advantage that the Government should have means, as they have through the Chepauk Agent, of knowing what is the real state of feeling in Triplicane.

The salary consolidated of the Government Agent is only Rupees 525 per mensem, his establishment costs Rupees 639-12-0 per mensem, total 1,164½ or less than 1½ per cent. on the amount of the pensions which are passed by the Office. If the duty could be made over to the Collector of Madras, it would be necessary to entertain an additional Deputy Collector who could not have assigned him a smaller salary than that drawn by the Agent; the establishment remaining much as at present, so that there would be no saving. How far it would be prudent to trust a Native Deputy Collector with little or no check, to pass pensions aggregating 8½ lacs, may be matter of consideration.

The present salary of the Agent is so low that in an expensive place like Madras, the appointment is hardly worth having by itself. It is now held by Dr. Balfour in commendam with the place of Hindustani Translator, and the two are likely to go together, as the Government Agent should be a good Hindustani scholar. As it is, Dr. Balfour does not draw from both appointments together, as much as he now might fairly expect to receive in his own Department.

27. In paragraph 19 nineteen of your letter you remark that the Office of Superintendent of Marine might certainly be dispensed with, considering the small extent of naval duty at Madras, and that there is a Master Attendant. A contrast also is drawn between the local Marine charges which should be met by Port dues and appear to amount to Rupees 2,80,410, and the total receipts in the Marine Department which are only Rupees 1,19,400.

The reply to these observations must of necessity be of some length, but it is proper that the matter should be fully explained.

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I. The Superintendent of Marine, as the head of the Department is the Officer through whom all recommendations and suggestions on Marine matters are made, and to whom all questions of this nature are referred whether by Government or by others. He is the adviser of Government in all such cases, and is responsible for the efficiency of the Marine Establishments at Madras and the out-ports.

II. He exercises control over all the ports, but more particularly over those that are brought under the operation of Act XXII of 1855 which now number 17.

III. Besides these ports there are no less than 152 minor ones, and all Marine questions regarding them are submitted to him.

IV. The coasts of this Presidency extend from Ganjam on this side round Cape Comorin, and, omitting that portion belonging to Travancore, comprise a sea board of about 1,350 miles, along which there are no less than 15 beacon lights, some on flagstaves, others exhibited from columns. The Superintendent is charged with seeing that these are all kept in a state of efficiency. Another light will shortly be exhibited at Pulicat.

V. The Superintendent regulates and checks the whole Marine expenditure of the Presidency, and all bills and indents are submitted to him for admission or not, as well as all proposals for new works and estimates.

VI. It is also his duty to check irregularities in the carriage of coolies by sea to the eastern side of the Bay of Bengal.

VII. In the Military Department of Government he is the Officer to provide all freight and passage. He engages all transports and arranges for their employment, as well as for that of Government vessels in the movement of troops and stores by Sea. During the last official year, which has been one of less work than ordinary in consequence of the usual relief of troops in Burmah not taking place, no less than 21 Steamers and 40 Sailing Vessels left Madras with troops and stores, not including numerous engagements for small quantities of stores, or for parties of troops few in number. All outlay incurred on this account, such as freight and passage, boat and raft hire, or other expenses incidental to the service is submitted to the Superintendent of Marine for check, and in fact he conducts and controls the whole Marine duties of the Presidency.

VIII. The Master Attendant is the Executive Officer to carry the Superintendent's instructions into effect at Madras. It is his duty to cause all transports to be fitted up according to such orders as he may receive; to supply boats for embarking and landing troops and their baggage; and to receive, store, and deliver coals on indents duly passed. He is also the responsible Officer to see that the boats are kept in a state of efficiency as regards seaworthiness, crew and dunnage. As Conservator of the Port he has to enforce obedience to the Port rules, and as Shipping Master he has to decide disputes between Masters and Seamen, none of whom can be engaged or discharged without his sanction recorded on the Articles. He is also Registrar of Shipping and as such has to grant Certificates of Registry and endorse all transfers of ownership.

IX. From the foregoing sketch it will be observed that the Superintendent of Marine is not so much a servant of the public as of the Government in whose interests he acts. His salary and that of his establishment have therefore never been a charge on the Port fund. The Masters Attendant on the other hand are the Officers whose duty it is to see that the business of the ports under their superintendence is conducted with regularity, that ships are not improperly berthed, and that the Regulations which are made for the general safety and convenience of all, are attended to. Their establishments consequently form a charge on the Port funds, but inasmuch as they perform a considerable amount of work on behalf of Government, the expenses are divided between the State and the funds; a principle which is adopted at Calcutta, where one-third the cost of the Master Attendant's establishment, and one-fourth of that of the Superintendent of Marine are charged to the Port fund.

X. At Madras one half of the pay of the Master Attendant's Department, and the whole of that of the Shipping Master's Office were originally debited to the fund. Subsequently some increase in the allowances took place, all of which form a charge on the fund. At the

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out-ports two-thirds are so charged. The entire expenses for lights are likewise borne by the fund of the ports in which they are situated, but there are some—Santapallay, Point Divi and Arnegon—placed beyond the limits of any port, and their expenses form a charge on Government.

XI. The light at Paumben is similarly an expense to Government, no Port dues being levied there, although three-fourths of the pilotage fees belong to Government, and their share during the year 1860 amounted to Rupees 12,858.

XII. On examining the Marine Budget for 1861-62, in which a very heavy item of Rupees 2,23,740 is set down under the head of miscellaneous charges, it is observed that 1,35,000 Rupees are for coals, which of course must be considered as a State charge and not one to be borne by a Port fund. Eventually they do not even remain as a Marine charge, as their cost is debited to the Department for which they are expended, which is principally the Military.

XIII. The supplies to be made from the Commissariat Department may be similarly dealt with, for these are principally for stores required for Steamers employed in trooping, the expense of which 28,190 Rupees cannot fall on Port funds.

XIV. Then 45,000 Rupees are set down for the subsidy for carrying the mails between Madras, the Northern Ports and Rangoon. This must likewise be expunged from the debit to a Port fund, for the contract is entered into for Government purposes.

XV. The item of 8,050 Rupees, being the amount to be defrayed from the Port funds of Cocanada, Negapatam and Tellicherry, may be allowed to stand; but that for sundry charges Rupees 7,500 is most probably for services rendered to Government and not to the public, and therefore should not be met by the Port funds.

XVI. The Miscellaneous charges will therefore have to be reduced as follows:—

Sum set down...	RS.
Coal from England	2,23,740
Coal to be purchased	1,10,000
Subsidy	25,000
Supplies from Commissariat...	45,000
Sundry charges	28,190
	7,500
	2,15,690
Chargeable to Port funds or Marine receipts...	8,050

XVII. The other charges noted in paragraph 19 of your letter are sufficiently correct, but deductions have to be made for those proportions which are debitable to the State; and moreover the out-port charges were calculated according to the expected revision of the Marine establishments, as submitted to Mr. Pelly to whom was entrusted the consideration of this question. Nothing has yet transpired on the subject, and probably no change will take place for the present at least. About 8,000 Rupees may therefore be struck off on the account, and 2,000 for the salary of the Pilot at Cochin which is paid out of the pilot fees and neither falls on the Government nor the Port fund.

XVIII. The bona fide Marine charges will therefore stand thus:—

	RS.
Marine Superintendent's establishment.....	25,130
Master Attendant's do.....	41,390
Examiner in Seamanship.....	600
Shipping Master's establishment.....	3,960
Marine establishments at out-ports.....	24,280
Light Houses.....	18,430
Miscellaneous.....	8,050
	1,21,840

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and if from this the Superintendent's establishment is deducted, about half the Master Attendant's establishment at Madras, and one-third of third at the out-ports, there remains 68,617 Rupees as the actual sum that ought to be met by Port dues and Marine receipts.

	RS.
Sum above shown.....	1,21,840
Superintendent's establishment.....	25,130
Half Master Attendant's do.....	20,000
One-third Out-ports do.....	8,093
	53,223
	68,617

XIX. The bona fide Marine receipts for 1861-62 will probably amount to 90,000 Rupees or more; so that the expenditure will be well within the income.

To the above it should be added that the duties now performed by the Superintendent of Marine, until within a few years past, devolved on a "Marine Board" composed of Ex-Officio Members and with a paid Secretary. The Members having their own proper duties to attend to were little better than cyphers, and the Secretary was the Board. In 1858, at the recommendation of this Government, the Marine Board was abolished and a single paid Officer as Superintendent of Marine appointed in lieu of it, Mr. Franklin who had been Secretary to the Board being the first Superintendent. Both this office and that of the Master Attendant at Madras are home appointments, nominations to them being made by the Secretary of State, nor could either appointment be abolished without his sanction. It is however trusted that enough has been stated above to show that neither Office could be dispensed with.

28. The Government in the time of Sir C. Trevelyan undertook the revision of the establishments of Chupprassees or Peons at the Presidency. A revision of the Peons attached to the Revenue Officers in the Provinces has been made by Mr. Pelly. Reference has been made to the Sudr about the Peons entertained by Judicial Officers. This was reported to the Government of India in a letter dated 14th January last, Financial Department, No. 21: So the question of reducing the cost of Stationery for the various Public Departments was considered and disposed of in the Proceedings of this Government, 23rd April 1860, No. 597. The paper on the same subject by the Civil Finance Commission has been made over to the Principal Inspector General of Ordnance for his consideration whether there be any thing in the suggestions offered by the Committee beyond what has been already ordered. The Indent of Stationery for 1860-61, was however revised and reduced on the principle laid down in the Proceedings of this Government above quoted. It is not probable that any considerable saving on account of Stationery can be made this year.

29. The Madras Government have thus gone over, seriatim, at greater length than they could have wished, but not greater than was required for the full explanation of the subject, the several suggestions and observations contained in your letter under reply. The conclusion at which they have reluctantly arrived is, that it is not possible to raise a revenue for this year of 8 lacs of Rupees, or any considerable amount of revenue at all, from the various sources, taxes on tobacco and stimulants, Police fees, &c., specified in your letter, nor from the savings in expenditure indicated in it.

30. This Government however I am to state will, they trust, be able to provide the required sum, although by other means. Since the receipt of the letter which has been above replied to, they have received the Order 17th May 1861, F. D., No. 5,674 (confidential) in which an Extract from a report by the Lieutenant General of Bengal is communicated, and cause is required to be shown

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why there should not be an increase of Salt duty in this Presidency. The Government as has been intimated in their previous Minutes, are aware of no reason why the Monopoly price of Salt in the Madras Territories should not be raised to Rupees 1-8 per Indian maund or the highest rate permitted by law,* and relying on the approval of the Government of India, and as delay would only involve loss of revenue, they have ordered the enhancement to be at once made.

* Act VI, 1844, Section 43.

The proceeds may be estimated at from 4 to 5 lacs of Rupees for the year 1861-62, and these will form a part of the contribution of 8 lacs which has to be provided by Madras.

31. Again the Pearl Fishery in the Gulf of Manaar, off the coast of the Tinnevely District, has yielded during the past year 1860-61 a net revenue of about 2,00,000 Rupees which, as the Government have ascertained from the Accountant General, has not been included in the regular estimate for that year.—One lac of Rupees may probably be obtained from the same source during the current year which also has not been entered in the Budget estimate of receipts for 1861-62. Thus 3 lacs will also be available towards making up the sum required to be raised in the Madras Presidency. The total thus obtained will be, say 7 lacs of Rupees, and whatever may be required to supplement it, and bring it up to the full amount of 8 lacs will be drawn as far as possible from other sources, or obtained by reductions of Civil and Military expenditure.

(Signed) T. PYCROFT,
Chief Secretary.

1856-57 AND 1860-61.

HOME ACCOUNTS.

CHARGES.

last Accounts from England.

EXPENDITURE.	1856-57.	Revised Estimate May 1860-61.	Increase.	Decrease.
	£.	£.	£.	£.
Repayments: Allowances, Refunds and Drawbacks...	74,634	0	0	74,634
Charges of Collections and other Payments in Realisation of the Revenues, including Cost of Salt and Opium, viz. :—				
Land, Sayer, Abkarry, &c. ...	2,224,343	2,183,560	0	40,783
Customs ...	113,563	151,881	38,318	0
Salt ... { Cost ... } Charges ... }	612,749	625,829	13,080	0
Opium ... { Cost ... } Charges ... }	980,837 169,643	1,230,000 149,900	249,163 0	0 19,743
Post-Office...	375,687	453,330	77,643	0
Stamps ...	31,623	41,760	10,137	0
Allowances and Assignments payable out of the Revenues, in accordance with Treaties or other Engagements ... }	1,118,285	1,167,951	49,666	0
Allowances to District and Village Officers and Enamdars, including Charitable Grants ... }	976,981	1,150,700	173,719	0
Total of the direct Claims and Demands upon the Revenues, including Charges of Collection, and Cost of Salt and Opium ... }	6,678,345	7,154,911	611,726	135,160
Charges of the Civil and Political Establishments, including Contingent Charges ... }	2,556,271	4,397,746	1,841,475	0
Judicial and Police Charges ...	2,812,409	4,000,800	1,188,391	0
Buildings, Roads and other Public Works, including Repairs and Military Buildings ... }	3,937,568	4,390,300	452,732	0
Military { Military General, including Stores ... } Local Military ... }	10,947,643 544,262	14,662,232 614,088	3,714,589 69,826	0 0
Total Military ...	11,491,905	15,276,320	3,784,415	0
Indian Navy and other Marine Charges ...	916,924	888,900	0	28,024
Charges of the Eastern Settlements, exclusive of Charges of Collection, and other Payments out of the Revenues }	72,154	112,623	40,469	0
Mint Charges ...	143,172	255,300	112,128	0
Interest on Debt ...	2,264,961	3,124,070	859,109	0
Total Charges in India ...	30,873,709	39,600,970	8,890,445	163,184
Home Charges ...	2,574,328	5,333,217	2,758,889	0
Guaranteed Interest ...	496,039	1,535,000	1,038,961	0
Do. (in India) ...	30,112	50,000	19,888	0
Total Charges (India and England) ...	33,974,188	46,519,187	12,708,183 163,184	163,184
			12,544,999	Net Increase.

NOTE.—Increase of Charges ... 12,544,999
Deduct:—Military Increase ... 3,784,415
Increase other than Military ... 8,760,584
Deduct:—Increase of Receipts ... 4,662,680
Increase of Charges other than Military over the whole Increased Receipts ... £ 4,097,904

Secretary to the Government of India.

19

V. COMPARISON BETWEEN
INCLUDING THE

REVENUES AND RECEIPTS.

Revised according to the

REVENUES AND RECEIPTS.						1856-57.	Revised Esti- mate May 1860-61.	Increase.	Decrease.
						£.	£.	£.	£.
Land Revenue	...	...	...	...	...	17,743,810	18,502,400	753,590	0
Tributes and Subsidies from Native States	...	...	...	...	...	537,632	522,965	0	14,667
Excise Duties in Calcutta	...	...	...	...	...	45,684	52,100	6,416	0
Sayer Revenue	...	...	...	...	...	293,317	355,650	62,333	0
Abkarry Ditto	...	...	...	...	...	920,350	1,071,900	151,550	0
Moturpha (Madras)	...	...	...	...	...	103,419	106,700	0	1,719
Trade Taxes (Punjab)	...	...	...	...	...	0	230,000	230,000	0
Miscellaneous Receipts in the Revenue Department ..	...	...	...	...	...	244,268	234,900	0	9,368
Customs	...	...	...	...	...	2,280,072	3,869,330	1,580,258	0
Salt (exclusive of Customs Duty on Salt Imported)...	...	...	...	...	...	2,501,881	3,056,200	554,319	0
Opium	...	...	...	...	...	5,011,525	5,769,295	757,770	0
Post Office Collections	...	...	...	...	...	260,192	626,320	366,128	0
Stamp Duties	...	...	...	...	...	615,788	682,500	69,712	0
Mint Receipts	...	...	...	...	...	290,539	373,890	83,351	0
Marine and Pilotage Receipts	...	...	...	...	...	159,517	125,430	0	34,087
Judicial Receipts	...	...	...	...	...	284,206	385,180	100,974	0
Contributions from Native States on account of Contingents.	...	...	...	...	...	102,865	92,130	0	11,735
Interest on Debts due by the Nizam and on other Accounts.	...	...	...	...	...	64,329	56,654	0	7,675
Miscellaneous Receipts in the Civil and Political Departments.	...	...	...	...	...	481,289	277,276	0	204,013
Ditto	Public Works Department	...	...	...	...	918,227	667,620	0	250,607
Ditto	Military Department	...	...	...	...	502,116	704,220	202,104	0
Total Revenues and Receipts of India						33,378,026	37,762,660	4,918,505	533,871
Net Railway Receipts						121,954	400,000	278,046	0
						33,499,980	38,162,660	5,196,551	533,871
Deficit						474,208	8,356,527	4,662,680	Net Increase.
						£ 33,974,188	46,519,187		

FORT WILLIAM,
FINANCIAL DEPARTMENT,
The 29th June 1860.

1856-57 AND 1859-60.

HOME ACCOUNTS.

CHARGES.

last Accounts from England.

EXPENDITURE.	1856-57.	Estimate 1859-60.	Increase.	Decrease.
£.	£.	£.	£.	£.
Repayments: Allowances, Refunds and Drawbacks...	74,634	90,424	15,790	0
Charges of Collections and other Payments in Realisation of the Revenues, including Cost of Salt and Opium, viz. :—				
Land, Sayer, Abkarry, &c. ...	2,224,343	2,139,833	0	84,510
Customs ...	113,563	157,257	43,694	0
Salt ... { Cost ... }	612,749	318,050	0	191
Charges ... }		294,508		
Opium ... { Cost ... }	980,837	955,000	0	25,837
Charges ... }	169,643	157,735	0	11,908
Post-Office... ..	375,687	474,315	98,628	0
Stamps	31,623	44,044	12,421	0
Allowances and Assignments payable out of the Revenues, } in accordance with Treaties or other Engagements ... }	1,118,285	1,143,391	25,106	0
Allowances to District and Village Officers and Enamdars, } including Charitable Grants ... }	976,981	1,164,050	187,069	0
Total of the direct Claims and Demands upon the Revenues, including Charges of Collection, and Cost of Salt and Opium ... }	6,678,345	6,938,607	382,708	122,446
Charges of the Civil and Political Establishments, including Contingent Charges ... }	2,556,271	3,683,559	1,127,288	0
Judicial and Police Charges	2,812,409	3,863,751	1,051,342	0
Buildings, Roads and other Public Works, including Repairs and Military Buildings ... }	3,937,568	4,341,318	403,750	0
Military { Military General, including Stores ... }	10,947,643	17,045,877	6,101,234	0
Local Military ... }	544,262	662,788	118,526	0
Total Military	11,491,905	17,711,665	6,219,760	0
Indian Navy and other Marine Charges	916,924	887,607	0	29,317
Charges of the Eastern Settlements, exclusive of Charges of Collection, and other Payments out of the Revenues }	72,154	119,413	47,259	0
Mint Charges	143,172	257,155	113,983	0
Interest on Debt	2,264,961	3,057,367	792,406	0
Total Charges in India	30,873,709	40,860,442	10,138,496	151,763
Home Charges	2,574,328	4,393,020	1,818,692	0
Guaranteed Interest	496,039	1,114,000	617,961	0
Do. (in India)	30,112	50,000	19,888	0
Total Charges (India and England) ...	33,974,188	46,417,462	12,595,037	151,763
			151,763	
			12,443,274	Net Increase.

NOTE.—Increase of Charges
Deduct :—Military Increase
Increase other than Military
Deduct :—Increase of Receipts

Increase of Charges other than Military over the whole Increased Receipts ... £ 1,596,162

Secretary to the Government of India.

IV. COMPARISON BETWEEN
INCLUDING THE

REVENUES AND RECEIPTS.

Revised according to the

							1856-57.	Estimate 1859-60.	Increase.	Decrease.
REVENUES AND RECEIPTS.							£.	£.	£.	£.
Land Revenue	...	...	...	...	...	...	17,748,310	18,521,518	772,708	0
Tributes and Subsidies from Native States	...	...	...	...	...	...	537,532	523,940	0	13,692
Excise Duties in Calcutta	...	...	...	...	...	...	45,684	52,100	6,416	0
Sayer Revenue	...	...	...	...	...	...	293,317	345,240	51,923	0
Abkarry Ditto	...	...	...	...	...	...	920,350	1,021,154	100,804	0
Moturpha (Madras)	..	...	...	...	...	...	108,419	110,372	1,953	0
Trade Taxes (Punjab)	...	...	...	...	...	...	0	150,000	150,000	0
Miscellaneous Receipts in the Revenue Department	..	...	...	...	...	...	244,268	222,959	0	21,309
Customs	...	...	...	...	...	...	2,289,072	3,691,603	1,402,531	0
Salt (exclusive of Customs Duty on Salt Imported)	...	...	...	...	...	...	2,501,881	2,846,549	344,668	0
Opium	...	...	...	...	...	...	5,011,525	6,071,022	1,059,497	0
Post Office Collections	...	...	...	...	...	...	260,192	604,280	344,088	0
Stamp Duties	...	...	...	...	...	...	612,788	658,988	46,200	0
Mint Receipts	...	...	...	...	...	...	290,539	454,905	164,366	0
Marine and Pilotage Receipts	...	...	...	...	...	...	159,517	125,702	0	33,815
Judicial Receipts	...	...	...	...	...	...	284,206	372,020	87,814	0
Contributions from Native States on account of Contingents.							103,865	120,080	16,215	0
Interest on Debts due by the Nizam and on other Accounts.							64,329	58,960	0	5,369
Miscellaneous Receipts in the Civil and Political Departments.							481,289	420,234	0	61,055
Ditto	Public Works Department	...					918,227	620,233	0	297,994
Ditto	Military Department	...					502,116	804,773	302,657	0
Total Revenues and Receipts of India							33,378,026	37,796,632	4,851,840	433,234
Net Railway Receipts							121,954	330,700	208,746	0
							33,499,980	38,127,332	5,060,586	433,234
								A	433,234	
Deficit							474,208	8,290,130	4,627,352	Net Increase.
							£ 33,974,188	46,417,462		

A. This Deficit stood in February when the Estimate was sent Home at £9,290,130, at which time it was expected that the Compensation Claims would be adjusted and paid before the close of the Financial year. But delays in their adjustment will throw the payment of £1,000,000 into the year 1860-61. The difference as between the two years is only nominal, inasmuch as that amount expected to be paid in 1859-60 formed an addition to the Cash Balance at the close of the year.

FORT WILLIAM,
FINANCIAL DEPARTMENT,
The 29th June 1860.

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III. COMPARISON from year to year of the growth of the Indian Income and of Expenditure compared with 1856-57 "Other than Military in India," including Home Charges and Railway Interest.

Revised according to the last Accounts from England.

Income.			Expenditure.		
Years.	Income. A	Increase from 1856-57.	Years.	Expenditure other than Military in India and Home Charges. B	Increase from 1856-57.
	£.	£.		£.	£.
1856-57	33,378,026		1856-57	22,360,329	
1857-58	31,706,776	Decrease. 1,671,250	1857-58	24,527,493	2,167,164
1858-59	36,060,788	Increase. 2,682,762	1858-59	29,167,457	6,807,128
1859-60 Est.	37,796,632	4,418,606	1859-60 Est.	28,375,097	6,014,768
1860-61 Est.	37,762,660	4,384,634	1860-61 Est.	D 30,842,867	C 8,482,538

- A.** Less Railway Receipts deducted from the Guaranteed Interest.
B. These include the net Railway Interest after deducting Receipts.
C. This is subject to a reduction of £ 1,000,000 for Compensation in comparison with other years, and should stand at £ 7,482,538.
D. These sums are thus divided as between Indian Ordinary Expenditure and Home Expenditure.—Also shewing the Military Charges for each year:—

	Civil Charges India.	Home Charges.	Net Railway Interest.	Total other than Military.	Military Charges.
	£.	£.	£.	£.	£.
1856-57	19,381,804	2,574,328	404,197	22,360,329	11,491,905
1857-58	19,508,603	4,492,470	526,420	24,527,493	15,569,925
1858-59	22,509,845	6,051,566	606,046	29,167,457	21,080,948
1859-60	23,148,777	4,393,020	833,300	28,375,097	17,711,665
1860-61	24,324,650	5,333,217	1,185,000	30,842,867	15,276,320

NOTE.

	1859-60.	1860-61.
	£.	£.
Civil Expenditure compared with 1856-57 ... Excess	6,014,768	8,482,538
Total Income compared with 1856-57 ... Excess	4,418,606	4,384,634
Excess of Civil and Home Expenditure over whole excess of Income ... }	1,596,162	4,097,904
Deduct £1,000,000 for compensations, as compared with other years, £ 1,000,000		
		<u>£ 3,097,904.</u>

FORT WILLIAM,
FINANCIAL DEPARTMENT,
The 29th June 1860.

Wm. B. ...
Secretary to the Government of India.

II. ACCOUNT of Annual Expenditure, Actual and Estimated, 1856-57 to 1860-61, distinguishing the "Military Expenditure" from "Other or Civil Expenditure," including Home charges and Railway Guaranteed Interest.

Revised according to the last A accounts from England.

	1856-57.	1857-58.	1858-59.	Estimate 1859-60.	Estimate 1860-61.
	£.	£.	£.	£.	£.
Civil Expenditure, India	19,381,804	19,508,603	22,509,845	23,148,777	24,324,650
Home Charges	2,574,328	4,492,470	6,051,566	4,393,020	5,333,217
Railway Interest, London and India, less Railway Receipts	404,197	526,420	606,046	833,300	1,135,000
Total Civil Expenditure	22,360,329	24,527,493	29,167,457	28,375,097	30,842,867
Military, General and Local	11,491,905	15,569,925	21,080,948	17,711,665	15,276,320
Total Expenditure B	33,852,234	40,097,418	50,248,405	46,086,762	46,119,187

A. This includes £ 1,000,000 Compensation, allowing for which it should stand at £ 23,324,650,—reducing the Total Civil Expenditure to £ 29,842,867, and the Total Expenditure to £ 45,119,187.

B. These totals are less than the totals shewn in the general account by the amount of Railway Receipts which are deducted in this account from the interest paid, and in the general account are placed as a credit on the Receipt side of the account.

FORT WILLIAM,
FINANCIAL DEPARTMENT,
The 29th June 1860.

Wm. R. ...
Secretary to the Government of India.

I. Comparative Statement of Revenues & Receipts and Payments for Guaranteed Railway Interest, 1857-58, 1858-59 and the same as Revised according to the last

	1856-57.	1857-58	1858-59.	Estimate 1859-60.	Revised Estimate May 1860-61. F
REVENUES AND RECEIPTS.					
	£.	£.	£.	£.	£.
Land Revenue	17,748,810	15,317,337	18,123,659	18,521,518	18,502,400
Tributes and Subsidies from Native States ...	537,632	544,457	489,861	523,940	522,965
Excise Duties in Calcutta	45,684	49,751	51,975	52,100	52,100
Sayer Revenue	293,317	268,350	343,552	345,240	355,650
Abkarry Do.	920,350	794,244	969,432	1,021,154	1,071,900
Moturpha (Madras)	108,419	107,826	111,247	110,372	106,700
Trade Taxes (Punjab)	0	0	0	150,000	230,000
Miscellaneous Receipts in the Revenue Department	244,268	228,220	251,738	222,959	234,900
Customs	2,289,072	2,148,834	2,867,681	3,691,603	3,869,330
Salt (exclusive of Customs Duty on Salt Imported)	2,501,881	2,131,346	2,602,670	2,846,549	3,056,200
Opium	5,011,525	6,864,209	6,146,342	6,071,022	5,769,295
Post Office Collections	260,192	389,493	588,636	604,280	626,320
Stamp Duties	612,788	456,363	593,214	658,988	682,500
Mint Receipts	290,539	363,516	247,205	454,905	373,890
Marine and Pilotage Receipts	159,517	178,304	168,415	125,702	125,430
Judicial Receipts	284,206	298,732	402,396	372,020	385,180
Contributions from Native States on account of Contingents	103,865	36,816	73,220	120,080	92,130
Interest on Debts due by the Nizam and on other Accounts	64,329	62,949	59,023	58,960	56,654
Miscellaneous Receipts in the Civil and Political Departments	481,289	402,309	447,990	420,234	277,276
Do. Public Works Department	918,227	476,910	645,514	620,233	667,620
Do. Military Department	502,116	586,800	877,018	804,773	704,220
Revenues and Receipts	33,378,026	31,706,776	36,060,788	37,796,632	37,762,660
Net Receipts Railways	121,954	153,806	232,365	330,700	400,000
	33,499,980	31,860,582	36,293,153	38,127,332	38,162,660
Deficit	474,208	8,390,442	14,187,617	A 8,290,130	B 8,356,527
	£. 33,974,188	40,251,224	50,480,770	46,417,462	46,519,187

A. This Deficit stood in February when the Estimate was sent Home at £9,290,130, at which time it was expected that the Compensation Claims would be adjusted and paid before the close of the financial year. But delays in their adjustment will throw the payment of £1,000,000 into the year 1860-61. The difference as between the two years is only nominal, inasmuch as that amount expected to be paid in 1859-60 formed an addition to the Cash Balance at the close of the year.

B. This Deficit stood on the 18th of February at £6,500,000. It now stands at £8,356,527, but as explained in the note above, the payment of Mutiny Compensations of £1,000,000 has been deferred from 1859-60 to this year. The difference to this extent is however nominal as it affects the deficit, as the Cash Balance in the Treasury was greater by that amount at the close of the year. Allowing for this item which is accidental and will not recur again, the real deficit by this revised Estimate is £7,356,527, being an actual addition of £856,527 upon the February Estimate, arising on the one hand from a reduction of Military expenditure, and an increase of income under the new Customs, Abkaree and Stamp Bills, but subject on the other to abatement by loss upon Opium, increased cost of Collection, and Police charges, chiefly in connexion with the improved Madras Police, together with a considerable increase in the Home charges.

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FINANCIAL DEPARTMENT.

No. 144 of 1860.

To

THE RIGHT HON'BLE SIR CHARLES WOOD, BART., M. P.,
SECRETARY OF STATE FOR INDIA.

Fort William, the 29th June, 1860.

SIR,

By a recent mail we transmitted the Anticipation Sketch Estimate of Revenue and Charges for the current year, 1860-61, and also an Estimate of our Cash Balance Account, as it will stand on the 30th April, 1861. By the last mail we forwarded a reply to your Financial despatch of the 26th of April, in which we pointed out, as accurately as we now can, the manner in which our ways and means of the year can be made available for the supply of the funds required by the Home Treasury for the services of the year.

2. Having thus disposed of those questions which may be regarded as the foundation of the finance of the year, it appears to us that many considerations, at this time, point to the necessity of taking a somewhat wider review of the general state of our Revenue and Expenditure than is customary in the annual despatches which accompany those Estimates. We have been led to this conclusion, First, because there still exists a very large deficit between our Income and our Expenditure; and next, because we think it desirable to call your attention to the manner in which that deficit arises, a correct understanding of which will, it appears to us, best enable all parties to form the soundest opinion as to the manner in which it ought to be dealt with.

3. Although we may hereafter find it to be our duty to take a much more extensive range in reviewing our Revenue system, yet for our present purpose we shall limit our enquiry to the serious derangement which has taken place in our finances, since the commencement of the late Mutinies. We shall therefore not go further back than the year 1856-57, the last year immediately preceding the Mutinies, and which being one of profound peace, may be safely accepted as a fair point of comparison, by which we may test the variations in the subsequent years.

4. For this purpose, we have had a series of Tables prepared in the Financial Department, which are as follows :—

I. An Account shewing a comparative statement of Revenues and Receipts, and Expenditure in India, including the Home charges, Payments for Guaranteed Railway Interest, and Railway Receipts, for the years 1856-57, 1857-58 and 1858-59, and the same as estimated for 1859-60 and 1860-61.

II. An Account of the annual Expenditure for the same years, distinguishing the "Military Expenditure" from "Other or Civil Expenditure," the latter including Home Charges and Railway Guaranteed Interest.

III. An Account shewing a comparison, from year to year, of the growth of the Indian Income and Expenditure, compared with 1856-57, "other than Military in India," including Home Charges and Railway Interest.

IV. A comparison of the detailed account of Revenues and Receipts, and Charges in India, and including the Home and Railway Interest Accounts of 1856-57 and 1859-60, shewing the increase or decrease under each head.

V. A similar comparison between the year 1856-57 and the Estimate of the current year, 1860-61.

5. The order in which we propose to deal with the extensive subjects embraced in these accounts, with a view to as much brevity as is consistent with clearness, is as follows :—

1st. We propose to call your attention to the amount of Revenue and Receipts in each year during the period in question, and to consider how far our present fiscal system possesses within it the quality of expansion and improvement.

2nd. We next propose to examine the increase of expenditure during those years, first as a whole, and next in detail under the following heads :—

First. Cost of collection and other payments out of Revenue : *Second,* Military expenditure : *Third,* Other or Civil expenditure : *Fourth,* Home charges and Guaranteed Railway Interest : and, lastly, to conclude with such general remarks as these topics cannot fail to suggest.

6. First, then, with regard to the Revenue and Receipts as exhibited in the Account I. These shew the following results in each of the years in question :—

	£
1856-57	33,378,026
1857-58	31,706,776
1858-59	36,060,788
1859-60 <i>Estimate</i>	37,796,632
1860-61 <i>Do.</i>	37,762,660

At first sight these figures are calculated to produce a most favorable impres-

sion as to the growing character of our General Revenues. By reference to Account III., you will observe that compared with the Pivot year, 1856-57, if we may use the term, while the year of the Mutiny, 1857-58, shews a reduction of £ 1,671,250, the three following years shew an increase of £ 2,682,762, £ 4,418,606, and £ 4,384,634, respectively, the last year of 1860-61 being somewhat less favorable than that of 1859-60. But without explanation these figures are apt to create an erroneous impression as to the real state of our Revenues in those years, when so many disturbing causes were in operation. In the first place, we must remark upon the very uncertain and fluctuating character of our Revenue derived from Opium; the uncertainty and fluctuations being regulated and determined by no general principle indicative of the condition of the country, but simply by the accident of crops and the chances of markets. We cannot have a more striking example of the purely exceptional and uncertain character of this branch of Revenue, than a fact which is brought to light in these Accounts, *viz.*, that in the year of the Mutiny, when all other branches of Revenue suffered so much from obvious causes, the accident of a very large crop in the preceding year, and of a rise in the price of Opium in 1857-58, raised this Revenue to a larger sum than in any year before or since. In the year 1856-57, when all ordinary political and social considerations were in favor of a large revenue from general resources, that derived from Opium was £ 5,011,525, while in the next year, when all general considerations led to a great reduction of our ordinary Revenue, by the accident mentioned, that from Opium rose to £ 6,864,209; but since that year it has gradually declined, until the Estimate for the present year is only £ 5,769,295, while the cost of production charged on the other side of the Account has risen, since 1857-58, by the sum of £ 482,665. This reduction moreover has taken place, notwithstanding the increase of 100 *Rupees* per chest which was placed upon the Malwa Opium Passes last year. If then we desire to consider the character of our General Revenue, and its capacity to expand, *pari passu*, with the growing Civil exigencies of the country, it seems to us that we ought to exclude that branch in the comparison. If we adopt this plan, the comparison of the five years will stand thus :—

	1856-57	1857-58	1858-59	1859-60	1860-61
	£	£	£	£	£
Revenue, ...	33,378,026	31,706,776	36,060,788	37,796,632	37,762,660
Deduct Opium,	5,011,525	6,864,209	6,146,342	6,071,022	5,769,295
	28,366,501	24,842,567	29,914,446	31,725,610	31,993,365

7. In the first place then we would observe that the Revenue receipts of 1857-58, the year of the Mutiny, fell, as compared with the preceding year, by no less a sum than £ 3,523,934, of which £ 2,431,473 represented Land Revenue—the remainder being composed of miscellaneous heads, including a con-

siderable decline in the receipts from Abkarry, Customs, Salt and Stamps, which may be said to be the only portions of Revenue which have a direct bearing upon the condition of the people. It is therefore evident that in the case of the Land Revenue a large amount remained uncollected in 1857-58. It is necessary then to enquire how far the arrears of that year contributed to swell the receipts of the two subsequent years, which, it will be observed, shew a very sudden and considerable increase upon the receipts not only of 1857-58, but even of 1856-57. Accordingly we find that in 1858-59 arrears of Land Revenue of the preceding year were collected and included in the receipts of that year, equal to £ 1,103,728, and in the following year of 1859-60, to the amount of £ 469,173. These sums which really belonged to the Revenue of 1857-58, contributed to swell those of the two following years, and we have ascertained that while some portion of the arrears of 1857-58 are included even in the Estimate of the present year, there still remains in the North Western Provinces a sum of upwards of £ 800,000 uncollected, the greater portion of which, however, will have to be remitted for various reasons. So in like manner there is no doubt, that to some extent the increased Revenues derived from Customs, Abkarry, and Salt in the latter years were owing to the great reduction of Stocks in the year of the Mutiny. To arrive therefore at a just conclusion with regard to the general progress of the revenue during the three years subsequent to 1856-57, it may be right to take an average of those three years. Such a comparison then would stand thus:—

1856-57	Revenues, independent of Opium, ...	...	...	28,366,501
1857-58	Do.	Do.	...	24,842,567
1858-59	Do.	Do.	...	29,914,446
1859-60	Do.	Do.	...	31,725,610
Average of three years ...				28,827,541

8. There would not, therefore, appear to have been much increase from the ordinary sources of revenue during the three years succeeding 1856-57, when we take an average of the whole period: and it is probable that such increase as does appear to have taken place, arose chiefly in the last year as the result of the increased Customs and Salt duties imposed in that year, and the *Octroi* duties in the Punjab. The present year may be said to be the first since the Mutiny, in which the Receipts are not much influenced by the arrears of that year: and therefore, although the Estimate for the year does not shew any improvement upon 1859-60, yet taking into account the fact that it is not supplemented to so great an extent by arrears of former years, the Estimate shews some proof of progress. The estimated Income of 1860-61, irrespective of Opium, shews an improvement upon the Revenue of 1856-57, of £ 3,626,864, and including Opium, of £ 4,384,634, as shewn in Account III. But this sum includes the proceeds derived from the Customs Acts of 1859 and 1860; the enhanced duty on Salt in 1859; the increased rate of the Malwa Opium

Passes in 1859; the improvement expected from the Abkarry and Stamp Acts of the present year; a sum of £ 230,000 as the result of the Trade Taxes in the Punjab; and the sum of £ 753,590 of Land Revenue derived in part from the settlement of Oude, and in part from Lord Harris's revisions of the Land Settlements of Madras.

9. While therefore our Income in the present year shews an increase upon that of 1856-57 of the large sum of £ 4,384,634, yet in tracing the cause of that increase, we are not able, with the single exception to some extent of Customs Duties, both Import and Export, to discover any proof of a tendency of the General Revenue to grow, or to keep pace with the acknowledged and undeniable progress and development which is taking place in the material condition of the country. We shall again have to advert to this subject in connexion with the increased expenditure which we now proceed to consider.

10. You will observe that the entire expenditure has increased in India from £ 30,873,709 in 1856-57 to £ 39,600,970 in 1860-61; and including payments in England, from £ 33,974,188 in the former year, to £ 46,519,187 in the latter, shewing an increase of £ 12,544,999, but as the latter year includes the Million allotted for Compensation for losses in the Mutiny, which is a special charge, the real comparative increase may be taken at £ 11,544,999 even after all the Military reductions which have been effected during the last year, and which amount on the whole to nearly six millions.

11. But it is of the utmost importance that we should draw your attention, in a special manner, to the causes of this increase and to the way in which it is distributed over the different heads of the Public services. We shall in doing so follow the order we have already indicated in a former part of this despatch.

1st. As to charges of collection and the direct demands upon the Revenue. Under this head you will find an increase of £ 476,566, arising chiefly from the greater cost of Opium, and an increase in allowances to District and Village Officers and Enamdars, and charitable grants.

2nd. As to Military Expenditure. We would beg to call your special attention to this subject, because we have no doubt, much misconception prevails in respect not only to what has been done in reducing this expenditure, but also as to the place it holds in the large total increase of expenditure to which we have referred. You will observe that our Military expenditure in 1856-57 stood at the sum of £ 11,491,905. In 1857-58 it rose to £ 15,569,925, and in 1858-59, to £ 21,080,948: since that year we have succeeded in rapidly reducing it. The

following table shews at one view the progress of this expenditure from 1856-57 to the present time:

Military Expenditure in India.

	£
1856-57	...
1857-58	11,491,905
1858-59	15,569,925
1859-60	21,080,948
1860-61	17,711,665
	15,276,320

You will thus observe therefore that while only two years ago our Military expenditure exhibited an increase of no less than £ 9,589,043 as compared with 1856-57, the Estimate for the present year shews an increase of only £ 3,784,415, or in other words, it shews a reduction effected in little more than a year of £ 5,804,628. When we had the honor to address you on the 17th of April, we were then able to speak with certainty to a reduction in the present year, following the large reductions of last year, to the extent only of £ 1,740,000, but we also spoke, with some confidence, of being able to effect further reductions, so as to raise the whole, within the year, to, at least, £ 2,598,000. It is with satisfaction that we have now to call your attention to the fact, that already we have realized that expectation, up to the amount of £ 2,435,345, and we have little doubt that we shall be able to exceed our original estimate of reductions within the year. And here we would remark that we admit no mere prospective reductions, for which arrangements are said to be made, into our financial calculations, but that these figures represent real reductions actually realized in our disbursements as reported by the Accountants General of the three Presidencies. But if we dwell upon the large amount of Military reductions already effected, it is not for the purpose of sheltering ourselves from the duty of extending these reductions further and to the utmost limit which prudence will permit. It is rather for the purpose of correcting an imperfect and inadequate impression which, we believe, exists as to the extent to which these reductions have already been made, and with a view, on the other hand, of exhibiting, in a stronger light, the excess of expenditure under other heads which seems to have attracted but little attention. We cannot, however, dismiss this reference to our Military expenditure without expressing our sense of the willing assistance which Lord Clyde has invariably afforded, with a view to effect well considered reductions. We have no doubt that further extensive reductions in each of the three Presidencies will be found practicable during the currency of the present year, so as to affect, to a considerable extent, our finances in 1861-62; and you may rest assured that the position in which our Treasuries will then stand; as shewn in our financial despatch dated 18th instant, No. 143, by the last mail, will furnish the most powerful inducement on our part to neglect no means whatever by which reductions can be effected.

3rd. "Other" or Civil expenditure in India. If you will refer to the comparative statement, (Account V) of the Income and Expenditure of the years 1856-57 and 1860-61, you will observe that the balance of increases over decreases of the total charges in India, is £ 8,727,261. If from this sum we deduct £ 3,784,415, as the excess of Military charges, and £ 476,566 as the excess of cost of collection, &c., we shall have left an excess of no less than £ 4,466,280 as representing Civil expenditure only: but as this includes the Compensation Million, it should be reduced to £ 3,466,280. This sum includes the increase of interest payable on our debt in India to the amount of £ 859,109. The other three chief items exhibiting excesses are: *First*, Public Works to an extent of £ 452,732, notwithstanding the severe restrictions under which they have been placed during the last three years. This excess, however, and even a much larger sum, is to be attributed to Military buildings. The proportion of the entire sum applied to Military works and to other works may be thus stated:—

Public Works.

	1856-57	1860-61
	£	£
Military Buildings &c.,	374,557	1,500,000
Other Public Works,	3,563,011	2,890,300
Total	3,937,568	4,390,300

We have a fair reason to expect that after the present year, we shall be able to effect a considerable reduction in the expenditure upon Military Works; but with respect to other Public Works, when we bear in mind the large number of works which are now suspended for want of funds, we cannot look for much reduction under this head for some years to come.

12. The other two chief heads of excess in the Indian expenditure are, Charges of Civil and Political establishments, and Judicial and Police charges. Making an abatement for the Compensation Million, which is included in the former of these two headings, the excess in 1860-61, as compared with 1856-57, is £ 2,029,866. But under both, charges are included for Police or Civil Corps of different descriptions, and it seems desirable to separate those charges from the purely Civil establishments of the Government. If thus separated from all charges for Police and Local Corps, these two heads of expenditure will stand thus, exclusive of the Compensation Million:—

	1856-57	1860-61
	£	£
Civil and Political establishments	2,389,885	2,898,246
Judicial charges	1,885,755	2,049,380
	4,275,640	4,947,626

Shewing an increase of £ 671,986 exclusive of Local Corps and Police mixed up with these accounts. Of the latter, the amounts compose as follows in the two years:—

	1856-57	1860-61
	£	£
Local Corps &c. included with Civil and Political establishments	166,386	499,500
Police included with Judicial and Police	926,654	1,951,420
Total, Battalions and Police ...	1,093,040	2,450,920

Thus shewing an increase under this head of no less than £ 1,357,880 between the two periods: which increase, together with the sum already named, makes up the total increase under these two heads as shewn in Account V. There remains then under the charges in India to be accounted for, only the increase of charges of the Eastern Settlements, £ 40,469, and an increase of Mint charges, £ 112,128, making together £ 152,597; from which must be deducted a decrease, under the head of Indian Navy, of £ 28,024, leaving a balance of £ 124,573. These details explain and exhaust the large amount of increase of expenditure in India, and may be thus summed up, distinguishing the increase in Military charges from other charges:—

	£
Balances, Increase charges, 1860-61, compared with 1856-57,	
India	8,727,261
Deduct Compensation Million	1,000,000
Net ordinary increase	7,727,261

	£
Increase of Military charges	3,784,415

Increase of Civil charges.

1. Cost of Collection	476,566
2. Civil, Political and Judicial establishments	671,986
3. Police and Civil Corps	1,357,880
4. Public Works	452,732
5. Interest of Debt	859,109
6. Mint, and Eastern Settlements, less Indian Navy	124,573

Total Civil Increase	3,942,846
	7,727,261

Thus confining our attention only to India, we arrive at the fact, that notwithstanding the great increase which still exists, in the present year, in our Military expenditure, as compared with the year before the Mutiny, the increase under the various heads of our Civil expenditure is still greater, and is of itself not very far short of the whole increase of Revenue and receipts during the period. And we fear moreover that this large increase is composed of charges which it will be even more difficult to reduce than the Military expenditure. Taking these items, one by one, it is indeed too plain that, with but one exception, they consist of charges which it will not only be difficult to reduce, but even to prevent further increasing. The cost of collection of the Revenue, we can hardly expect to reduce at a time when we are about to place new and onerous duties on our Officers. No doubt our Civil and Political establishments are susceptible of great improvements, but considering the urgent representations which reach us from so many quarters, of the inadequacy of existing establishments to meet the rapidly growing demands of the country, we can entertain but little hope that any saving can be effected therein. So with our Judicial establishments there is a growing demand for improvements which cannot and ought not to be resisted. Then with regard to Public Works, we may be able, after the present year, and we hope we shall be able to effect a considerable reduction in the present expenditure upon Military buildings; but there is, as we have already said, so long a list of suspended and postponed works of other kinds, which it is essential should, at the earliest moment, be taken up, that we can hope, on the whole, to save nothing on that score. The interest of the debt remains a fixed sum, and it will indeed be a just cause for congratulation, if by the policy we pursue, we can prevent its increasing. There remains the Police and Provincial Civil Corps. Of these the cost has increased from £ 1,093,040 in 1856-57, to £ 2,450,920. It has more than doubled. The net increase is £ 1,357,880. That there is great room both for improvement and reduction under this head, we have no doubt. Indeed, at the present moment considerable reductions are taking place in the North Western Provinces, in consequence of arrangements made by the Governor General before he came down to Calcutta. But it is a subject which must be considered as a whole, in connexion with the Military reductions which may hereafter be effected.

13. With regard to the Civil, Political and Judicial establishments to which we have already referred, we are about to institute, by means to which we shall hereafter allude, a most searching enquiry as to the cause and origin of the increased cost which has taken place; to ascertain what reductions, if any, can be made, and at least in what way the present expenditure can be rendered most effective, in order to prevent or at least to limit, as much as possible, the necessity of a further increase.

14. So far for the increase which has taken place in the expenditure in India. We wish now to draw your attention to that which has taken place in

the various charges at Home. In the first place, there is shewn in these accounts an increase under the head of "Home charges" in the present year, compared with 1856-57, of £ 2,758,889 of which we suppose that about £ 1,000,000 represents the interest upon the increased public debt. Then there is an increase in the amount of guaranteed interest to Railway Companies, including a small sum, payable in India, of £1,058,849; but from this sum must be deducted the increase, within the same time, of receipts from Railway traffic amounting to £ 278,046, leaving a net increase under this head of £ 780,803. But taking the increase under this head, as it stands in the Home accounts, and excluding receipts in India, the total increase of this branch of our charges stands at £ 3,817,738.

15. We would ask your special attention to the striking facts which are thus brought to light. The whole increase of the expenditure in the present year, as compared with the year immediately preceding the Mutiny, and exclusive of the Compensation Million, is £ 11,544,999, and that sum is divisible into the three following heads:—

Military in India	...	...	...	3,784,415
Other than Military in India	...	...	...	3,942,846
Home charges of all kinds	...	...	...	3,817,738
Total	...	...	...	11,544,999

Now, although in the year ending the 30th of April, 1859, the Military expenditure shewed an excess of no less than £ 9,589,043 over that of 1856-57, in the present year this excess is only £ 3,784,415; in other words, it is less than one-third of the whole excess, and is of itself considerably less than either the excess of the Civil expenditure in India, or the excess of the charges to be provided in England, taken separately. These facts, we submit, conclusively prove two things:—1st. The entire groundlessness of the charges which have been brought against this Government, that the subject of Military reduction has been entirely neglected; and 2nd. That by Military reductions alone the whole deficit of our finances could be met. We have not yet observed that in a single instance has an opinion been expressed that it would either be possible or desirable that the Army should be so far reduced as to be brought to the same total charge as that at which it stood in 1856-57. But as a conclusive reply to the latter of the two assumptions noticed, we may observe, that even if it were possible at once to reduce our Military expenditure to that point, we should still be left with a deficit, independent of the Compensation Million, of £ 3,572,112; and even if we take the smaller deficit, which we computed in February, of £ 6,500,000, we should, after reducing the whole of the Military increase, still have a deficit of £ 2,715,585.

16. While therefore the present rate of our Military expenditure is £ 3,784,415 greater than it was in 1856-57, that under all other heads in India and at Home is greater by no less than £ 7,760,584: of this sum, £ 3,000,000 may be put down as representing the interest of the increased debt and the increased amount of the guaranteed interest to Railway Companies, leaving the sum of £ 4,760,000 as the increase under all other Civil heads.

17. Such then is a detail of the circumstances in which we stand as regards the finances of India. With regard to the Military expenditure you are already aware of the means we have adopted in order to reduce it to the lowest point, consistent with the security of the country. The Military Finance Commission with an improved organization, and with every aid which the Members of the Executive Government can afford it, will continue its labours in this department, not only with the view of securing the greatest possible economy, but also the greatest efficiency.

18. With regard to our Civil expenditure, we have introduced all the checks which long experience has proved to be best adapted for their object in England, and by which, with the least possible interference with the details of local expenditure, we shall nevertheless exercise the strictest control over expenditure as a whole. The system consists of requiring from each local Government a carefully considered estimate of the expenditure of the year, under each head, which being once sanctioned by the Supreme Government, will constitute a strict limit within which issues will be made from the different Treasuries. There will also be constituted within the present Financial and Accountant General's Department, the means of controlling and checking the issues, as the year proceeds, and also a system of concurrent and of final audit. In framing this system, it has been one of our chief objects to establish one which, while it shall afford to the Supreme Government all the necessary check over the finances as a whole, shall least interfere with the local Governments in minor matters, thereby giving the maximum of control in the gross and the minimum of trouble in detail.

19. With regard to our Civil expenditure and the various establishments included within it, we are about to constitute a Commission which will examine into the causes of the increase which has taken place, and report how far expenditure may be reduced, or by what arrangements greater efficiency can be attained and a further increase of expenditure avoided or limited.

20. With regard to the large increase in the Home expenditure, we are aware that there are two items beyond your control, viz., the interest of debt and the guaranteed interest of Railway Companies: but looking to the large excess in the present year, we entertain a strong hope that in some measure, it arises from causes less or more temporary, and that it may be found possible to reduce it in future years.

21. But with all this, we cannot hide from ourselves the fact, that looking to the large excess of Civil expenditure as a whole, by far the greatest portion is either of such a character that we can exercise no control whatever over it—as for instance, interest of debt and guaranteed Railway interest; or of a character which renders it essential to the progress of the country and to the development of trade and civilization, and thereby puts it, really and practically, almost beyond our control. You will observe that a large portion of this greatly increased expenditure has relation to our Judicial, Civil, and Political establishments; to the construction of Roads and Public Works, including Military buildings necessary for Her Majestys' European Troops; and to Police arrangements required for the security of life and property. Some of these charges have no doubt been caused or greatly increased by circumstances attending the Mutiny, but others may be looked upon as inseparable from the duties and necessities attendant upon British rule, and upon the influence which public opinion in England must ever exercise over the policy adopted in governing English dependencies. The Government of India, acting from time to time under a deep sense of those duties; animated by a desire to promote in every way the permanent interests of the people; and in accordance with the public opinion above described; have provided to every part of British India the means of administering justice at a great and increasing cost. At the same time roads have been made; canals have been cut; works of irrigation have been constructed; crime has been suppressed; and life and property have everywhere been made more secure. Numerous and extensive new districts have been opened up, and have had extended to them, the institutions and security of good Government. The usual results have followed—results which as far as the prosperity of the people and the development of trade are concerned, have in the main fully justified the policy; and, with some exceptions, the expenditure required to give effect to it. But all these heavy calls and duties cannot, as we shall shew, be adequately met under our present financial and fiscal system. There is one remarkable example of this to which by way of illustration we would allude. Those who are familiar with the circumstances which attended the introduction of the Railway system into India, as detailed in the Parliamentary evidence before the Committee of 1858, and which determined the relation of the Government to those undertakings, must be aware how much the pressure of public opinion in Parliament and in England did to influence that arrangement. Now after the end of ten years, we believe no one interested in the Government of India will be found to regret that Railways have been introduced into this country, although opinions may differ as to the merits of the system under which the introduction has taken place. But at least one result at which we have already arrived, is a direct annual charge upon our revenues, of at least one million sterling, on account of Railways—a charge which must continue to increase for some years to come, and

which will not altogether cease for a very long period, if ever. This is only an illustration of what has happened, though in a different form, in the great aggregate expenditure upon Roads, Canals and other Public Works, which having been executed by the Government itself, the capital employed has to a considerable degree become part of our general public debt; the interest being included under that head. No one will doubt that the policy of expenditure upon such objects is wise, or that upon the whole it has been nationally beneficial. Of this, there are abundant proofs. We need not refer to details. The facts connected with the rapid development of our trade, both external and internal, of late years; the extensive investment of capital, both European and Native, which has taken place in Public Companies connected with Tea planting, Coal Mines, Internal Navigation, and for other purposes, most of which are in a most thriving condition; the improved condition of the people; the increased quantity and value of the products of the soil; the rise in the rate of wages; increase of traffic on our roads, rivers and canals; these and many other circumstances prove how beneficial have been the improvements so effected: and the limited extent to which Railways have already been brought into use, shews that the advantage which they are calculated to confer is even greater than any we have yet experienced.

22. But in reviewing all these beneficial consequences, it is natural to ask, what classes of the community have been and will be most benefitted by them? When we find that the expenditure of the Government of India, apart from Military expenditure, has increased, in all, by £7,760,584, since 1856-57, we are led to enquire who have been the principal gainers by it? All classes have no doubt been benefitted, and amongst the rest, the agricultural classes, to a great extent; but beyond any comparison the chief benefit has been conferred upon the capitalist and trading classes.

23. And if this be so, what an anomaly, not to say injustice, pervades our system! Not only do those classes contribute comparatively little to the State for all the advantages which Government, at a great cost, has thus bestowed upon them, but no attempt has been made to bring them within any system under which they would contribute their fair share of the cost of those advantages. Nay, more. There are very few States, which, when they passed from Native rule, and became part of the British dominions, were not subjected to taxes of various descriptions, both direct and indirect, which bore upon those classes. As a general rule, we have abolished somewhat indiscriminately most of those Taxes:—not only those which pressing directly upon trade and intercommunication, were in every respect most objectionable, but also those which in their character of direct taxes upon the trading classes it might have been wiser to have retained, remodelled and improved, as has been done in all cases with regard to Land Revenue. As it is, we now find ourselves with but slight exceptions dependent on the land for our public income.

This fact is so familiar to those who have paid attention to Indian finances, that it does not require to be supported either by argument or figures. What then is the case with which we have had to deal? We have on all hands proofs of increased wealth, and of accumulating capital. We see enterprise extending in highly lucrative undertakings: but we also see that as a consequence of our fiscal system, all this is unattended by any corresponding increase of the public income, so as to provide for the necessary increase of expenditure. Thus while the expenditure has always shewed a strong tendency to increase, the revenues have been found to be inelastic, and comparatively stationary; and it ought not to be a subject of wonder if experience has shewn that in a great majority of years, even in times of peace, the Revenues had to be supplemented by Loans!

24. There were then two distinct points which appeared to demand our earnest consideration. *First*, we had a large actual deficit to make good: *Second*, we had to consider in what way we could reform our Revenue system so as to throw the burdens of the State more equally over the whole, and to secure a revenue of a character which would grow with the wealth and prosperity of the country. We are deeply convinced of the capacity which India possesses for further expansion. We believe that if there were no other reason than the gradual completion of our railways, that development for some years to come will be even more rapid than in the past. And at the same time we see that our institutions must be still further extended and improved in our old provinces, while in many parts of our newer territories they are yet to be introduced. In short, in looking to the future, we foresee the same inevitable necessity of an increased expenditure for Civil Government in all its parts, as has pressed upon us in the past.

25. To have dealt with the one difficulty, even had this been possible, in a manner which would not also provide some cure for the other, would, in our opinion, have only postponed the evil, until it had become more unmanageable. Not only did such a course appear impossible, but moreover we were of opinion, that so favorable an opportunity of dealing with the permanent defect in our fiscal system might not for a long time again present itself. It is seldom that great reforms are possible except under urgent circumstances. The financial necessities of the Government were generally notorious throughout India, although their extreme pressure was not fully appreciated: the causes which had led to them, were known and recognized, and it is certain that the native community had become generally convinced that new taxes were not only required, but inevitable; and they were, as far as such ever could be the case, reconciled to the infliction.

26. Thus while the large amount of our deficit, and the impossibility of meeting it, in the whole by reductions, rendered new taxation absolutely ne-

cessary, the obvious defect in our fiscal system pointed to the direction in which it should be imposed. One part of the community had been, for years, notoriously overburdened with taxation, and others, the wealthiest and most flourishing had practically been exempted. We had therefore to frame a measure which should apply in the main to the latter classes. But the more difficult our task of introducing a new tax appeared, the more we felt it incumbent upon us to fix upon such only as would bear the severest scrutiny and discussion. We therefore determined from the first, that whatever we proposed should, in its incidence, bear equally upon all classes, Europeans and Natives. We were in possession of the reports of all the local Governments and of their Chief Revenue Officers upon the proposed measures of last year. We had the advantage of examining and considering the various direct and indirect taxes which had been and still are most common in Native states; and we arrived at the conclusion that while all were open to the objection of great practical difficulty in their application, many were so unequal in their pressure and so unsound in principle, that it was impossible to adopt them. An Income Tax and a License Duty on Trades seemed, upon close examination, to be the only taxes which really met the requirements of the case; and although the Income Tax is novel in name, it is probably not a greater innovation upon Native custom than any other tax which one could possibly have proposed in a form now suited to all classes in India, and defensible in principle. Nor amongst all the criticisms to which our financial measures have been exposed, have we been fortunate enough to observe any suggestion of a less objectionable means of improving our revenues.

27. The only proposal that we have seen seriously urged as a substitution for an Income Tax is a succession duty. If such a duty had been made applicable only to real property, it would have given a very small revenue, while it would have been open to the objection of still leaving the trading and capitalist classes practically exempt from taxation. If it had been extended to personal property, there would still have been these objections, *first*, that in practice it would have been limited almost exclusively to the native population; and *secondly*, that while it would be even more difficult to assess, the yield would be extremely uncertain, even from year to year. An effectual enquiry into personal property on the death of a rich native would be a much more difficult task than even an assessment of income. We have, therefore, after all the discussion which has taken place, assuming as we do, for the reasons we have pointed out, the absolute necessity of opening new sources of revenue, and laying the foundation of an improved fiscal system, seen no reason to vary the views which we took at first. Indeed, after the severe ordeal to which our measures have been exposed, we cannot but feel it to be a matter of congratulation, that the plans we have adopted are admitted to be sound in principle and equal in their application. Had they been less so, it would have been with great difficulty that we could have maintained them in the face of the opposition to which they have been exposed. It is a remarkable feature in the

controversy which has recently taken place, that while many natives have objected to be taxed at all, no attempt has been made to impugn the justice or the equity of the plan itself: and we cannot but believe that that fact will be of much service in the practical working of the Acts. We have already pointed out, in a former despatch, the great pains which we have taken in order to render the introduction and operation of the Acts as little objectionable to native feelings and habits as possible.

28. There is one remaining point upon which we desire to say a few words. There are those who believe that the pressing difficulties of our financial position arising out of the troubles of 1857 and 1858, would have been sufficiently met by levying large contributions to the State when the coercion and submission of the rebellious districts were still fresh, and that our present necessities might by this means have been materially diminished.

29. We are of opinion that it was more wise to abstain from any such measure. To be of real and effectual aid, the impost must have been very heavy and general; and whilst bearing on the face of it a penal character, it must have been extended to communities and to whole provinces of loyal men. Once levied, it would have been viewed as a punishment in full, and as a final and closed claim. The acquiescence with which, as we have reason to believe, our present larger and more lasting measure is, for the most part, received, would have been, in a great degree, if not entirely, lost to us; and we should have deprived ourselves of the vantage ground, which we now derive from the absence of all vindictiveness in our measures, though the urgency of our necessities is felt and acknowledged by the people to be due to Mutiny and Rebellion.

30. We are of opinion that the application of penal imposts was carried to the fullest advisable length in the infliction of confiscations and fines in such exceptional cases as those of the Cities of Delhi, Lucknow, Cawnpore, and in the compulsory reconstruction, in some minor instances, of the public buildings which the inhabitants of the district deriving immediate benefit from them had destroyed or failed to protect.

31. In conclusion, there is one observation which we think it necessary to make upon the state of our Finances as now brought fully to your view. The deficit of the year appears to be £ 7,356,527. Now it must be apparent that however successful we may be in effecting further reductions of expenditure, and in the introduction of the new Taxes, the two together will not, upon the most sanguine calculation, be found adequate to meet this large sum, and especially as it is now plain, that the Taxes can only be collected for a portion, probably not a half, of the Financial year. It is certain, therefore, that during the current year our balances must undergo a very considerable reduction. It will depend upon the extent of this reduction, which we shall be able to compute about the month of January, whether we shall require any aid, and if so, to what ex-

69
tent, to enable us to tide over the interval until our reductions shall have reached their maximum amount and our new Taxes shall be in full operation, which we may fairly expect to be the case in the succeeding Financial year of 1861-62.

We have the honor to be,

SIR,

FORM WILLIAM,

The 29th June 1860.

Your most obedient humble Servants,

J. Canning.

" H. B. E. Freere.

" James Wilson.

1 True Copy

Major General

Secy to the Govt of India

Recd 11/7/60
80-11

Confidential
No. 5648

53/

To
The Chief Secretary to the
Government of
Fort Saint George

Ind. Despatch

Sir, I am directed by the Right Honble
the Governor General in Council to transmit to
you for the information of the Government of
Madras, a copy of a despatch No. 144 of 1860,
dated 29th June, on the Financial position of
British India, addressed by this Government
to Her Majesty's Secretary of State for
India, together with a copy of the Tables
prepared in this Department, referred to therein.

1890

11/7/60

I have the honor to be,

Sir,
Your most Obedt. Servant

Fort William
The 5th July 1860.
W. H. D. S.

Secretary to the Govt.
of India

Referred to in letter
from Financial Secy
Gov of India 5 July 1860
No 5648.

Information for
disbursement of
the Treasury
of the United States
of the United States
of the United States

March 5, 1861

John
The Secretary of the Treasury
of the United States
Washington

Account of 1860
Confidential

Trul Dept

Con Dis No 2, 30-7-60.

Connect with letter 333 Trul
28-6-1861

No. 1179

Wm. L. George
General Treasury
27th March 1861.

From

To. William George.
Off. Sub Treasurer.

J. Percroft Esq.
Chief Secretary to Government.

Sir,
I have the honor to bring to the notice
of Govt. that there are certain perpetual
annuities payable in consideration of
sums of money transferred to Govt. by
private individuals, as shown in the
accompanying statement.

2. It has been the custom for the
Sub Treasurer to ~~pay~~ disburse the
annuities periodically on the simple
receipts of the parties or their repre-
sentatives - but I beg to submit
that for the Treasury Officer to make
disbursements without some authority
for each payment, is contrary to
the principle applied to all other
payments made on account of Govt.
There are many payments which are
fixed in amount sometimes by Govt.,
and periodical, which yet are subject
to audit before being paid. It has
been thought advisable that the
independent check of audit & pay-
ment by separate Officer should be

Applied.

3. I beg further to notice that in the only deed which I have in-
-spected and which I required to be produced before making the monthly payment for February, the continuance of the annuity is expressly made contingent on the application of the money to the pur-
-poses of the Charity. I am not aware if any inquiry on the sub-
-sistence of this condition is ever made, but the money is certainly paid at the Treasury without any reference to this condition.

4. I addressed the Account General on the subject, suggesting that the Govt. liabilities should be classed with the other debts due by the State, but that Officer is of opinion that the matter should be left in the present state, as will be seen from copy of his letter annexed. As however the amount in question is large, nearly two lacs of Rupees, and as the interest on the greater portion is at a rate much above that now paid, I have thought it proper to obtain the order of Govt., in case it is thought ad-
-visable that the present practice of payment should be continued.

I have the honor to be, Sir,
Your most Obedt. Servant
R. Thakuram
Off. Secy. Treasurer.

Statement				
No. of the Bond	Amount in Stan Pags per day.	Rate of Intt.	paid.	
1727.	20,000.	6.	annly.	In the name of Father Claude Morisset. Attorney to the Jesuit Missionaries in China. paid to Messrs. Arthur & Co. ^{Shriman Sivapada Morayiah Ramanavulu Pillay} Paid to the representatives of the Ori- -ginal party. For certain Charities.
1802.	20,000.	8.	Inttly.	Agreement made with T. Ramalingam. he died in 1824 leaving 2 Lacs. paid to Mr. P. Carstairs as Attorney. For certain Charities.
1804.	5,000.	8.	annly.	originally paid in by Ram- -coor Boya & Ramanah Boya. now drawn by their repre- -sentatives Messrs. Chinn Red & Ramanahundra. For certain Charities.
1807.	10,000.	8.	half yearly	
	55,000			
	3 1/2			
	65,000			
	27,500			
	19,2500			

1200
1600
4000
8000
40000
100000

18th March 1861.

The Off. Secy. Treasurer
For St. George.

Sir/
With reference to your letter No. 872. dated 21st December last, I have the honor to state that as the interest on the obligation Bonds referred to by you has been paid

Heat

by the Sub Treasurer apparently
under authority, is not ap-
pear to me to be necessary or
desirable that any arrangement
which has existed so long without
inconvenience, should now be dis-
turbed.

I have the honor to be &c.
Signed R. P. Harrison
Account. General.

True Copy

R. P. Harrison
Off. Sub Treasurer.

29th Nov
1861

1861. 11/19.
No. 1571
Letter 21. { Recd. 61.
Hear.
Brought to the notice
of Lord. That there
are certain respecting
the consideration of
the of money being
received to Lord. by
private individuals,
& others, who are
as to the matter of
their pay amount.

1861. 11/19.
No. 1571
Letter 21. { Recd. 61.
Hear.

1861. 11/19.
No. 1571
Letter 21. { Recd. 61.
Hear.
Brought to the notice
of Lord. That there
are certain respecting
the consideration of
the of money being
received to Lord. by
private individuals,
& others, who are
as to the matter of
their pay amount.

N^o 5278

To

His Excellency
Sir W. Denison K. C. B.
Governor of the Presidency
of Fort Saint George.

Financial
Department

Sir,

I am directed by the
Governor General in Council to
acknowledge the receipt of Mr
Secretary Pycroft's Confidential
Letter, N^o 4, dated the 22nd Ultimo,
with its enclosures, and in
reply to offer the following re-
marks:-

2. Under the reduced scale
fixed by this Government not
more than 7½ or 8 Lacs of
Rupees will be required from
Madras for the purposes of
the Local Budget.

3. Of this sum 2½ Lacs
is already provided by Tobacco,
which has been struck out of

Next

the Budget of Imperial Revenue in order to leave it at the disposal of your Government as a Local Tax.

4- The Governor General in Council is quite aware that the Madras Government has always declared its inability to raise a large Revenue from Tobacco, and he does not therefore expect a large amount from that source, but he observes that he fully expects that if the whole produce from Tobacco is made available to the Madras Government, they will, between Tobacco and Betel and other stimulants, be certain, before long, to realize more than $2\frac{1}{2}$ Lacs.

5- Admitting, however, that more than $2\frac{1}{2}$ Lacs cannot

be raised from these sources, the extent of the requirements¹³ of the Government of India will be limited to $5\frac{1}{2}$ Lacs more, and this may, in the opinion of His Excellency in Council, be obtained in several ways.

6- In the first place the Police charges of the Madras Presidency include a sum of 5,67,910 Rupees for Village Police. This Village Police has been always paid for by Village Fees, and there is a report on the subject by Mr. Robinson, of the 26th May 1860, pointing out very clearly the nature of those Fees, and how they should be levied in future. It does not appear distinctly from the Madras Budget whether those Fees are included in

in any Estimate of Imperial
Revenue. If not, they are
available to make up the
Local Fund. If they are
included, the Government of
India would not be indisposed
to give them up, as they are
properly of a Local nature,
and to take in exchange
what Mr Morehead and
Mr Maltby concur in saying
might be done "without any
additional check to the
sale being perceptible." viz:
an increase of Salt duty
from 1-^{Rupia Anna}6 to the legal
maximum of 1-^{Rupia Annas}8 per ^{Maund}Maund.

7- Again your Excellency
and Mr Morehead, both
contemplate a large saving
in the present excessive
outlay

outlay for Public Works
Establishments. This outlay is ^{65/5}
£160,000 on an outlay for works
and repairs of £460,000. as
Mr Morehead observes, in
former years the Madras Govern-
ment never used to have more
than about 24 Lacs to spend
on Public Works, and if the assign-
ment were reduced even by the
whole 10 Lacs talked of - or to
42 Lacs, this sum if properly
husbanded and carefully expended,
would suffice for the interests
of the Presidency. It has been
shown that this Government
does not require 10 but only
5 1/2 Lacs, and the Governor
General in Council would
undertake to give to the Madras
Government for useful works all

all that they can save in the cost of Establishments for looking after them. The Governor General in Council can scarcely doubt that with your Excellency's experience in such matters you will be able to save more than 5½ Lacs.

8. - But there are other reductions of Civil Expenditure which a close examination of the Budget of the Madras Government and a comparison of it with those of other Governments have suggested, and which, although there has not been time to correspond respecting them before settling the several Budget, it is now thought necessary to bring to your Excellency's notice.

9. - The Madras Administration Report for 1859 states that "the revenue Establishments have been carefully revised in connection with the new Police system. The Tehsildarce Divisions have been considerably enlarged and the subordinate Establishments reduced in numbers while the Pay of the several grades has been increased."

It

10. ⁶⁷ It is hoped by those measures "that a more efficient and trustworthy Class of men will be obtained and the State be secured from fraud and the People from oppression. The result of the changes in course of being carried out are that a large number of subordinate Revenue officials will no longer be required and a sum of at least 11 Lacs will be saved to meet the expenses of the new Police."

11. The aggregate charge for said Revenue Establishments in 1861/62 does not however show any reduction but an increase of 70,000 Rupees over that of 1860/61.

12. It would seem therefore that either the charge for these Establishments must have been over-estimated or there must be a large field for reductions

by a careful revision. A revision of
Collectors Office Establishments has led
to a considerable saving in Bombay
and might probably lead to the same
result in Madras. There are special
reasons why reductions under this head
appear practicable. The number of
Deputy Collectors was raised last year
and a sum of 21,000 Rs added for
Establishments while no corresponding
reduction has been made in Collectors
Establishments for work transferred to
Deputy Collectors. The separation of the
Police from Revenue Departments must
diminish labor and correspondence. Also
the transfer of Enam investigations to
a separate Department. The Board of
Revenue Madras reported in 1856 with
reference to the creation of Deputy Collectors
that "it would relieve the Collector of

"much detail work; and that the ⁶⁹reform
"of the District Accounts and modification
"of the Land assessment would much
"diminish and simplify the ordinary work
"and that of the Annual Revenue settle-
"ment. Eventually the salaries of the
"Appointments (of Sheristadars) may be
"saved and other reductions of Establish-
"ment will be practicable". The Estab-
lishments of Sub-Collectors seem equally
capable of reduction.

13 Again it may deserve consi-
deration whether a Board of Revenue
of 3 members with 2 Secretaries is requisite.
Two members with one Secretary are found
sufficient in the North West where the
Amount of Land and other Revenue is
very similar.

14 It may also be observed
that the Accountants' Department at

Madras is 50,000 Rs in excess of that of Bombay and 40,000 in excess of Bengal.

And if it be the fact, as the Governor General in Council has good reasons to believe it to be, that clerical aid is very much cheaper at Madras than at Calcutta, this apparently great excess is in reality greater.

15. In the Sub Treasurers Department a saving must be effected by the proposed transfer of business to the Bank of Madras.

16. In the Civil Auditors Department large reductions have been recently made in Bengal and probably something might be effected at Madras.

17. The whole Department of Law and Justice requires close revision, but the Governor General in Council abstains from entering into details as he is

convinced that this, above all others, is a branch of expenditure which can only be effectually controlled by the constant vigilance of a Government on the spot. One charge only need be specified which appears clearly wrong - viz 23,310 for Guaranty Judges Courts - a duty which should be done by the new Police. The average cost of each Prisoner per head appears to be 60 Rupees a year in the Dails of Madras, while in Bengal it is only 43 Rs and in Bombay 38 Rupees a head. This evidently requires attention.

18. In the Political Department there is a charge for the Chepank Agency. The transfer of these duties to the Collector of Madras was formerly contemplated and if there is no valid reason to the contrary this might be done.

The

19. The Office of Superintendent of Marine might certainly be dispensed with, considering the small extent of naval duty at Madras and that there is a Master Attendant. The local marine charges which should be met by Port Dues &c appear to amount 280,410 Rupees viz:

Shipping Master's Establishment—	3,960
Establishments at Outposts—	18,430
Lighthouse—	34,280
Miscellaneous—	2,23,740
	<u>Rs. 2,80,410</u>

but the total receipts in the marine Department are only 1,19,400 Rupees. The Receipts and expenses for Port Dues &c and Port Expenses might properly be transferred to the Local Budget.

20. In Bengal and elsewhere a large reduction in the number of orderly Chupprassies has recently been effected. A similar reduction would effect a saving in

in the Estimates of many ^{13/} Establishments at Madras. So also will the recommendations recently made with reference to Stationery.

21. In regard to all these savings the Governor General in Council is willing to undertake to give the Madras Government the benefit by an Assignment for Public Works, or in other words by a ^{transfer} diminished, to Local Budget during the first year, of the full amount of any reductions which they may agree to make on the understanding that after that time the savings shall go wholly to the credit of the Imperial Treasury; and he trusts it has been shewn that an ample margin exists for the Government of Madras to obtain, by that means, more than the 5 1/2 Lacs which have been asked for.

22. The Governor General in Council thinks

thinks indeed that it has been clearly established that by the proposal of Local Budgets, the Madras Government will be placed in a better and not a worse position for carrying on useful Local works. They have been debited with only 8 Lacs of Rupees; while credit has on the other hand been offered to them:-

1st of 2½ Lacs on account of their own Estimate of the produce of Tobacco Licenses.

2nd of 5½ Lacs on account of Village Police Corps in exchange for 4 annas extra on Salt which it is stated will not be felt.

3rd Of the whole of any saving they can make in their excessive Public Works Establishments now costing 16 Lacs and which may probably be reduced by one-half. and

4th of half of any saving they can make on the above or any similar heads of civil expenditure which certainly seem to afford scope for reductions to the extent of 10 or 15 Lacs.

23. The larger questions of military reductions will be adverted to in a separate communication.

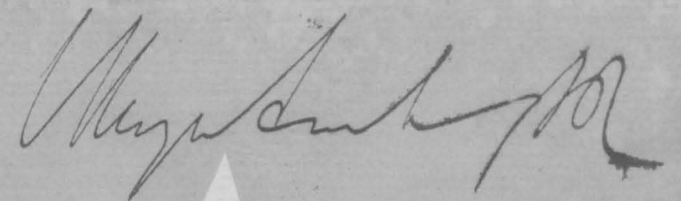
24. The Governor General in Council will be glad to be favored at your earliest convenience with your Excellency's views on all the above points.



I have the honor to be
Sir,

Your most obedient servant

Fort William
The 6th May
1861



Secy. to the Government of India

Minute

47

In laying before the Council
the accompanying letter
addressed to myself and
proposing to be a reply to the
confidential letter of Mr
Secretary Dyer dated
22 April 61, I do not think
it necessary to allude to
the specific reductions
which, it is stated, may be
made in the expenditure
of various departments.
They will be carefully in-
vestigated and, if found
consistent with a due regard
to the efficiency of the public
service, will of course be
carried into effect.

I must however remark
upon the distinction attempted
to be drawn between local
and Imperial Revenue.
as altogether unwarranted.
and I must protest against
the attempt in paragraph
b to ~~to~~ bargain with the
Govt for an exchange of
the Revenue arising from
an increase of 2 Annas in
the salt duty, against a
purely hypothetical addition
to the Revenue arising, or

Jul 1861 Sep 5

Trans
No. 332
333
The duty to the Govt
of India. 5295
5278.

of the
of 28 to 11/10/1861.

No. 334

Respecting to be passed
with the views of the Govt as
specifying the reductions proposed
in the several Acts of the Council
to meet the sum required.
from Madras for the purposes
of the local Budget.

or supposed to arise from
the collection of the fees payable
to the Village Police.

I conclude such an arrange-
ment, without any reference
to its fairness, to be one which
is beyond the power of
the Supreme Gov^t to make,
or of the Government to
accede to —

It appears to me that in the
propositions contained
in the Confidential letter
and in this to which I
am now referring, the
Supreme Government
instead of looking simply

to the existing state of the
Revenue, and to the
necessity of making it
commensurate with
the Expenditure, either
by reduction of the latter,
or increase of the former,
have been speculating
upon certain changes
in the Constitution of
the local Gov^{ts} and in
that of the Supreme Gov^t,
without having any
definite data — and
that in so doing, and in
trying to bridge the existing

state of things, and harmony
with their hypothesis, they
have complicated most
unnecessarily that which
is in point of fact a very
simple matter —

I conclude from the state-
ments contained in this
letter herewith submitted
that there is a deficit of
Revenue, and that in
consequence a reduction
must be made in the
amount proposed to be
appropriated to certain
special services in each of
the Presidencies & Provinces
of India also (though I
think there is no evidence
in the Papers which I have
seen of that, after due
consideration, the fair
proportion of the deficit
to be made good by Madras
amounts to 8 Lacs —
It will then be the business
of the Gov^t to provide
for this amount (should
it feel desirous to carry
out all the works proposed
in the Estimate) by
increasing the Revenue
or for instance by adding

2 Annas to the Salt duty
which would probably
produce 8 Lacs.
or by such reductions
as it may be able to suggest
in the Civil or the Military
Establishments.

I see no possible reason
for mixing up a simple
question of finance with
hypothetical considerations
as to future change of
the Constitution of the Gov^t -
There will be ample time,
when these changes have
been settled by Imperial
arrangement, to determine
the mode in which these
can be carried into
effect.

It appears then to me
that our course will be
to acknowledge the receipt
of the letter, to submit an
reply to suggestions
contained in it and
statements as may be
necessary to explain
the actual position of
the Gov^t which is evi-
dently utterly unknown
in Calcutta - to express
our regret that a further
demand of 8 Lacs

should be made upon us
to say that we propose to
provide for this in part
by an increase of 2 Annas
upon salt which we
calculate will produce
8 Lacs. and that
as regards the balance of
- 8 Lacs we propose
to meet it either by
reduction of Expendi-
ture of public or of
wt. by diminishing
the amount proposed to
be expended upon
Public Works -
With reference to the letter
from the Lieut Gov^r of
Bengal, it may be as well
to say that the whole
bearing of his letter would
indicate a reduction of
the Salt duty in Bengal
as the proper course to
be adopted. It certainly
does not contain one single
reason why the duty on
Madras should be
increased.

Decision

Minute

Nothing for the time being
on the points raised in the
letter from the Govt of India
of the 6th June last respecting
certain reductions of ex-
penses in the various Dep'ts
of the Madras Progs.

No 335

18/20 June 1861

SO. No 332
OL - 333

Minute by the Honble
the President

File 1861 Dept

I concur in the views expressed in the
Memo. & in the course proposed by
the President. - The proceeds of the Bank for the year &
the 2 additional m. lacs should go towards the 8 lacs
required of us, & we must diminish our expenditure
especially in the P.W. Dept if we cannot make the rest
good by economical savings.

Memorandum - on letter from
Govt of India 6 May 1861 Fin.
O. No 5278.

The Supreme Govt.
address the Govt. of
Madras in reply to
their confidential letter
of the 22nd April last -
2. They state that
under the reduced scale
fixed by them not
more than $\frac{1}{2}$ or 8 lacs
instead of 10 - will be
required from Madras
for the purposes of the
Local Budget.

3. They say that if
this sum $\frac{1}{2}$ lacs is
already provided by
Sohagco which has
been struck out of the
Budget of Imperial
Revenue in order to
have
leave

power - how to speculate
 on what we might leave it at the discre-
 tion of this Govt. and
 do - will bring no gain - as local tax - Further
 to the mill - which is that if the revenue
 what we want is from tobacco only should
 need of - be likely to fall below
~~2 1/2~~ 2 1/2 last it may be sup-
 The salaries of several - plemented by taxes
 of the Judges of the C. Courts on Betel and other
 might I think be 4. In saying that
 reduced to 2000 - 2 1/2 is already provided
 a month - 1000 - I by tobacco, the Govt. of
 inside - India would appear
 Letter 23rd March 1861. - to forget first -
 In keeping all might their budget, this
 I think be reduced to Govt. stated explicitly
 2343. - now they set 2,500 - that the estimate of
 and possibly some, as the yield of the tobacco
 take us, might be 2 - tax, being the aggre-
 reduced to 2000 - gate of the separate
 tobacco and betel - estimates sent up
 might be reduced by the various follow-
 to 1000 - It is a small - ers, must be "deemed"
 District - & can be merely conjectural
 worked for a man and in proof of the
 loose manner in
 which the estimates
 had been framed, they
 instance that the
 District of Trichinopoly
 with

unequal to discharge
 the duties of a higher
 court -
 The P. S. of Trin-
 chinopoly should be
 called on to resign - he
 is worn out - & it is
 to be desired because he
 work is light - a new
 man need not be left -
 with.

assuming it to be legally
 changed, which is not
 now at present

with only one large but
 town and that of only
 about 30,000 inhabi-
 tants, had been rated
 at 50,000 Rs. while
 the Province of Madras
 including the old District
 of Chingleput and with
 the Presidency town of
 70,000 inhabitants
 had been set down at
 only 20,000 Rs. In the
 confidential letter of
 22nd April last this
 Govt. repeated that
 the estimate of the
 produce of the tobacco
 Licence Tax "could
 not be depended on"
 and they referred to a
 previous letter of 11th
 June 1859 in illustra-
 tion of their remark.
 In truth the collector's
 returns were mere
 random guesses. Ex-
 perience only can
 decide what the tax
 will bring in. That
 it cannot be very
 productive is clear
 from

from the fact, that the license tax must of course fall on the tobacco and raise its price to the consumer and if the tax be heavy and the price be much enhanced in consequence, the people ^{will} ~~would~~ buy their tobacco from the ryots at the place of growth - Or on the other hand the shopkeepers in the large villages and towns would refuse to take out licenses and continue to sell tobacco as before, but clandestinely - The feeling of the people would be with them, and thus evasion of the tax could not be prevented, unless by keeping up an army of excise men to beat up all the profits and harass the people. ~~Secondly~~ Secondly the 2½ lacs has not been

2. Note - This was admitted by Mr. Cairn in his speech on the Budget Page 15 - "In a third Province the general cottage cultivation makes licenses of any thing beyond a nominal rate almost impracticable." All the Madras Provinces except perhaps Malabar and Cochin are in this category -

Secondly

been provided - As pointed out in our two letters of 23 March and 22 April last - the tax cannot be levied without an Act for the purpose and none such has yet been passed - Neither indeed can such an Act ^{if it is to be passed} ~~which~~ must be a Local Act, be proceeded with at all, until by the action of the Imperial Legislature this Govt. have been armed with powers of local legislation - Taking into account the time that will be required for the passing of the general Imperial Act conferring powers of legislation on the local Govts; for the settlement and passing of the Special Local Act, and for the various subsidiary arrangements which will

⊕ Thirdly this Gov. has uniformly opposed the plan of raising a revenue from Tobacco & in a high degree objection & unhesitatingly to the circumstances of this Presidency. They could then scarcely be expected to adopt it as a subject of local taxation - altho they might consider proper must have submitted to it if imposed as a general & imperial tax by the Imperial Service - but.

will be required to give the law effect, as raising and assessment of shops &c. it is scarcely probable that the measure, if productive at all, would have much effect on the revenue of the current year. ⊕ But the Govt. of India contemplate deriving the 2½ lacs not from Tobacco only, but from Betel and other stimulants. It is not clear what article is here meant by Betel - whether Betel properly so called - the Betel-nut the Areca - or the Betel leaf, the leaf of the vine so called, be- cause usually eaten by the natives with Betel. The betel-nut is for the most part imported from beyond sea, and pays an import duty of 10% on entry.

Note - In times anterior to 1844 the duties on these articles were in great part levied by the same machinery as was employed for the collection of the Transit duties, which machinery happily no longer exists.

98

entry - The only part of the Madras Territories where it is produced in any quantity is North Arcot. It was at one time subjected to a "Hawalt" or special duty. This in common with the transit and town duties was swept away by Act VI, 1844 - seventeen years ago - and could not now be re-introduced. If the Betel leaf be meant, this could only become the subject of taxation by a resort to the system which obtained prior to 1844, and was abolished as intolerable in that year - viz by putting on every man ^{own} betel garden - which ever he intended - the betel-nut or betel leaf or both, neither could be made to contribute

7. "In the first place
they observe, the Police
Charges of the Madras
Presidency include a

Para: 6.

Charger Street Lth -

9513

1. Those which may have been certified
in a sanctioned budget estimate,
but for which there may be no formal
and regular sanction
2. Charges sanctioned by Govt of India
but conditionally - contingent
on there having been provision
in the budget - & which have
not been so provided for -
3. Charges regular & proper in their
- nature - and duly sanctioned -
but which have no right or

I am confident that -

[Faint handwritten notes at the bottom of the page, likely bleed-through from the reverse side.]

(Faint handwritten notes, likely bleed-through from the reverse side of the page.)

other (2)
can have not been entered in the
budget -

95/13

The budget estimates are sanctioned
as a maximum not
to be exceeded -

But this will not be dis-
puted in principle and reason-
ing on a part of the Super-

intending that action will not be

initiated -
Letter from G. G. India. 17 May 1861. No 5210. In G. O. 18 May 1861. No 210.

Budget estimates are not
to be exceeded - or supplemented
estimates sent in earlier with
very extreme and exceptional
circumstances - as it occurs

3) - case of famine in Assam

Letter from G. G. India. 17 May 1861. No 5382. In G. O. 18 May 1861. No 290.

The fact of a charge having been
entered in a sanctioned estimate
will not pass it - unless it has already
been duly sanctioned & sent

on sufficient authority -
Letter from G. G. India. 21 May 1861. No 5005. In G. O. 21 May 1861. No 253.

Such an estimate of charge will
have been sanctioned by Govt of India

Budget Estimate I
IV Police. No 17 -

95

sum of 5,67,910 Rs.
for Village Police. This
Village Police has been
always paid for by
Village Fees, and there
is a report on the
subject by Mr. Robinson
of the 26th May 1860,
pointing out very
clearly the nature
of those Fees, and
how they should be
levied in future. It
does not appear dis-
tinctly from the
Madras Budget whe-
ther those Fees are
included in any
estimate of Surplus
Revenue. If not, they
are available to
make up the Local
Fund. If they are
included, the Govt. of
India would not be
indisposed to give them
up, as they are pro-
perly of a Local na-
ture, and to take in
exchange what Mr.
Morehead and

Mr.

"Mr. Malthy concurs
 "in saying might be
 "done without any
 "additional check to
 "the sale being perceptive.
 "title viz. an increase
 "of salt duty from
 "1-5 to the legal ^{or} _{as}
 "maximum of 1-8
 "per mawro!!

8. It is not correct
 to state as in the
 above extract, that
 the expense of the
 Madras Village Police
 has been always paid
 for by village fees -
 the fact being that
 for years past these
 fees have proved more
 and more difficult
 of collection by the
 village servants and
 have now in some
 districts ceased to be
 realized at all - that
 under the old native
 regime the village
 Police were remunerated
 by assignments of
 land and by fees is
 true,

See Volume - Selections
 from the Records of Govt.
 Papers relating to the
 Reform of the Police of
 India - 1861 - Page
 322.

97
 time, but the present
 state of these fees,
 and the impossibility
 of the Govt. collecting
 them is fully discussed
 in Mr. Robinson's letter
 to the Board of Revenue
 26 May 1860 which is
 referred to by the Su-
 preme Govt. He then
 proposed to abolish
 these fees altogether,
 and in lieu of them
 to establish a light
 and uniform local
 or village police cess
 rated on the land
 assessment. He
 reckoned that a cess
 of six pies in the rupee
 or 3½ per cent on a
 land revenue (not
 warrier) of 350 lacs
 would bring in nearly
 11 lacs of rupees - one
 of four pies would
 yield nearly 8 lacs
 and one of three
 pies would produce
 5½ lacs - The Police
 commission which

said

Ibid Page 318.

sat at Calcutta in their
report of 10 Sept^r last,
stated their belief that
"the remuneration of
"the Village Police in the
"Madras Presidency was
"in a most precarious
"condition which could
"only be remedied by
"legislative action—
and they strongly re-
"commended that such
"action be taken as
"soon as possible."

Mr. Robinson
accordingly drew up
an Act for the pur-
pose but it was I
believe the view of
the Members of the
Madras Govt. that
it would be useless
to bring such an Act
into the Legislative
Council of India, com-
posed as it was of
men quite unac-
quainted with our
Madras system - ac-
customed to gauge all
measures by a Bengal
standard

99
standard - and that
it was hopeless to
expect that they
would sanction any
measure of local
Taxation in addition
to the Imperial taxes
Income tax - Stamp-
salt tax License tax
Tobacco tax &c. which
had been imposed or
were under contem-
plation. I know that
this was the view
entertained by our
member in the Legis-
lative Council Mr.
Sorles, and I believe
that he intimated
as much to Mr.
Robinson - expressed
his unwillingness to
introduce such a
bill into the Council
and his conviction
that it would fail.
10. On receipt of the
confidential letter of
16th March 1861, No 3039
holding out a pros-
pect of local legisla-
tion, it at once
struck

Mr Robinson, whom I
have seen since this was
written, confirms this

JF

Robinson - expressed
his unwillingness to
introduce such a
bill into the Council
and his conviction
that it would fail.
10. On receipt of the
confidential letter of
16th March 1861, No 3039
holding out a pros-
pect of local legisla-
tion, it at once
struck

Let it were to
express an opinion
of this kind - it is seen
to elicit an angry re-
sponse from members
of the Council
This is merely stated
for information - not
to be answered
Calcutta
to in other parts
mentioned

Proceedings of Govt-17
April 1861 Rev Dept
No 868-

struck me, that we
might by this means
be enabled to obtain
that authority for
the levy of cesses in
remuneration of village
service, which we should
in vain have sought
for from the Imperial
Legislature. I think
that I mentioned as
much in Council.
The Board of Reve-
-nue, it may here be
observed, on the 20th
November last sub-
-mitted a draft Act
for the commutation
and collection of the
village fees of the
Revenue and Police
Departments. The draft
provided for the com-
-mutation of fees
in villages where
they now existed,
and for levying them
on individuals who
had hitherto evaded
payment, but not
for imposing them
in

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in villages where
they are not now
found. The Board were
of opinion that all
existing fees should
be abolished and a
single money cess
be imposed in lieu.
but thought that
the adoption of this
plan should be de-
ferred until the land
assessment had
been every where
~~reversed~~
~~raised~~. The Govt.
held proceedings on the
Board's report under
date 17th April last.
They did not concur
in the modified plan
proposed by the Board,
but thought that
measures should at
once be taken for the
imposition of a
money cess on the
payers of land re-
-venue for the re-
-muneration of the
village servants. The
draft was to be
confined

order has been carried
that Mr. J. A. has been

This I think was a mis-
-take & Mr. Robinson &
Mr. Sim agree with me -
Then I should be on the
for Revenue & Police fees.
- from the proceeds of what
should be divided between
the Revenue & Police Dep^y
according to their respec-
-tive requirements. It
does not do to worry the
people by several distinct
cesses - There should be
one cess for all -

The Revenue Draft has
been just been sent up by
Mr. Board - It is intended
for submission to the Legis-
-lative Council. This I
think is an error & Mr. Robin-
-son who knows the state
of feeling in Bengal concurs
with me - There should
be one local act for Govt.
- him & Police cesses to
- get them

Surely this was the
determined on the subject
and order on the subject
I speak from recollection of a
conversation with Mr. Sim but
the draft order may not
have passed yet

confined to the Revenue
Department only, the fees
in the Police Department
were to be dealt with
by the Inspector General
of Mofussil Police. -
Mr. Robinson has
just - 10th May - ad-
-dressed Govt. in re-
-ference to this order
and has forwarded
to them copies of two
draft acts, one for
the commutation
of village fees, and
one for the imposi-
-tion of a cess in lieu
of them - which he
had laid before the
Board of Revenue
about a year ago.
He submits that
the last of these
drafts may be made
the basis of an Act
for carrying out
the orders of Govt.
touching village
fees as respects the
Police Department.

from

11. From what is
above stated it will
be seen that the vil-
-lage Police fees, which
it may be said, at
once, are not included
in any of our esti-
-mates of Imperial
Revenue, cannot be
levied by Govt. - nor
can any substitute
for them be provided
unless by a Local
act which has not
yet been drawn up,
and which this Govt.
have at present
no legal power to
frame. Looking to the
delay which may
be expected to occur
before powers of
Local legislation are
given to this Govt.,
and before a local
act for the levying
of Village Police cesses
can be passed and
brought into opera-
-tion, it is not proba-
-ble that much can
be

be realized from it
in the current year,
however useful it
may be in future
years.

12. In para. 7 the
Govt. of India note
that the estimated
outlay in 1861/62
for Public Works Estab-
lishment is 16,00,000^R
and they undertake
to give to the Madras
Govt. for useful works
all that they may
be able to save out
of this sum. which
in para. 22 they
state may probably
be one half. By
what process, this
proportion has been
arrived at, does not
appear. In para.

13. In paras. 9-10.
the Govt. of India
advert to the expecta-
tion held out by
this Govt. that the
result of the re-
vision of the old
Revenue

question is now under
the immediate consid-
eration of the Govt. The
result of their inquiries
and deliberations will
show what savings may
be effected - as also wh-
ether, altho the organization
may be improved & thus
more got for the money, any
savings can be expected
at all.

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Revenue and Police
establishments now
being conducted by
Mr. Kelly would be
a saving of at
least 11 lacs of ru-
pees which would
be available to
meet the expenses
of the new Police.
They remark that
the aggregate charge
for Land Revenue
Establishments in
1861/62 does not
however show any
reduction but an
increase of 70,000
Rupees over that
of 1860/61 and ^{they} argue
that either the charge
for these establish-
ments must have
been over-estimated
or there must be a
large field for reduc-
tions by a careful
revision.

14. It is not
correct to say that
the aggregate charge
for

for land revenue re-
-establishment - there
is land revenue re-
-establishments proper
reestablishments for
realizing and ad-
-ministering the
land Revenue for
1861/62, does exceed
that for 1860/61 by
10000 Rupees. and
the conclusion -
which would seem
to have been arrived
at, that there has
been no reduction
of Revenue Estab-
-lishment, and there-
-fore that there is
a large field for
saving open, is still
more erroneous -

15. The Supreme
Govt. probably re-
-fer to Statement B
Revenue Department -
Land Revenue in-
-cluding Abkarri
No. 5 of our Budget
estimates for 1861/62.

that

1. Board of Revenue.
2. Collectors, sub collectors
and Assistant Collectors,
including Muzdoor and
Taluk establishments
3. Unencumbered Dy. Collectors.
4. Abkarri.
5. Inam Commissioner.
6. Revenue Survey & Settlement
- Mand.
7. Conservator of Forests.
8. Postage on official letters.
9. Public Works.

for. The Inam - and
Settlement & Survey Dep^{ts}
are terminable Dep^{ts}. The
more work that is done in
the year, the sooner will -
the Department itself come
to an end - The Inam Com-
-mission will probably be
closed by the end of
next year.

109
That estimate does
indeed exhibit a
net increase for
1861/62, as ^{the} re-
-sult of the several
increases and de-
-creases in the 9
departments which
compose it. But of
these 9 departments
as per margin the
three first only are
Land Revenue charges
proper, or such as
come under the
scope of the observa-
-tions made by the
Govt. of India - and
it will be seen that
in these there is
a net decrease
of Rs. 116640. The
departments in
which there has
been an increase
are the Inam - Settle-
-ment and Survey
- and Forest Depart^{ts}
and this is in con-
-sequence of the
expected extension
of

all in this box

of the operations of those Departments. But again the estimate of Hoogoor & Talook Establishments for 1860/61 was filled up by the several selections according to the strength of their respective establishments as they stood at the time when the returns were sent to the Accountant General in or in January last. and their establishments had already been largely reduced in consequence of Mr. Kelly's revision. From the letter to the Govt. of India of 14th Sept. 1860 No. 1596 it will be seen, that the total annual cost of the District Talook establishments, exclusive of those for Salt, Sea Customs and Ports, as

Hoogoor and Talook Establishments. Budget Statement. N.S. Page 13. 22,02,460
Add Estab^t of Dy^y Collectors 34,200
22,36,660
To the Govt. of India. 14 Sept. 1860. P. 9-10.

Calculated as above.

109
they existed before Mr. Kelly began his enquiries, was Rs. 29,66,382. The new establishment proposed by Mr. Kelly with the same omissions was to be Rs. 16,13,342. besides 1 1/2 lacs for Sub Magistrates leaving about 1 1/2 lacs available for the Police. Now the total amount for Hoogoor and Talook Establishments entered in the Estimate for 1860/61 is Rs. 22,36,660 or 7,63,922 below the old Establishment. That for 1861/62 is Rs. 20,68,050 or Rs. 9,32,532 below that Establishment. Some reductions yet remain to be made, but these can only be effected as the new Police are introduced and supersede the members of the old Establishment, for the revision of the former establishments, and the introduction of the

+ ~~XXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXX~~

the new Police are to proceed pari passu. This will scarcely be accomplished in full in the course of the current year.

The above remarks will prove.

First. That there is a decrease, and not an increase, in the revenue, Hoogoor and District Establishments estimate for 1861/62 as compared with that of 1860/61.

Secondly. That the reductions recommended by Mr. Kelly have largely been carried out already and that they will be carried out in full as the organization of the new Police proceeds.

Thirdly. That nothing is to be looked for from this source for meeting the 8 lacs which has to be provided by local taxation.

sources

Ans

5/2
For the ~~remainder~~ of the paragraph I am indebted to Mr. Sim

16/11/77
The Govt of India state that "the number of D^r Collectors was raised last year and a sum of Rs 21,000 added for establishments." This is a mistake. The fixed number of Deputy Collectors sanctioned was sixty, and Rs 26,750 was the monthly charge, establishments included. In April 1850, this Government reduced the number to 48 - costing ^{with} the establishments Rs 21,400 p m. The Government of India continue that no corresponding reduction has been made in the Revenue Department in consideration of the appointment of Deputy Collectors - of the separation of the Police - of the Income Commission and of various administrative reforms - and they refer to a report of the Revenue Board in 1856 admitting that reductions would be practicable in Collectors' establishments and that the pay of the Sheristadars in particular might be saved. The

The Government of India
add to this that "the establish-
ments of the Sub Collectors
"seem equally capable of
"reduction."

These remarks could
only have been penned by
some one altogether un-
acquainted with the facts.

The Revenue Establish-
ments have been most
carefully revised by a
Special Officer in direct
communication with
the Government. The
revision extended to every
branch of the Rev. Depart.
and the result every where
has been reduction. the
saving being in round
numbers 11 1/2 lacs. Adding
the saving by the
reduction in the
number of Deputy
Collectors and sundry
other items which need
not

13
not here be specified
the annual saving
will be fully 12 lacs
per annum and these
are not savings on
paper only, or dependant
on numerous con-
tingencies. The reduc-
tions in the Collectorate
Sub. Assistant, and Deputy
Collectorate Establishments
is already effected. the
Talukdary changes have
been carried out in
several districts, and
will take effect every where
as soon as the Police
is fully organised. Sooner
they cannot be effected
or the country would
be left without a
Police at all. The
Sheristadars to whom
the

a. These are included
among the savings
76,39,22 pr 1860/61
and R 9,32,532
pr 1861/62 expended
in a preceding
para.

b. So ~~these~~ are these.

the Government of India specially allude, used to draw salaries rising from Rs. 280 on appointment to Rs. 700 - the maximum - they now get the fixed rate of Rs. 200 - certainly not too much for the chief servant in a Collector's Office. The Sub Collectors' establishments - also specially noticed by the Government of India - were revised along with the others. These proceedings were reported to the Govt of India in September last and so lately as the 8th November last that Govt. expressed their satisfaction at the result as regards the sudder establishments.

Para. 13.

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17 The Supreme Govt. remark that it may "deserve consideration" whether a Board of Revenue of 3 Members "with 2 Secretaries is required - Two members with one Secretary are found sufficient in the North West where the amount of Land and other revenue is very similar."

In making this comparison, it probably escaped the Govt. of India that altho' the amount of revenue of the Madras Presidency and that of the North West Provinces may be nearly equal, yet that the land revenue system of the North West is that of long village cases where as in Madras it is by ryotwaris or individual settlement -

There

Irish War was none ^{less} ~~was~~

There is no Moturpha
in the North West
Provinces nor Salt
~~and~~ ^{or} Sea Customs. There
there, altho' there are
only two members
of the Board of Re-
venue ^{for the NW Provinces} there are eight
commissioners of Re-
venue of whom six
draw each a salary
of Rupees 2916-10-8
per mensem - one
draws 2500 - one 2000.
~~There are 12 Deputy
commissioners on sa-
laries ranging from
Rupees 1200 to Rupees
1800 per mensem and
10 Assistant Commis-
sioners on salaries from
Rs. 600 to Rs. 1000. It
is the general impres-
sion that a Board
of Revenue and Commis-
sioners of Revenue
cannot both be re-
quired. Should the Com-
missioners in the
North West Provinces~~

Note. Besides travelling
allowance at Rupees
250 per mensem.

Should be

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be abolished it might
probably be found ad-
visable to add a third
^{Dangass or 3rd Secy} Member to the Board
of Revenue there
~~18~~ In Bengal al-
though the land revenue
be ~~much~~ larger than
in Madras, yet nearly
the whole of it is per-
manently settled. The
business of the Revenue
Board will therefore
probably be chiefly
ⁱⁿ given to the other sour-
ces of revenue as
Salt Customs Stamps
and Opium. Yet there
are three members each
on of Rupees 4166 per mensem
or more than the
salary of the Senior
Member of the Madras
Board of Revenue -
two Secretaries, the
Senior on Rs. 2500 and
the Junior on Rs. 2333
per mensem or the
pay of a Collector on
the Madras Establish-
ment. There are also

8 Commissioners at
 Rupees 2,916 per mensem each - and 3 Salt
 Agents at Rs. 2,500
 each per mensem -
 At Madras altho the
 Salt revenue for the
 current year is estimated at Rs. 70,00,000
 and this is probably
 much below the mark
 the highest paid officer
 of the Salt Department
 is an Unconvenanted
 Servant at Rs. 500
 per mensem. The
 Salt department is
 indeed specially under
 charge of one member
 of the Board of
 Revenue, and Mr. R.
 Clarke has lately
 given it much of
 his attention and
 submitted a full report
 upon it. If a comparison
 were instituted between the
 Supervising Government
 Revenue Establishments
 in Madras, the North
 West

	Bengal.	North West.	Madras
Members - 3 each at 1166 p.m. 12,500		2. 3750 - 7500.	3. 1,4000. 10,425.
Secretaries 2 — 2500 + 2333.	4833.	1. 2000 - 2000.	2. 1,2000. 3,500.
Commissioners 8 — 2916	23,333	9. 62916 21,500. 2,2500. 1,2000	0 — —
Per mensem —	40666	34,000	13,925.
Per annum —	487,992.	408,000	167,100.

Revenue Board
 0.3
 five annas
 of a Rupee

Rs 167,000 on a revenue
 of Rs 5,50,00,000

West Provinces and Bengal -
 economy would be found
 to be very much on the
 side of the former. The
 marginal statement will
 serve to illustrate this.

The Government of
 India apparently overlook
 the report of the Special
 Commissioner Mr. Ricketts
 on the Revenue Establishments
 of this Presidency. Mr.
 Ricketts gave the preference
 to Commissioners over a
 Board. but his plan involved
 an increase of expenditure
 of one lac per annum. The
 Revenue Board in this Presi-
 dency are the sole supervising
 authority in Revenue mat-
 ters and their functions em-
 brace those of both the Board
 and the Commissioners of
 the North Western Provinces.
 The charge for the Madras
 Board amounts to 168,000 Rs
 annually or ~~Rs 0.3~~ ^{Rs 0.3} ~~about~~ ^{about}
 percent on the Revenue
 they supervise - and is cer-
 tainly extremely moderate
 whether

whether thus viewed or compared with the charge for the same purpose of Rs. 11,08,000 in the North West and Rs. 1,00,000 in Bengal.

19 But the question, it may be said, is not whether the cost of our Revenue Superintendence be or be not more moderate than that of Bengal or of the North West Provinces, but whether it is or is not too high per se. Is the Madras Revenue Board or is it not stronger in ^{mem}bers and Secretaries than is necessary? As to members the Honorable Mr. Maltby now Presi-

I agree with Mr. Pycroft that 3 members are essential to make the Board efficient for its ordinary duties in this large & diversified Presidency. At present all the 3 members have special or extra duties

dent, and whilom Member of the Board will perhaps give his opinion. If I were to give mine, I should decidedly say

23
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Part 13. "The Expenses of the Jails for the year have been Rs. 367,061. 9. 3 $\frac{1}{2}$ on an average of 6274 Prisoners or at the rate of Rs. 58.8 per head. In 1857/58 it was Rs. 337,287. 12 for 5700 Prisoners or at the rate of Rs. 59.2. 9 per head per annum. The cost of diet has varied from Rs. 19. 13. 4 per head in our most Northern Jails to Rs. 16. 12. 6 at Coimbatore, the average cost has been at the rate of Rs. 27. 13. 9 for all the Prisons. In clothing and bedding the average cost per head has been Rs. 1. 15. 3. The purchase and repair of Tools chiefly for repair of public roads has cost Rs. 14,984. 15. 2. The per- manent establishments of the Jails has cost Rs. 58,548, while for extra guards, a charge mainly attributable to the employment of Prisoners outside the Jail walls, the charge has been Rs. 87,789. It is from this last item that I mainly look for compensation in building new Prisons."

I Chepant Agency

Bombay the Govt are in communication with the Inspector General of Jails. I give in the margin the remarks of this Officer on that head in his report for the year 1859.

The Govt. are not aware that it was ever contemplated to transfer the duties of the Chepant Agency to the Collector of Madras. This latter Officer since the incorporation of the Chingleput with the Madras District has to collect a revenue of Rs. 35 lacs. His jurisdiction in place of being confined to the Town of Madras and limits of the Supreme Court, embraces an area of 3100 square miles. His Head Quarters are not at Madras but 3 miles from St. Thomas' Mount. He must be occasionally absent from Madras

on

Stipendiaries of 1801	No. 735	Aggregate yearly stipend 237293
Do of 1855	1444	587811
	2179	825104

Note. At present the pensions are paid at the General Treasury on certificates passed by the Govt Agent. It is however very doubtful whether the Bank of Madras on the Govt business being transferred to it will undertake these payments except such as are of considerable amount. in which case it may be necessary that all the small pensions be paid by the Agent.

on revenue towns through his District.

On the other hand the Carnatic Stipendiaries whose pensions are checked by the Govt Agent at Chepauk are more than 2000 in number, and draw in the aggregate more than 8 1/4 lacs per annum. With the exception of the stipends of some of the immediate family of the late Nawaab. who do not number more than 20 persons, all the stipends of 1855 are life grants. as are most of those of 1801. Much vigilance is required to ensure lapses being duly reported to prevent frauds.

Again, the Chepauk Agency serves as the medium of communication between Govt and the stipendiaries. some of whom are of high birth and on large allowances. Thus His Highness Prince Azem

Azem Jah, uncle of the late Nawaab and Regent from 1826 to 1842 during his minority, has a pension of Rs 15,000 per annum. Her Highness Tyre or Nissa Begum, Shadi Nabob, draws Rs 9250 per mensem. Azem or Nissa Begum his Nawah widow draws Rs 4000 per mensem and so on. Some consideration is due to the fallen fortunes of these persons. Questions are constantly arising in connection with them and their affairs which have to be arranged by the Agent or have to be reported by him to Govt. and on which information is desirable from an officer acquainted with Carnatic matters and the feelings and concerns of the family. Numerous petitions are presented to Govt. by the heirs or connections

connections of the minor
stipendiaries praying for
a renewal or partition
of stipends which require
to be reported on by
some one well acquainted
with Carnatic affairs -

Again it is not
without its use to
have at Madras an
officer in frequent
intercourse with the
higher classes of the
Musulmen in Tri-
plicane, and informed
of the state of feeling
in that quarter. The
Mahometans can scarcely
be well affected to
our Govt. There is
constant correspondence
between the Musulmen
of Madras, Mysore and
Hyderabad. It is of
advantage that the Govt.
should have means,
as they have thro' the
Chepauk Agent, of
knowing what is the
real

25- 125/
real state of feeling in
Triplicane.

The salary consolidated
of the Govt. Agent is only
Rs 525 per mensem. His
Establishment costs Rs
639. 12 per mensem total
1164 3/4 or less than 1 1/2
per cent on the amount
of the pensions which
are passed by the Office.
If the duty could be
made over to the Collector
of Madras it would be
necessary to entertain
an additional Deputy
Collector who could not
have assigned him a
smaller salary than that
drawn by the Agent; the
establishment remain-
ing much as at present.
so that there would be
no saving. How far
it would be prudent
to trust a Native Deputy
Collector with little or
no check, to pass pensions
aggregating 8 1/4 lacs,
may be matter of consid-
eration

ation.

The present salary of the Agent is so low that in an expensive place like Madras, the appointment is hardly worth having by itself. It is now held by Dr. Balfour in commendam with the place of Hindustani Translator and the two are likely to go together as the Port Agent should be a good Hindustani Scholar. As it is Dr. Balfour does not draw from both appointments together, as much as he now might fairly expect to receive in his own Department.

In para 19 of your letter you remark that the Office of Superintendent of Marine might certainly be dispensed with, considering the small extent of naval duty at Madras and that there

20
27
is a Master Attendant. A Contract also is drawn between the local Marine charges which should be met by Port dues and appear to amount to Rs. 20,0410. and the total receipts in the Marine Dept. which are only Rs. 11,9400.

The reply to these observations must of necessity be of some length. but it is proper that the matter should be fully explained.

First as to the duties and position of the Supdt. of Marine at Madras and the Master Attendant.

1. The Supdt. of Marine as the head of the Department is the Officer through whom all recommendations and suggestions on Marine matters are made, and to whom all questions of this nature are referred whether

whether by Govt or by others. He is the adviser of Govt. in all such cases, and is responsible for the efficiency of the Marine Establishment at Madras and the outports.

2^o He exercises control over all the ports, but more particularly over those that are brought under the operation of Act XXII of 1855 which now number 17.

3^o Besides these ports there are no less than 152 minor ones, and all Marine questions regarding them are submitted to him.

4^o The Coasts of this Presidency extend from Ganjam on this side round Cape Cornerin, and, omitting that portion belonging to Travancore, comprise a sea board of about 1350 miles, along which there are no less than

also to perform & I am
sure that a Board of 2 Mem-
bers would break down

W

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say that instead of taking
a member from it, it
would be better to add
one to it - as a travelling
member who would be
frequently on the move
and investigate important
questions on the spot.
This was at one time
the constitution of the
Board, and it is in
my view to be regretted
that it was departed
from.

Of the Secretariat
I may speak with more
confidence having been
Sub Secretary of the
Board for two years,
& Secretary for five years,
and I defy any man
to do the work single-
handed, as it ought
to be done. Mr. Sim,
confirms me in this,
adding, what is no
doubt

doubt the case, that the work is heavier now than when I left the office.

A further proof of the laborious nature of the office, even with a Sub Secretary, is afforded by the way it has told on those who have held it. Mr. D. Elliott and Mr. Bayley had their brain overwrought and their nervous system very seriously affected. Mr. Bourdillon broke down after a year of it. I had to go away on Medical Certificate. so had Mr. Gordon Forbes. The present excellent Secretary Mr. Audleston has already suffered much in his eyes, and it is altogether questionable how long they may serve him now. —

The

Paras. 14 & 16 of Letter-
Establishments of
Accountant General
and Civil Auditor.

131/105
~~West Provinces and Bengal - economy would be found to be very much on the side of the former. The marginal statement will serve to illustrate this.~~
20. The departments of Account and Audit are wholly under the control of the Supreme Govt. This Govt. have no power over these nor means of judging whether or not the establishments in the offices of the Accountant General and Civil Auditor are larger than necessary, especially considering the many changes lately introduced into the departments of Audit and Account - of the effect of which on the work of those departments they ^{by Govt.} can form no opinion. The Accountant Genl.

Sh.

I am aware, has recently obtained from the Supreme Govt. a revision of his establishment involving certain changes in details and leaving the aggregate cost as before. The Civil Auditor has lately submitted to the Supreme Govt. a proposed revision of his establishment at an increase of about 100 Rupees a Month.

15. Sub Treasurer.

21. The Accountant General and Sub Treasurer ^{have lately} ~~are at the~~ ^{been} ~~sent~~ in treaty with the Bank of Madras as to the amount to be made over to them for establishment, when the Govt. business has been transferred to the Bank. The saving which will be effected will probably be ~~about~~

Present estab ^l - per annum -	46,100.
Proposed to be made over to the Bank - *	12,000
Remaining -	34,100
must be retained to do work which must still be performed.	9,984.
<u>Net saving.</u>	<u>24,116.</u>

* The Bank demand this and ^{ask} ~~little~~ for R 15,000 - which would reduce the saving to R 21,116

at the outside not exceed Rupees 24,000 per annum. But this saving cannot be realized at once nor in full for the current year. The currency bill has to be passed, and the arrangements for the transfer of the Govt. business have to be effected. The power of issuing notes on the part of the Bank of Madras will not cease until the 25th February next - but the change may by mutual agreement be made at an earlier date.

22. In para: 17 of the Supreme Govt. say that "the whole department of Law and Justice requires close revision but the Governor Genl. in Council abstains from entering into details as he is convinced that this

above

above all others is a branch of expenditure which can only be effectually controlled by the constant vigilance of a Govt. on the spot. One charge only need be specified which appears clearly wrong viz. Rs. 23,310 for guarding Judges Courts a duty which should be done by the new Police. The average cost of each Prisoner per head appears to be 60 Rupees a year in the jails at Madras while in Bengal it is only Rupees 43 and in Bombay Rupees 38 a head. In the letter forwarding the Madras Budget 23 March 1861 the Supreme Govt. were ~~distinctly~~ informed that this Govt. were actively engaged in re-
vising Judicial Establishments

Letter 11 January 1860.

Establishments and several instances were given in which this revision had been carried out. With respect to guarding Judges Courts, this Government, as the Government of India have ^{apprized} ~~been told~~, are in communication with the Judges of the Court of Sudder Adawlut and the Inspector General of Police. They must however be attached to all Courts of Superior grade peons, as Messengers or runners, who cannot be provided from the Police. The matter of the comparative costliness of prisoners in the Madras jails as contrasted with that of those in the jails of Bengal and Bombay must be

Note- Since this was written I have received Mr Rohde's Jail report for 1859/60 from which I make the following extract. Para 13. "The expenses of the Jails for the year have been \$57,051-9-32, on an average of 6274 Prisoners or at the rate of Rs 58-8 per head. In 1857/58 it was Rs 337,287-12 for 5700 Prisoners or at the rate of Rs 59-2-9 per head per annum. The cost of diet has varied from Rs 19-13-4 per head in our most northern jails to Rs 15-12 but Calcutta, the average cost has been at the rate of Rs 27-13-9 for all the Prisons. In clothing and bedding the average cost per head has been Rs 1-15-3. The purchase and repair of tools, chiefly for repair of Public roads, has cost Rs 19,814-15-2. The permanent Establishments of the Jails has cost Rs 58,548. While for Extra Guards, a charge mainly attributable to the employment of Prisoners outside the Jail walls, the charge has been Rs 87,789. It is from this last item that I mainly look for compensation in building new Prisons."

This last charge for extra guards is probably much lower in Bengal where the Prisoners are I believe collected in large jails & worked within the walls.

I think there is great scope for
18. Chepauk Agency
which in this climate.

be referred to the Inspector General of Jails. Mr Rohde, as I showed by one of his late Circulars is anxious to reduce these expenses as much as possible. The price of food in Bengal is I believe much less than in Madras.

23. I am not aware that it was ever contemplated to transfer the duties of the Chepauk Agency to the Collector of Madras. This latter Officer since the incorporation of the Chingleput with the Madras District has to collect a revenue of Rs 35 lacs. His jurisdiction, in place of being confined to the Town of Madras and limits of the Supreme Court, embraces an area of 3,100 square miles.

His

than 15 beacon lights, some on flagstaves, others exhibited from Columns. The Supdt. is charged with seeing that these are all kept in a state of efficiency. Another light will shortly be exhibited at Palicat. 5. The Supdt. regulates and checks the whole marine expenditure of the Presidency, and all bills and indentments are submitted to him for admission or not, as well as all proposals for new works and estimates.

6. It is also his duty to check irregularities in the carriage of coolies by sea to the Eastern side of the bay of Bengal.

7. In the Military Dept. of Govt. he is the officer to provide all freight and passage & engages all transports and arranges for their employment

employment as well as
for that of Govt. vessels
in the movement of troops
and stores by sea. During
the last official year,
which has been one of
less work than ordinary
in consequence of the
usual relief of troops
in Burma not taking
place, no less than 21
steamers and 40 sailing
vessels left Madras
with troops and stores,
not including numerous
engagements for small
quantities of stores or
for parties of troops few
in number. All outlay
incurred on this account,
such as freight and
passage, boat and
raft hire, or other
expenses incidental to
the service, is submitted
to ^{the Sup^r of Marine} ~~him~~ for check and in
fact ~~as it will readily~~
~~be seen~~ he conducts and
controls the whole marine
duties of the Presidency.

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87. The Master attend-
ant is the executive
officer to carry the
Superintendent's instruc-
tions into effect at
Madras. It is his duty
to cause all transports
to be fitted up according
to such orders as he
may receive, to supply
boats for embarking
and landing troops and
their baggage, and to
receive, store and deliver
coals on indents duly
passed. He is also the
responsible Officer to see
that the boats are kept
in a state of efficiency
as regards seaworthiness,
crew and dunnage. As
Conservator of the Port he
has to enforce obedience
to the port rules, and as
shipping Master he
has to decide disputes
between Masters and
seamen, none of whom
can be engaged or
discharged without his
sanction.

sanction recorded in the
Articles. He is also
Registrar of Shipping
and as such has to
grant Certificates of
Registry and endorse
all transfers of owner-
ship.

From the foregoing
sketch it will be observed
that the Insp^d is not
so much a servant of
the public as of the Govt.
in whose interests he
acts. His salary and
that of his Estab^t have
therefore never been a
charge on the port fund.
The Master Attendant on
the other hand are the
officers whose duty it is
to see that the business of
the ports under their
superintendence is
conducted with regularity,
that ships are not in-
properly berthed: and
that the regulations which
are made for the general
safety and convenience

of

1841
of all, are attended to.
Their establishments con-
sequently form a charge
on the port funds, but in
as much as they perform
a considerable amount
of work on behalf of Govt.,
the expenses are divided
between the State and the
funds; a principle which
is adopted at Calcutta,
where $\frac{1}{3}$ the cost of
the Master Attendant's
estab^t and $\frac{1}{4}$ of that
of the Superintendent of
Marine are charged to
the Port Fund.

At Madras one
half of the pay of the
Master Attendants de-
partment, and the
whole of that of the
Shipping Master's Office
were originally debited
to the Fund. Subsequently
some increase in the
allowances took place,
all of which formed a
charge on the fund. At
the outports two thirds
are

are so charged. The entire expenses for lights are likewise borne by the fund of the ports in which they are situated, but there are some - Santapillay, Point Divi and Arnegow - placed beyond the limits of any port, and their expenses form a charge on Govt. 12. The light at Pannchen is similarly an expense to Govt. no port dues being levied there, although three fourths of the pilotage fees belong to Govt. and their share during the year 1860 amounted to Rs. 12,858.

13. On examining the Marine Budget for 1861/62 in which a very heavy item of Rs. 2,23,740 is set down under the head of Miscellaneous charges, it is observed that 1,35,000 Rs. are for Coals, which of course must be considered as a State charge and

and not one to be borne by a port fund. Eventually they do not even remain as a marine charge, as their cost is debited to the department for which they are expended, which is principally the Military.

13. The supplies to be made from the Commissariat department may be similarly dealt with for these are principally for stores required for steamers employed in trooping, the expense of which 28,190 Rupees cannot fall on port Funds.

14. Then 45,000 Rs. are set down for the subsidy for carrying the mails between Madras, the Northern Ports and Rangoon. This must likewise be expunged from the debit to a port fund for the contract is entered ^{into} for Govt. purposes

The

15 The item of 8050 Rs., being the amount to be defrayed from the port funds of Cocanada, Negapatam and Tellicherry, may be allowed to stand, but that for sundry charges Rs 7500 is most probably for services rendered to Govt. and not to the public, and therefore should not be met by the port funds.

16 The Miscellaneous charges will therefore have to be reduced as follows.

Sum set down	Rs. 23,740
Coal from England	Rs. 110,000
Coal to be purchased	25,000
Subsidy	45,000
Supplies from Commissariat	28,190
Sundry Charges	7,500
	<u>215,690</u>
Chargeable to port funds or Marine receipt	8,050

17 The other charges are sufficiently correct, but deductions have to be made for those proportions which are debitable to the State; and moreover the outport charges were calculated

calculated according to the expected revision of the Marine Estab^{ts}, as submitted to Mr. Pelly to whom was entrusted the consideration of this question. Nothing has yet transpired on the subject, and probably no change will take place for the present at least. About 8000 Rs. may therefore be struck off on the account, and 2000 for the salary of the Pilot at Cochin which is paid out of the pilot fees and neither falls on the Govt. nor the port fund.

18 The bona fide Marine charges will therefore stand thus.

Marine Superintendent's Establishment	Rs. 25,130
Master Attendant's do	4,390
Examiner in Seamanship	600
Shipping Master's Establishment	3,960
Marine Establishments at out ports	24,280
Light Houses	18,430
Miscellaneous	8050
	<u>121,840</u>

and if from this the Supd^{ts}

Supd^t's estab^t is deducted
about half the Master
Attendants Estab^t at
Madras, and one third
of third at the outports
there remains 6867 Rs
as the actual sum that
ought to be met by port
dues and Marine receipts.

Sum above shown ————— 12,1840

Supd ^t 's Estab ^t here at	25,130	
1/2 Master Attendants do	20,000	
1/3 Outports do	9,093	53,223
		<u>68,617</u>

Port dues Presidency — 45,000
do Outports — 40,000
Miscellaneous — 5,000

19th The bona fide Marine
receipts for 1861/62 will
probably amount to
90,000 Rs or more; so
that the expenditure will
be well within the income.
It is observed that 23,700
Rs are set down as
the sale proceeds of
Coal &c. but for the
same reason that that
item was expunged from
the debit side, it should
not be admitted here.

To the above it
should be added that the
duties

32 147
duties now performed by
the Supd^t of Marine,
until within a few years
past devolved on a "Marine
Board" composed of
Ex Officio Members and
with a paid Secretary.
The Members having their
own proper duties to
attend to were little
better than cyphers and
the Secretary was the
Board. In 1858 at the
recommendation of this
Govt. the Marine Board
was abolished and a
single paid officer as
Superintendent of Marine
appointed in lieu of it,
Mr. Franklin who had
been Secretary to the
Board being the first
Superintendent. Both
this office and that of
the Master Attendant
at Madras are home
appointments. nomi-
nations to them being
made by the Secretary
of State - nor could
rather

either appointment be
abolished without his
sanction. It is however
trusted that enough has
been stated above to show
that neither office could
be dispensed with.

The Govt. in the time
of Sir C. Trevelyan under-
took the revision of the
establishments of Chul-
prassees or Peons at the
Presidency. A revision of
the peons attached to the
revenue officers in the
Provinces has been made
by Mr. Pelly. Reference
has been made to the
Sudr about the peons
entertained by judicial
officers. This was reported
to the Govt. of India in a
letter dated 11 January,
last, Finl. Dept. No. 21.
So the question of reducing
the cost of stationery for
the various Public depts.
was considered and
disposed of in the Pro.
of this Govt. 23 April 1860

So

P Chulprassees.

Note.
The replies of the Sudr and
Inspector General of Police
have recently been received
and will shortly be disposed
of.

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No. 597. The papers on the
subject by the Civil
Finance Commission
have been made over to
the Principal Inspector
General of Ordnance
for his consideration
whether there be any
thing in the suggestions
offered by the Committee
beyond what has been
already ordered. The
indent of stationery for
1860/61 was however revised
and reduced on the prin-
ciple laid down in the
Pro. of this Govt. above
quoted. It is not prob-
able that any con-
siderable saving in ac-
count of stationery can
be made this year.

The Madras Govt.
have thus gone over
revision at greater
length than they could
have wished, but not
greater than ^{was} required
for the full explanation
of the subject, the
several

several suggestions and observations contained in your letter under reply. The conclusion at which they have reluctantly arrived is, that it is not possible to raise a revenue for this year of 8 lacs of Rupees, or any considerable amount of revenue at all - from the various sources, taxes on Tobacco & Stimulants. Police fees &c specified in your letter - nor from the savings in expenditure indicated in it.

This Govt. however I am to state will, they trust, be able to provide the required sum altho' by other means. Since the receipt of ^{the} your letter to which has been above replied to, they have received the order of May 1861. F. D. No. 5674 - (Confidential) in which an extract from a report

Act VI. 1844. S. 43.

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report by the Lieut. General of Bengal is communicated, and cause is required to be shown why there should not be an increase of salt duty in this Presidency. The Govt. as has been intimated in their previous Minutes - are aware of no reason why the monopoly price of salt in the Madras Territories should not be raised to Rs. 1.8 per Indian Maund or the highest rate permitted by Law. and relying on the approval of the Govt of India and as duty would only involve loss of revenue, they have ordered the enhancement to be at once made. The proceeds may be estimated at from 4 to 5 lacs of Rupees for the year 1861/62, and these will form a part of the contribution of

places which has to be provided by Madras. Again the Pearl-Fishery in the Gulf of Manaar, off the coast of the Tinnevely District, has yielded during the past year 1860/61 a net revenue of about 20,000 Rs which, as the Govt have ascertained from the Accountant General, has not been included in the Revenue for 1860/61 in the budget. One lac of Rupees may probably be obtained from the same source during the current year. Then three lacs will also be available towards making up the sum required to be raised in the Madras Presidency. The total thus obtained will be say 7 lacs of Rupees, and whatever may be required to supplement it, and bring it up to the full amount

Stipendiaries of No	Aggregate
1801 ————— 735	237258
do of 1855 — 1444	587811
	<hr/> 2179 825,104

Note.

At present the pensions are paid at the General Treasury on certificates passed by the Govt. Agent. It is however very doubtful whether the Bank of Madras on the Govt. business being transferred to it will undertake these payments except such as are of considerable amount in which case it may be necessary that all the small pensions be paid by the Agent.

His Head Quarters are not at Madras but 3 miles from the Mount. He must be occasionally absent from Madras on revenue tours through his District.

On the other hand the Carnatic Stipendiaries whose pensions are checked by the Govt. Agent at the bank are more than 2000 in number and draw in the aggregate more than 8½ lacs per annum. With the exception of the stipends of some of the immediate family of the late Nawab who do not number more than 20 persons, all the stipends of 1855 are life grants — as are most of those of 1801. Much vigilance is required to ensure lapses being duly reported and to prevent

prevent frauds.

Again, the Sepauk Agency serves as the medium of communication between Govt. and the Stipendiaries - some of whom are of high birth and on large allowances. Thus His Highness Prince Azem Jah, uncle of the late Nizam and Regent from 1826 to 1842 during his minority has a Pension of Rs. 15,000 per annum. Her Highness Tipu's Nissa Begum, Shadi widow of the late Tipu Shahab, draws Rs. 9,250 per mensem. Azem's Nissa Begum has Nicaah widow draws Rs. 4,000 per mensem and so on. Some consideration is due to the fallen fortunes of these persons. Questions are constantly arising in connection with them and their affairs

+ or connection of the minor

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affairs which have to be arranged by the Agent or have to be reported by him to Govt, and on which information is desirable from an officer acquainted with domestic matters and the feelings and concerns of the family. Numerous petitions are presented to Govt. by the heirs and Stipendiaries praying for a renewal or partition of Stipends which require to be reported on by some one well acquainted with domestic affairs.

Again it is not without its use to have at Madras an officer in frequent intercourse with the higher classes of the Mussulmen in Supplications and information of the state of feeling in that quarter. The

Mahometan

157
Mahometans ^{can} ~~much~~
^{scarcely or with} ~~of necessity~~ ^{will}
affected to our Govt.
There is constant cor-
respondence between
the Musaulmen of
Madras - Mysore and
Hyderabad - There is
nothing formidable
in all this certainly
and I would not lay
any great stress upon
it - Still it is as
well that the Govt.
should have means
as they have thro'
the Sepauk Agent
of knowing what is
the real state of feel-
ing in Sindhiaur.
The salary, conse-
- quently - of the Govt.
Agent is only Rs.
525 per mensem his
Establishment costs
Rs. 639 - 12 per mensem
total 1164 ³/₄ or less
than 1 ¹/₂ per cent
on the amount of
the pensions which
are passed by the
officer

officer. If the duty
could be made over
to the collector of
Madras it would be
necessary to enter-
tain an additional
Deputy Collector who
could not have as-
signed him a smaller
salary than that
drawn by the Agent.
The establishment
remaining much as
at present - so that
there would be no
saving. How far
it would be prudent
to trust a Native
Deputy collector, with
little or no check, to
pass pensions ag-
-gregating 8 ¹/₄ lacs
per annum the
Govt. may judge.
The present salary
of the Agent is so
low that in an ex-
-pensive place like
Madras, the appoint-
-ment is hardly
worth having
by

senior official with the
Superintendent of Marine.
I do not think it pos-
sible that his ap-
pointment could be
dispensed with, nor
its duties transferred
to the Master Attendant.
I am also authorized to
state that Col. Marshall
who, as Military Secretary
to Govt. is in frequent
correspondence with the
Superintendent on matters
connected with the
movement of troops and
military stores by sea is
decidedly of opinion that
it would not be prac-
ticable to abolish the
appointment.

It should be noted
that the duties now
performed by the Superin-
tendent of Marine, until
within a few years past
devolved on a "Marine
Board" composed of
Ex

by itself. It is now
held by Dr. Balfour
in commendam with
the place of Hindus-
tani Translator and
the two are likely
to go together as the
Govt. Agent should
be a good Hindustani
Scholar.

P. 14. Superintendent of Marine. } I am authorized to state
one by Mr. Franklin explain-
ing what are his duties as
Superintendent of Marine
and what those of the Mas-
ter Attendant at Madras
affording explanation also
on the port charges noticed
by the Supreme Govt.

On the main point at
issue viz the abolition of
the office of Superintendent
of Marine and its incor-
poration with that of Mas-
ter Attendant I may be
permitted to remark that
having as Chief Secretary
been for 6 years charge of
the Marine Department,
and being in constant
I may say daily commu-
nication, official &

The two do not interfere
with each other
The two are not
a Hindustani
Salary of Master
of Marine

ex officio members and
with a paid Secretary.
The Members having
their own proper duties to
attend to were little better
than cyphers and the
Secretary was the
Board. In 1858 at the
recommendation of
this Govt. the Marine
Board was abolished
and a single paid
Officer as Superintendent
of Marine appointed
in lieu of it, Mr
Franklin who had been
Secretary to the Board
being the first Superin-
tendent. Both this office
and that of the Master
Attendant at Madras
are home appoint-
ments. nominations
to them being made
by the Secretary of State.
nor could either appoint-
ment be abolished with-
out his sanction.

P. 20. Chupprassees.

note

The copies of R. S. and
Imperial and Police have
recently been used and
are mostly to be disposed
of - R. S. S. P.

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25. The Govt. in
the time of Sir C.
Trevelyan under-
took the revision
of the establishment
of Chupprassees or
Rous at the Presidency.
A revision of the persons
attached to the revenue
officers in the Provin-
ces has been made
by Mr. Kelly. Reference
has been made to
the Govt. about the
persons entertained by
judicial officers - ~~all~~
This has been report-
ed to the Govt. of India
in a letter dated 14th
January last. Civil
Dept. No. 21. So the
question of reducing
the cost of Stationery
for the various Public
Departments was con-
sidered and disposed
of in the Proceedings
of this Govt. 23 April 1860
No. 597. The paper on
the same subject
by the Civil Finance
Commission

Commission have been
made over to the
Principal Inspector
General of Ordnance
for his consideration
whether there be any-
thing in the sugges-
tions offered by the
Committee beyond
what has been al-
ready ordered. The
indent of Stationery
for 1861 was however
revised and reduced
on the principle laid
down in the Proceed-
ings of this Govt.
above quoted. It is
not probable that
any considerable
saving on account
of Stationery can be
made this year.

26. The Supreme Govt.
conclude by saying
that in regard to
all these savings the
Govt. Genl. in Council
is willing to undertake
to give the Madras
Govt. the benefit by
an

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an assignment for
Public Works, or in
other words by a
diminished transfer
to Local Budget during
the first year, of the
full amount of any
reductions which
they may agree to
make, on the under-
standing that after
that time the savings
shall go wholly to
the credit of the Im-
perial Treasury; and
he trusts it has
been shown that an am-
ple margin ex-
ists for the Govt. of
Madras to obtain,
by that means, more
than the $5\frac{1}{2}$
Lacs which have
been asked for.
27. They add: "The
Govt. Genl. in Council
thinks indeed that
it has been clearly
established that by
the proposal of
Local Budgets, the
Madras

Madras Govt. will be placed in a better and not a worse position for carrying on useful Local Works. They have been debilitated with only 8 Lacs of Rupees; while credit has on the other hand been offered to them".

Remark.

It was not "their own estimate." This Govt. stated distinctly that the estimates were "conjectural" and "could not be depended upon." That the yield of the License Tax in Provinces, circumstances like ours was not likely to be large, "to be more than nominal" is admitted by the Right Honorable the Financial Member of the Govt. of India in his Budget speech.

The tax productive or not cannot be imposed without an Act. No such Act has yet passed - nor have the Madras Government the power of framing it - when it has passed the tax, can hardly be made to yield much revenue for the current year.

The

2ndly

The Police cesses cannot be levied without an Act. None such yet exists nor power on the part of this Government to make one - when it has been passed it can scarcely yield much revenue this year.

Only 2 Annas per Mahud extra can be raised on ^{Rs. 100} salt - difference between 1-6 present rate and 1-8 the maximum allowed by Act VI, 1844. This will not have to be exchanged for Police cesses inasmuch as these have not been included in the Budget.

1stly - Of 2½ Lacs on account of their own Estimate of the produce of Tobacco Licenses.

What the saving will be can only be known on trial. No reason is assigned for the presumption that it may be one half or 8 lacs. It is mere random writing.

It does ^{not} appear why Govt. are only to have the half of any saving they may make - in para. 21 it was said the benefit of an assignment for Public Works, or in other words by a diminished transfer to Local Budget during the first year, of the full amount.

2ndly - Of 5½ Lacs on account of Village Police Cess in exchange for 4 Annas extra on salt, which it is stated will not be felt.

3rdly - Of the whole of any saving they can make in their excessive Public Works Establishments now costing 16 Lacs and which may probably be reduced by one-half.

4thly - Of half of any saving they can make on the above or any similar heads of expenditure which certainly seem to afford scope for reductions to the extent of 10 or 15 Lacs.

To

To summarize -

Of the subjects of local taxation and reduction indicated by the Supreme Government.

1. Tobacco licenses and Police cesses cannot be introduced without an Act nor could any Acts which might be passed produce any considerable amount of revenue during the current year.

2. The amount of saving in the Public Works establishment - if any saving at all, can be effected - has yet to be ascertained.

3. No reduction of the revenue District and Talook establishments, as entered in the Budget, can be accomplished - nor, can the strength of the Board of Revenue

Revenue be reduced in its members or Secretariat.

4. The offices of the Accountant General, and Civil Auditor, are not under the control of this Government - A saving ^{outside} at the rate of about 24,000 Rupees per annum may be made in the Treasury Establishment from the date at which the Govt. business is transferred from the Treasury to the Bank of Madras.

5. The Chepauk Agent and Superintendent of Marine cannot be dispensed with.

6. Little saving is to be effected in Chupprassees or Stationery.

All this will not go far toward producing eight lacs

See then letter 6
May 61 - para 6.

lack of rupees. The
only promising mode
of bringing in this,
would be by raising
the price of salt
the odd 2 Annas, or
Maund. The Su-
preme Govt. how-
ever seem bent
upon keeping this
to themselves as an
item of Imperial
revenue - why the
tax on salt - which
varies in all the
three Presidencies and
in its incidence
is of the nature of
a Poll tax - should
be an Imperial tax,
is not very appa-
rent - and to offer
us sources of reve-
-nue which will
yield little or nothing
and to withhold
the one likely to
be productive ~~xxx~~
~~xxxxx~~

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will avail us but
little
~~xxxxx~~ ~~xxxxx~~ ~~xxxxx~~
~~xxxxx~~

P.S. Since the above
was written a confidential
letter has been received from
K. S. Munro for enclosing a
minute by K. S. Munro Governor of
Bengal, and inquiring whether
a salt tax could be raised at Madras.
Doubtless it could be raised the odd
two annas a Maund, and the proceeds
perhaps four or five lacs applied toward
For Mr. Munro's memo making good the
see overleaf. slaves which we
have to provide - that
is if K. S. Munro Govt.
would consent to its being
so devoted -

I have also only just seen a letter recently
received from the Collector of Tinnevely from which
it seems that, ^{the} amount which has been realized
from his pearl fishery exceeds 2 Lacs of Rupees
- This was realized in K. S. Munro's year just
expired, but it has not been entered in the
budget, neither has any sum from K. S. Munro
donor for 1861/62 been entered in it. But these
are surely local receipts or revenue and
avail little towards making good the slaves
that are wanted - J.P.

Memorandum on the Marine Department Madras Presidency

1. The Superintendent as the head of the department is the officer through whom all recommendations and suggestions in marine matters are made, and to whom all questions of this nature are referred, whether by Government or by others. He is the adviser of Government in all such cases, and is responsible for the efficiency of the Marine establishments at Madras and the outports

2. He exercises control over all the ports, but more particularly over those that are brought under the operation of Act ~~III~~ of 1855 which now number 17 as follows:

Monssoorottah	Tranquebar
Calingapatnam	Negapatam
Pimlipatam	Pannambur
Vizagapatnam	Tuticorin
{ Coconado and	Cochin
Coringa	Calicut
Masulipatnam	Tellicherry
Madras	Cannanore
Quelatarra	Mangalore

3. Besides these ports there are no less than 152 minor ones, and all Marine questions regarding them are submitted to him.

4. The Coasts of this Presidency extend from Gangam on this side round Cape Comorin to North Canara on the Western Coast, and, omitting that portion belonging to Travancore, comprise a sea-board of about 1350 miles, along which there are no less than 15 beacon lights, some on flagstones, others exhibited from Columns. The Superintendent is charged with seeing that these are all kept in a state of efficiency. Another light will shortly be exhibited at Pulicat.

5. The Superintendent regulates and checks the whole Marine expenditure of the Presidency, and all bills and invoices are submitted to him for admission or not, as well as all proposals for new works and estimates.

6. It is also his duty to check irregularities in the carriage of coolies by sea to the Eastern side of the Bay of Bengal.

7. In the Military Department of Government he is the officer to provide all freight and passage: he engages all transports and arranges for their employment

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11. From the foregoing sketch it will be observed that the Superintendent is not so much a servant of the public as of the Government in whose interests he acts. His salary and that of his establishment have therefore never been a charge on the port fund. The Master Attendants on the other hand are the officers whose duty it is to see that the business of the ports under their superintendence is conducted with regularity, that ships are not improperly berthed, and that the regulations which are made for the general safety and convenience of all, are attended to. Their establishments consequently form a charge on the port funds, but in as much as they perform a considerable amount of work on behalf of Government, the expenses are divided between the State and the funds; a principle which is adopted at Calcutta, where $\frac{3}{5}$ the cost of the Master Attendants' Establishment and $\frac{1}{4}$ of that of the Superintendent of Marine are charged to the Port Fund.

12. At Madras one half of the pay of the Master Attendants' department, and the whole of that of the Shipping Master's office were originally debited to the

the Fund. Subsequently some increase in the allowances took place, all of which formed a charge on the fund. At the outports two thirds are so charged. The entire expenses for lights are likewise borne by the fund of the ports in which they are situated, but there are some—Santapilly, Point Divi and Arungow—placed beyond the limits of any port, and their expenses form a charge on Government.

13 The light at Pamben is similarly an expense to Government, no port dues being levied there, although three fourths of the pilotage fees belong to Government, and their share during the year 1860 amounted to 12,858 Rupees.

14 On examining the Marine Budget for 1861/62, in which a very heavy item of Rupees 2,23,740 is set down under the head of Miscellaneous charges, it is observed that 1,35,000 Rupees are for Coals, which of course must be considered as a State charge and not one to be borne by a port fund. Eventually they do not even remain as a Marine charge, as their cost is debited to the department for which they are expended, which is principally the Military.

The

15 The supplies to be made from the Commissariat department may be similarly dealt with, for these are principally for stores required for steamers employed in trooping, the expense of which 28,190 Rupees cannot fall on port funds.

16 The 45,000 Rupees are set down for the subsidy for carrying the mails between Madras, the Northern ports and Rangoon. This must likewise be expunged from the debit to a port, for the contract is entered into for Government purposes.

17 The item of 8,050 Rupees, being the amount to be defrayed from the port funds of Coimbatore, Negapatam and Tellicherry, may be allowed to stand, but that for sundry charges, 7,500 Rupees, is most probably for services rendered to Government and not to the public, and therefore should not be met by the port funds.

18 The Miscellaneous charges will therefore have to be reduced as follows

	Rupees
Sum set down	2,23,740
Coal from England	1,10,000
Coal to be purchased	25,000
Subsidy	45,000
Supplies from Commissariat	28,190
Sundry charges	7,500
Chargeable to port funds or Marine receipts	8,050

19 - The other charges are sufficiently correct, but deductions have to be made for those proportions which are debitable to the State; and moreover the outport charges were calculated according to the expected revision of the Marine establishments, as submitted to Mr. Pelly to whom was entrusted the consideration of this question. Nothing has yet transpired on the subject, and probably no change will take place for the present at least. About 8000 Rupees may therefore be struck off on this account, and 2000 for the salary of the Pilot at Cochin which is paid out of the pilot fees and neither falls on the Government nor the port fund.

20 The bona fide Marine charges will therefore stand thus

Marine Superintendents Establishment -	Rupees 25130
Master Attendants - Do -	41390
Examiner in Seamanship -	600
Shipping Master's Establishment -	3960
Marine Establishments at out ports -	24280
Light houses -	18430
Miscellaneous -	8050
	<hr/> 121840

and

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as well as for that of Government vessels in the movement of troops and stores by sea. During the last official year, which has been one of less work than ordinary in consequence of the usual relief of troops in Burmah not taking place, no less than 21 steamers and 40 sailing vessels left Madras with troops and stores, not including numerous engagements for small quantities of stores or for parties of troops few in number. All outlay incurred on this account - such as freight and passage, boat and raft hire, or other expenses incidental to the service, is submitted to him for check, and in fact as it will readily be seen he conducts and controls the whole Marine duties of the Presidency.

f. With a view to show that this power of control has not been exercised to the disadvantage of the State, it may fairly be mentioned here that during the 3 or 4 months of 1860 every available ship that came into the Roads was engaged for service in China. They were tendered high but a limit of 10 Rupees a ton per month was fixed beyond which all offers were declined. The transports engaged at Bombay averaged 11 Rupees and those at Calcutta 16.6 Rupees

a ton. The Madras transports therefore cost
1.3 Rupees a ton less than the average at
the other Presidencies, and on 12181 tons,
exclusive of steamers, were engaged, the saving
was 15835 Rupees a month.

9. The Master Attendant is the
executive officer to carry the Superintendent's
instructions into effect at Madras. It is
his duty to cause all transports to be fitted
up according to such orders as he may receive,
to supply boats for embarking and landing
troops and their baggage; and to receive, store
and deliver Coals on indent duly passed.
He is also the responsible officer to see
that the boats are kept in a state of
efficiency as regards seaworthiness, crew and
dunnage. As Conservator of the port he
has to enforce obedience to the port rules,
and as shipping master he has to decide
disputes between Masters and seamen none
of whom can be engaged or discharged without
his sanction recorded on the articles. He is
also Registrar of Shipping and as such has
to grant certificates of Registry and endorse
all transfers of ownership.

10. The Masters Attendant at
outports perform somewhat similar duties.

From

Statement of reduction in the Revenue Establishment of the several Districts of the Madras Presidency
sequent on the late revision of Establishments as ascertained up to the present time.

Districts	Old Establishment as stood before.			New Establishment as sanctioned by Govt.			Difference.		Actual savings effected up to 31 st Decr 1880, as reported by Collectors.	Remarks.
	Revenue.	Police	Total per month.	Revenue.	Sub-Magistrate.	Total per month.	Increase.	Decrease.		
1	2	3	4	5	6	7	8	9	10.	11
1. <u>Benjamine</u>	Rs 4997	Rs 6635	Rs 11632	Rs 3869	Rs 913	Rs 4857	Rs 21	Rs 675	"	1 to 4. The Sub-Magistrates are not yet settled for these Districts. The amount given in column 6 is the estimated cost as recommended by the Collector when the Inspector-General of Madras Police reports his opinion; the exact cost will be settled. There will be some actual saving effected in the amount in these districts but the amount has not yet been reported. Hence column 10 is blank.
2. <u>Viragapattam</u>	2931	6105	9036	2671	1303	3974	"	5062	"	
3. <u>Godavari</u>	9323	5706	15029	7696	1134	8830	"	6199	"	
4. <u>Kidder</u>	10309	6966	17275	8754	712	9466	"	7809	"	
5. <u>Nellore</u>	13157	1512	14769	7001	768	8369	"	6400	"	
6. <u>Guddalapah</u>	8552	5424	13576	8634	321	8955	"	4621	"	
7. <u>Bellary</u>	10875	4798	15053	10755	578	11333	"	5720	"	
8. <u>Kurnool</u>	8507	12916	21503	6729	420	7149	"	14354	"	
9. <u>Madras</u>	12795	238	13033	8093	694	8792	"	4241	"	
10. <u>North Arcot</u>	8976	3571	12547	7556	1065	8621	"	3926	"	
11. <u>South Arcot</u>	9859	3726	13585	7247	613	7860	"	5725	"	
12. <u>Tanjore</u>	12504	4699	19203	8705	949	9654	"	10069	"	
13. <u>Tiruchinopoly</u>	1534	2370	6904	5027	495	5522	"	1382	"	See Remark from 1 st to 4.
14. <u>Madurai</u>	5943	3239	9182	5939	862	6801	"	2381	"	
15. <u>Tinnevelly</u>	8718	1290	10038	7743	920	8663	"	1312	"	
16. <u>Coimbatore</u>	10990	394	11384	8912	678	9590	"	1864	"	
17. <u>Salem</u>	9468	100	9568	7776	474	8250	"	1678	"	
18. <u>North Canara</u>	4673	2582	7255	5536	150	5686	"	1269	"	Increase 800. This increase is temporary and arises from the circumstance of Canara being made two Districts. No 1 Canara.
19. <u>South Canara</u>	5750	1463	6513	4523	150	4673	"	1010	"	
20. <u>Malabar</u>	7070	5932	13802	5232	364	5596	"	5266	"	
Total	109,041	81,416	251,287	141,330	14,318	155,654	"	95,633	"	Actual 800. Net 58296 per month.

Actual saving effected up to 31st Decr 1880, as reported by Collectors.

Turn over

Abstract.

Amount of old Revenue and Police Establishment as per Statement	2,51,287.	
Establishment of 60 Deputy Collectors not included in the Statement	3,000.	
Amount available by the reduction of the number of Deputy Collectors	4,750.	2,59,037.

Deduct.

Amount of Revised Revenue and Sub-Magistrates - actual and estimated Establishments as per Statement	1,55,654.	
Deputy Collectors' Establishment not included in the Statement	2,537.	
Establishment of the Principal Assistants at Ganjima and Viragapalam estimated	524.	158,715.
Saving per month		100,322.
— do — per year		1,203,864.
Deduct sum reserved for the District Tappal		42,700.
Remaining		1,161,164.
Add saving by abolishing 2 Sub-collectors and 1 Special Assistant		39,800.
Add estimated amount of Stamp Commission paid to Stamp Darogah whose duties are now combined with those of the Cashkeeper		20,000.
Saving		1,220,964.

The above is the probable actual saving made in the revision of the Revenue Establishments per year. Of this amount 58,296 per month or 699,552 Rs per annum is the sum actually reduced by Collectors according to their Statements received up to 31st December 1860. The reductions will go on increasing every month as the new Police arrangements are introduced until all is completed.

No. 824.

Forwarded to Mr. W. Robinson, Inspector General of Kofussil
Police, as requested by him for information.

Revenue Board Officers
5 April 1861.

Signed, L. Pelly.
Member.

(True copy of a copy)

Signed, M. W. Carr. Secy.
Personal Assistant to the Inspector
General of Police.

Statement of reduction in
the Revenue Satisfaction in
of the several Districts of
the Madras Presidency
consequent on the late
revision of Settlements
as ascertained up to the
present time.

to the August 1860
not as having failed in the
of Calcutta and
of the Madras Presidency
I have recd the papers
which you left with me yesterday
on the subject of a law to enforce
payment by the Madras Ryot
of fees to Village Police Officers
I have no where to refer to
any of the old Madras Reports, but
am of opinion that in the Revenue
collection, may be found strong
acquiescence against the scheme.
It appears to me for instance
that the Village Police and the Ryot
stand now in a very different pro-
portion towards each other than they
did when these fees were instituted.
A

at that time the Village Police
are bound to find a thief and restore
the stolen property, or make good
its value and for the security the Ryot
would no doubt willingly pay a
fee. It was done on the principle
of an insurance but at present
no such security is afforded them
and in my opinion, the difference
is very great.

They in former days the Village
Police were not only allowed, but
encouraged to use means of dis-
covering theft which are now prohi-
bited and put an end to, and the
chance of recovering stolen property
are very much less now than they
were, and the Village Police consequently
very

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very much less valuable to the people.
They ~~get~~ ~~reference~~ refer solely
to fees, but that would be only doing
half or probably not half - for
the greater part of the Talukars
remuneration is in rent free land.

But in principle I object to
these Cesses - what is it we collect
our revenue for if besides the ordi-
nary revenue the people are to pay
for the Police, for roads, for
Education? I think it is the duty
of the Government to provide all of
these out of the General Revenue
and I am quite sure that it is now
in accordance with the feelings
and habits and wishes of the People
to

to send the one fragment to the Centre
once for all, then to pay one Cefo for
their land and then for their Salice, a
another for their roads, and another
for their schools &c.

We have reduced, and are
reducing the land of settlement because
we think it is too high, but if we
to lay it out as a Police Cefo with one
land, as fast as we turn it off as
a land Cefo with the others, I really
don't see great good we are doing.
It is my strong opinion that the
Madras Presidency has risen in
prosperity and is fast rising in
consequence of the reduction in the
land of settlement, and it should

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never be willing to put any additional
tax on the city, so and so being true, and
in regarding the advance which I do
much desire to see progress - and at
further, we must remember that
whether to the salary has been quite as
much on private servant of the Ryots
as a public servant of the State - it
was his duty to watch standing crops
and grain when heaped and left on
the floor, and for this, the Ryots might
very well consent to pay him but
when you make the salary a purely
Government servant, the Ryots
willingness to pay him with very
naturally cease, and in my opinion
it would be very unjust to make
him pay -

At all events, if you are to move
in this matter at all, I certainly
consider the present, a very unfit time
to choose. You propose in effect
to impose a new tax on the Ryots
and it is my opinion that we had
better see our way out through the
institution of the Income tax before
we commence on a new one.

Also I recommended you to reserve
this and all similar purely local
questions for the coming local
legislature - In it you will have the
question considered and debated by
men all of whom understand it;
here, on the contrary, I should alone
know what I was talking about, and

I should not be very warm on the sub-
ject and the rest of the Council would
in my opinion, be unanimously
opposed to the imposition of a special
tax in one Presidency which is not
found necessary in any other and
that the very Presidency which we
always say is backward because
already over taxed whenever we hear
it snubbed for its small revenue -

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Signed H. Forbes

Am. City
H. Forbes

with reference to the enclosed letter from the Gov^y of India in reply to the confidential letter from the Gov^y of Madras should wish to be furnished with the following information before I can form any opinion as to the various subjects alluded to -

1st A copy of the Estimate forwarded to the Gov^y of Calcutta - in full detail -

2nd A report as to the power of the Gov^y to impose a license duty on sale of tobacco. I do not believe that any act has been passed enabling us to do this - and if not then the saving of 2½ does alluded to in the letter is a delusion.

3rd Information as to the sum likely to be credited to the Revenue on account of the commutation of the Village Fee for a rate or assessment of 1 anna to 100 rupees - and of the portion of this which may be credited to the Office -

4th Administration Report for 1859 - and a statement of the reasons which have induced the Gov^y to raise the charge of the Revenue substantially

1. The extent of 80000 R. instead
of reducing them to the extent
of 11 lacs. -
Mr. Dally has I believe been
examining the Collector's calcu-
-lations - let me have his
Report -

5th - Reduction of Board
of Revenue to the extent of
1 Commr & 1 Secy -
vi. sum for and against.
in their work for 2 Secretaries.
What are the duties of the
members of the Board.

6th Accountants Dep^{ty}
Why is this in excess of
similar Dep^{ty} in Bengal
& Bombay.
What are duties?

7 What reduction of ex-
penditure will be caused
by transfer of business to
Bank of Madras

8. I should wish to have a
Report from Inspector of
Prisons on the management
of Prisons here. and an
explanation of the details
forming the total cost per
head of 60 R. for each
Prisoner.

9 Can the Chepauk agency be
transferred to the Collector
of Madras.

and if from this the Superintendent's establishment
is deducted, about half the Master Attendants
establishment at Madras, and one third of that
at the outports, ^{the surplus} we leave 68,617 R^s as the
actual sum that ought to be met by port dues
and Marine receipts.

Sum above shown				Rupies 12,840
Superintendent's establishment	25,130			
$\frac{1}{2}$ Master Attendants	9 th	20,000		
$\frac{1}{3}$ Outports	9 th	8,093	53,223	
			68,617	

21 - The home side Marine receipts
Part dues Presidency 45,000
D^{ty} Outports 40,000 for 1861/62. will probably amount to 90,000 Rupees
Miscellaneous 5,000
or more, so that the expenditure will be well
within the income. It is observed that 23,700 Rupees
are set down as the sale proceeds of Coal &c.
but for the same reason that this item was
expunged from the debit side, it should not be
admitted here.

Madras
May 29th
1861.

Mr. Harding
Lt. of. Commr

195/10 - The expenses of the ship
Depart^{ure} ought to be covered by
the Dubu^{que} Harbour dues. - The
miscellaneous Estimate seem
very large 2.23.700 - I should
like to see the items of this account.

W. Lewis

Much stress is laid
on the peak ^{which} ~~from~~
lower of local taxation
is supposed to be likely
to confer. It may be
held to place ^{briefly}
at the "taxable" capacity
of Madras in this way.
The Land Tax absorb
at least $\frac{1}{2}$ the net pro-
duce of the land - i.e.
Salt-tax at 1200 per cent
on the cost of a necessary
of life - Export duties
on the raw produce of
land already taxed high.
Import duties on the articles
supplied in exchange for
the produce already

the tax
on

Stamps

work tax
- ~~Excise~~

"Imperial"
done local

interference - which
is felt for local
development may be
seen by a look at the
North for statement
enclosed - Every occu-
pation finds a place
there and it is diffi-
culty to hit upon any
employment not al-
ready included in a
state Taxes which charges
for the privilege of eating
dead cattle -

- yes - in my account of
20 April I pointed out
that taxation already
touches every spring of industry

by Mr. -
Sum

Stranger
dropped 29th

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Financial Department

Proceedings of the Madras Government

Read the following papers:

From the Secy. to the Govt. of India - (Here entered 6th May 1861 No. 327)
Read again
Ex: from No. of do - " - " - 1st May 1861 No. 327
Minute by His Excy. the Governor - " - " - June 1861 No. 322

Order thereon 28 June 1861, No. 332

Ordered that the
following letter be des-
patched -

No. 333.

To, The Secretary to the Government
of India.
Financial Department

Sir, I am directed by
His Excellency the Go-
vernor in Council -
to

Me

to acknowledge the receipt of your letter under date 6th ultimo, Financial Department No. 5278.

2. In paras. 2.3.4 of that letter it is stated, that, under the reduced scale fixed by the Govt. of India, not more than $\frac{1}{2}$ or 8 lacs instead of 10- will be required from Madras for the purposes of the Local Budget. Of this sum, 2½ lacs is already provided by Tobacco which has been struck out of the Budget of Imperial Revenue in order to leave it at the discretion of this Govt. as a Local Tax. Further that, if the revenue from Tobacco only should be likely to fall below 2½ lacs, it may be supplemented by taxes

To Govt of India 23
March 1861 P 10

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1861
taxes on Betel and other stimulants.

3. In stating that 2½ lacs is already provided by Tobacco, the Govt. of India, I am instructed to observe, would appear to have overlooked the circumstance, that in sending up their budget, this Govt. stated explicitly, that the estimate of the yield of the Tobacco Tax, being the aggregate of the separate estimates sent up by the various Collectors, must be "deemed merely conjectural" and in proof of the loose manner in which the estimates had been framed, they instanced that the District of Trichinopoly with only one large town, and that of about 50,000 inhabitants had

had been rated at 50,000 Rupees, while the Province of Madras including the District of Chingleput and with the Presidenc Town of 70,000 inhabitants had been set down at only 20,000 Rupees. In their confidential letter of 22nd April last, this Govt. repeated that the estimate of the produce of the Tobacco Licence Tax "could not be depended on", and they referred to a previous letter of 11th June 1859 in illustration of their remark. In truth the Collectors returns were mere random guesses & experience only, could decide what the tax will bring in. That it cannot be very productive is clear from the fact, that the Licence tax must of course

not

This was admitted by Mr. Laing in his speech on the Budget Page 15. "In a third Province the general cottage cultivation smokes Licenses at any thing beyond a nominal rate almost impracticable." All the Madras Provinces except perhaps Malabar and Canara are in this category.

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1859
course fall on the Tobacco and raise its price to the consumer, and if the Tax be heavy and the price be much enhanced in consequence the people will buy their Tobacco from the riots at the place of growth. Or on the other hand the Shopkeepers in the large villages and Towns will refuse to take out licenses, and continue to sell Tobacco as before, but clandestinely. The feeling of the people ~~would~~ ^{will} be with them, and this evasion of the Tax could not be prevented unless by keeping up an army of excise men to eat up all the profits and harry the people. -

4. But secondly, the revenue from Tobacco, he

be it 2½ lac, or any
other sum has not been
provided. As pointed
out in ^{the} ~~our~~ letters
from this Govt
of 23^d March and 22^d
April last the tax
cannot be levied with-
out an Act for the
purpose, and none
such has yet been
passed. Neither indeed
can such an Act, if,
as is to be presumed,
it ^{is meant to} ~~must~~ be a local
Act, be proceeded with
at all, until by the
action of the Imper-
ial Legislature this
Govt. have been armed
with powers of local
legislation. Taking
into account the time
that will be required
for the passing of
the general Imper-
ial Act conferring
powers of legislation
on the local Govts.,
for the settlement and
passing of the Special
local

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local Act, and for the
various subsidiary
arrangements which
will be required to
give the law effect,
as ^{the} rating and assess-
ment of shops &c.,
it is scarcely proba-
ble that the mea-
sure, if productive
at all, would have
much effect on the
revenue of the cur-
rent year. -

5. Moreover it
will be ^{remembered} ~~remembered~~ that
the Madras Govt.
have uniformly
opposed the plan of
raising a revenue from
Tobacco, as in a high
degree objectionable,
and unsuited to the
circumstances of this
Residency. They could
therefore scarcely be
expected to adopt it
as a subject of
local taxation,
altho'

although they would
of course have adopted
it - and done what
in them lay to realize
all that could be gain-
ed from it, had it been
imposed as a gene-
ral tax by the Im-
perial Legislature.

b. The Govt. of India
would however seem
to contemplate this
Govt. drawing 2½% loss
not from Tobacco
only but from Betel
and other stimulants.
It is not clear what
article is here meant
by Betel - whether
Betel properly so
called - the Betel nut
the Areca - or the
Betel leaf, the leaf
of the vine so called,
because usually
eaten by the Natives
with Betel. The betel-
nut is for the most
part imported from
beyond

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beyond sea, and pays
an import duty
of 10% on entry. The
only part of the
Madras Territories where
it is produced in any
quantity is North
Canara. Here it was
at one time subjected
to a "Hawlut" or
special duty. This is
common with the
transit, and Town
duties was swept
away by Act VI, 1844
seventeen years ago -
and could not now
be introduced. If the
Betel leaf be meant,
this could only be -
come the subject of
taxation by a re-
sort to the system
which obtained prior
to 1844 and was ab-
olished as intoler-
able in that year -
viz by putting an
excise-man over
every man's betel
yard &c.

Note. - In times prior to
1844 the duties on these
articles were in great part
levied by the same machinery
as was employed for the
collection of the Transit
duties which machinery
happily no longer exists.

garden. Whichever
be introduced. the
betel-nut or betel
leaf or both, neither
could be made to
contribute to the Re-
venue save by re-
sort to an excise
system which would
be hateful to the
people and bring
but little into the
Treasury. The same
remark will apply
to the only other
stimulants which
were taxed under
the old system. Gowa-
jah Bang, and
Godan h. and these
are not extensively
used by the people
of the Madras Presi-
dency.

7. The above re-
marks with it is
submitted show that
little or no revenue
can be derived from
Tobacco

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Tobacco, Betel and
other stimulants,
in the Madras Terri-
tories at all, and
certainly not during
the official year 1861/62.

8. Assuming
however that 2,50,000
Rupees may be re-
alized from Tobacco
Betel &c. during the
current year, your
letter proceeds to state
that the requirements
of the Supreme Govt.
will be limited to
5½ lacs which may
be obtained in var-
ious ways.

9. In the first place,
it is observed, the Police
charges of the Madras
Presidency include a
sum of 56,910 Rs.
for Village Police. This
"Village Police has been
"always paid for by
"Village Fees, and there
is

Budget Estimate F.
IV Police. 1867.

is a report on the
subject by Mr. Robinson
of the 26th May 1860,
pointing out very
clearly the nature
of these fees, and
how they should be
levied in future. It
does not appear
distinctly from the
Madras Budget
whether those fees
are included in
any estimate of
Imperial Revenue.
If not, they are
available to make
up the Local Fund.
If they are included,
the Govt. of India
would not be in-
disposed to give
them up, as they
are properly of a
Local nature, and
to take in exchange
what Mr. Morehead
and Mr. Malby con-
cur in saying
might be done
without

211
1911
" without any additi-
" onal check to the
" sale being percepti-
" ble viz. an increase
" of salt duty from
" 1-6 to the legal max-
" ^{per lb.}imum of 1-8 per
" pound.

10. It is not, I am
so remark, correct
to state as in the
above Extract, that
the expenses of the
Madras Village Police
has been always
paid for by village
fees. the fact being
that for ^{some} two years
past, these fees
have proved more
and more difficult
of collection by the
village servants, and
have now in some
Districts ceased to
be realized at all.
That under the old
Native regime the
Village Police were
permanently

See Volume. Selections
from the Records of Govt.
Papers relating to the re-
form of the Police of
India - 1861 - Page 322.

remunerated by
assignments of
land and by fees
is true, but the
present state of
these fees, and the
impossibility of
the Govt. collecting
them is fully dis-
cussed in Mr.
Robinson's letter to
the Board of Revenue
26th May 1860 which
is referred to by
the Supreme Govt.
He then proposed
to abolish these
fees altogether, paid
in lieu of them to
reestablish a light
and uniform local
or village police, co-
rated on the land
assessment. He
reckoned that a
cess of six pies in
the rupee or $3\frac{1}{8}$ per
cent on a land
revenue pay of two annas
of 350 lacks would
bring

Ibid. - Page 318.

213
192
8
bring in nearly 11
lacs of rupees - one
of four pies would
yield nearly 8 lacs.
and one of three or
pies would produce
 $5\frac{1}{2}$ lacs. The Police
Commission which
sat at Calcutta
in their report of
10th September last,
stated their belief
that "the remun-
eration of the Village
Police in the Madras
Presidency was in a
most precarious
condition which
could only be reme-
died by legislative
action" and they
strongly recommend
that such action
be taken as soon
as possible."

11. In accordance
with the above views
Mr Robinson did
prepare the draft
of an Act for the
imposition

imposition of any
uniform local cess
as he had proposed.
The Madras Govt.
however hesitated to
bring this Act before
the Legislative Council
deeming it doubtful
whether that body
would be prepared
to give their sanction
to a measure of
local taxation, in
addition to the Im-
perial taxes. In-
come tax. Stamp.
Salt tax License
tax - Tobacco tax &c.
which had been im-
posed, or were under
contemplation. The

P 12 The Board of Revenue
I may here observe
on the 20th November
last submitted a
draft Act for the
commutation and
collection of the
village fees of the
Revenue and Police
departments

9 215
Departments. The draft
provided for the com-
mutation of fees in
villages where they
now existed and for
levying them on in-
dividuals who had
hitherto evaded pay-
ment, but not for
imposing them in
villages where they
are not now found.
The Board were of
opinion that all
existing fees should
be abolished and a
single money cess
be imposed in lieu.
but thought that
the adoption of this
plan should be de-
ferred until the land
assessment had
been every where
revised. The Govt. in
its proceedings on
the Board's report
under date 17th
April last. They
did not concur in
the

Proceedings of Govt.
17 April 1861. Rev. Dept.
No 868.

the modified plan
proposed by the
Board, but thought
that measures
should at once be
taken for the im-
position of a
money cess on the
payees of land re-
venue for the re-
muneration of the
village servants.
The draft was to
be confined to the
Revenue Department
only, the fees in the
Police Department
were to be dealt
with by the Inspec-
tor General of Mo-
rissil Police. The

P13 The Revenue Board have
accordingly submitted
the draft of such
an Act and that
with the draft Act
for Police Cesses pre-
viously furnished by
Mr. Robinson, are now
before the Govt. and
will

will receive early
attention.

217
1957
The preceding
observations will
show that the Village
Police fees cannot
be levied by Govt. nor
can any substitute
for them be provided
unless by a legisla-
tive enactment -
which, if it is to be
a local Act, this
Govt. has at pre-
sent no power
to pass. But whe-
ther the Act should
be passed by the
Imperial, or by the
Local Legislature -
when this latter
shall have been con-
stituted - it is cer-
tain that it can-
not be passed and
brought into opera-
tion during the
current year, so as
to add materially
to

to its resources.

15. Thus for the year now current little or no revenue is to be expected from stamps on Tobacco, Betel, and other Miscellaneous or from Police Fees and Fines.

16. In para. 7 of your letter it is noted that the estimated outlay in 1861/62 for Public Works Establishment is Rs. 16,00,000 and they ^{Govt of India} undertake to give to the Madras Govt. for useful works all that they may be able to save out of this sum - which in para. 22 they state may probably be our half. It is not explained by what process ^{this} proportion

219 197
proportion has been arrived at. At present all that the Madras Govt. can say is, that the question of the revision of their public works establishment is under their immediate consideration. The result of their inquiries and deliberations will show what saving may be effected - as also whether, altho' the organization may be improved and thus more got for the money, any saving can be effected at all.

17. In paras. 9 & 10 of the letter under reply, reference is made to the representation held out by this Govt. that the

the result of the revision of the old Revenue and Police Establishments now being conducted by Mr. Pelly would be a saving of at least 11 lacs of rupees, which would be available to meet the expenses of the New Police. It is remarked, that the aggregate charge for Land Revenue Establishments in 1861/62 does not, however, show any reduction, but an increase of 70,000 rupees over that of 1860/61. and it is argued that either the charge for these Establishments must have been over-estimated, or there must be a large sum for reductions by a careful revision.

12 221
199

18. In the first place, I am to remark, it is not correct to state that the aggregate charge for land revenue establishments - that is land revenue establishments proper - for realizing and administering the land Revenue for 1861/62, does exceed that for 1860/61 by 70,000 rupees - and the conclusion which would seem to have been arrived at, that there has been no reduction of Revenue Establishments, and therefore that there is a large sum for saving open, is still more erroneous. equally -

19. The Supreme Govt. probably refer to Statement B Revenue department

Department. Land Revenue including the "Abkari" No. 5 of the Madras Budget Estimates for 1861/62. That estimate, does indeed exhibit a net increase for 1861/62, as the result of the several increases and decreases in the 9 Departments which compose it. But of these 9 Departments, no per margin, the three first only are Land Revenue charges proper, or such as come under the scope of the observations made by the Govt. of India. and it will be seen that in these there is a net decrease of Rupees 1,66,40. The Departments in which there has been an increase are the Inam - Settlement

- 1. Board of Revenue.
- 2. Collectors - Sub Collectors and Assistant Collectors including Hoosoor and Tanth establishments.
- 3. Unengaged Dy. Collectors.
- 4. Abkari.
- 5. Inam Commissioner.
- 6. Revenue Survey and Settlement.
- 7. Conservator of Forests.
- 8. Postage on official letters.
- 9. Public Works.

Note. The Inam and Settlement and Survey Departments are terminable Departments. The more work that is done in the year, the sooner will the Department itself come to an end.

Not.

This was explained in my letter of 23 March last forwarding the Budget Estimates - see para 16.

and Survey - and Forest Departments, and this is in consequence of the respective reduction of the operations of those Departments. But again the estimate of the Hoosoor and Tanth establishments for 1860/61 was filled up by the several Collectors according to the strength of their respective establishments as they stood at the time when the returns were sent into the Accountant General or in January last. and these establishments had already been largely reduced in consequence of Mr. Pelly's revision. From the letter to the Govt. of India of 14th September 1860 No. 1596 it will be seen

seen, that the total annual cost of the District and Talug establishments exclusive of those for salt, sea customs and ports, as they existed before Mr. Pelly began his inquiries, was Rs. 2,966,382. The new establishment proposed by Mr. Pelly with the same omissions was to be Rs. 1,613,343, besides 1 1/2 lacs for Sub Magistrates, leaving about 11 1/2 lacs available for the Police. Now the total amount for Hoogoor and Talug establishments entered in the estimate for 1860/61 is Rs. 22,36,660 or 7,63,922 below the old establishment. That for 1861/62 is Rs. 20,68,850 or Rs. 9,32,532 below that establishment.

Some

Some reductions yet remain to be made, but these can only be effected as the new Police are introduced and supersede the members of the old establishment, for the revision of the former establishments, and the introduction of the new Police are to proceed pari passu. This will scarcely be accomplished in full in the course of the current year. The above remarks will prove.

First - that there is a decrease, and not an increase, in the revenue, as Hoogoor and District establishments estimate for 1861/62 as compared with that of 1860/61.

Secondly - that the reductions recommended by

Hoogoor and Talug establishments - Budget Statement No. 5. Page 13. — 22,02,460
Add estimate of 34,200
{ 34 Collrs. — }
22,36,660
To the Govt. of India
14 Sept. 1860 P. 9. 10.

calculated as above

by Mr. Pelly have largely been carried out already, and that they will be carried out in full as the organization of the new Police proceeds.

Thirdly - That nothing is to be looked for ^{under this head} ~~from~~ ^{source} for meeting the 8 lacs which has to be provided from local sources.

21. The Govt. of India state that "the number of Deputy Collectors" was raised last year "and a sum of Rs. 2,000" added for establishments. This is a mistake. The fixed number of Deputy Collectors sanctioned was sixty, and Rs. 26,750 was the monthly charge, establishments included

227 495
16 included. In April 1864, this Govt. reduced the number to 48, costing with establishments Rs. 21,400 per annum. The Govt. of India continue that no corresponding reduction has been made in the Revenue Department in consideration of the appointment of Deputy Collectors of the separation of the Police of the Enam Commission and of various administrative reforms - and they refer to a report of the Revenue Board in 1856, admitting that reductions would be practicable in Collectors' establishments, and that the pay of the Sheriffs and dars in particular might be saved. The Govt. of India add to this that "the P
Establishments

16 229 207
"Establishments of the
"Sub Collectors seem
"equally capable of
"reduction." I am
to explain that the
revenue establishments
have been most care-
fully revised by a
Special Officer in
direct communication
with the Go-
vernment. The revis-
ion ^{has} extended to
every branch of the
Revenue Department, and
the result every-
where has been re-
duction. The saving
in round numbers
when all arrange-
ments have been
carried out will be
11½ lacs as shown
in the preceding para.
The reduction in the
Collectorate, Sub, As-
sistant, and Deputy
Collectorate Establish-
ments is already
effected. The Taluqdary
charges

a. These are included among
the savings 763922 for
1860/61 and 932532 for
1861/62 referred to in the
preceding para.

b. So are these

charges have been
carried out in several
districts, and will
take effect everywhere
as soon as the Police
is fully organised. The
Sheristadars to whom
the Govt. of India spe-
cially allude, used
to draw salaries ris-
ing from Rupees 280
on appointment to
Rupees 700 - the max-
imum. They now
get the fixed rate
of Rupees 200. certain-
ly not too much
for the chief servant
in a Collector's Office.
The Sub Collectors es-
tablishments also
specially noticed by
the Government of
India - were revised
along with the
others. These proceed-
ings were reported
to the Govt. of India
in September last
and so lately as the
8th

8th November last
that Government
expressed their satis-
faction at the re-
sult as regards the
Maddur establishments.

22. In para. 13 of
your letter it is ob-
served that "it may
deserve consideration
whether a Board of
Revenue of 3 members
with 2 Secretaries is
required. Two members
with one Secretary
are found sufficient
in the North West
where the amount
of Land and other re-
venue is very si-
milar." In making
this comparison, it
probably escaped the
Govt. of India that
altho' the amount
of revenue of the
Madras Presidency
and that of the
North West Provinces

may

Note. Besides travelling
allowance at Rs. 250
per mensem.

may be nearly equal,
yet that the land
revenue system of
the North West is
that of long vil-
lage leases where-
as in Madras it
is by ryotwari or
individual settle-
ment. There is no
Moturpha in the
North West Provinces
nor Salt nor Sea
Customs. Further,
altho' there are only
two members of the
Board of Revenue
for the North West
Provinces there are
eight Commissioners
of Revenue of whom
six draw each a
salary of Rs. 2916-
10-8 per mensem,
one draws 2,500-
one 2,000. It is the
general impression
that a Board of
Revenue and Com-
missioners of
Revenue

Revenue cannot both
be required. Should
the Commissioners
in the North West
Provinces be aban-
doned it might
probably be found
advisable to add
a third Member
and an Assistant
or Sub Secretary to
the Board of Re-
venue there.

22. In Bengal
although the land
revenue be larger
than in Madras,
yet nearly the
whole of it is per-
manently settled.
The business of the
Revenue Board will
therefore probably
lie chiefly in the
other sources of
revenue as Salt-
Customs, Stamps
and Opium. Yet
there

18 138
there are three mem-
bers each on Rupees
4,166 per mensem or
more than the sa-
lary of the Senior
Member of the Mad-
ras Board of Re-
venue - two Secre-
taries, the Senior on
Rupees 2,500 and the
Junior on Rupees 2,333
per mensem or the
pay of a Collector
on the Madras Es-
tablishment. There
are also 8 Commis-
sioners at Rs. 2,916
per mensem each
and 3 Salt Agents
at Rs. 2,500 each
per mensem. At
Madras altho' the
Salt revenue for
the current year
is estimated at Rs.
40,00,000 and this
is probably much
below the mark
the highest paid
officer of the Salt
Department is an
unconquered

Revenue Boards	Bengal.	North West.	Madras.
	Members. 3 each at 400 p.m. 12500		
Secretaries 2	2500 & 2333	1. 2000	1. 4000
Commissioners 8	2916	2. 2000	2. 2000
	23333	3. 62,916	3. 10,425
		2. 2,500	1. 3,408
		1. 2,000	1. 3,016
			1. 2,000
			1. 1,500
			0
Per annum	40,666	34,000	13,925
Per annum	48,992	40,800	16,710

Uncovenanted Servants at Rupees 500 per mensem. If a comparison were instituted between the Supervising Covenanted Revenue Establishments in Madras, the North West Provinces, and Bengal - economy would be found to be very much on the side of the former. The marginal statement will serve to illustrate this.

The Govt. of India apparently over-look the report of the Special Commissioner Mr. Ricketts on the Revenue Establishments of this Presidency Mr. Ricketts gave the preference to Commissioners over a Board - but this plan involved an increase of

of expenditure of one lac per annum. The Revenue Board in this Presidency is the sole supervising authority in Revenue matters and their functions embrace those of both the Board and the Commissioners of the North Western Provinces and Bengal. The charge for the Madras Board amounts to 1,68,000 Rupees annually or 0.3 per cent on the Revenue they supervise - and is certainly extremely moderate, whether thus viewed or compared with the charge for the same purpose of Rupees 40,800 in the North West and Rupees 4,88,000 in Bengal.

But the question,
it may be said, is not
whether the cost of our
Revenue Intendence
be or be not more mo-
derate than that of
Bengal or of the North
West Provinces, but
whether it is or is not
too high per se. Is the
Madras Revenue Board
or is it not stronger in
members and Secretaries
than is necessary? In
respect to members, this
Govt - one of their body
the Honble C. Maltby
speaking from long ex-
perience as a member
in the Board - are clearly
of opinion that three
members are essential to
make the Board efficient
for its ordinary duties
in this large and diversified
Presidency. At present
all the 3 members have
special or extra duties also
to perform. The Govt.
are convinced that a
Board

2
34
Board of two members
only would break down.
In respect to the
Board Secretariat the
Govt. have consulted their
Chief Secretary and
Secretary in the Revenue
Department of whom the
former served as Secretary
and Sub Secretary in the
Board for eight years and
the latter for six. These
Gentlemen are clearly
of opinion that the work
is altogether beyond the
power of a single Secretary.
An evident proof of the
laborious nature of the
Secretary's office even with
the aid of a Sub Secretary
is afforded by the way
it has told on those
who have held it. several
of whom have had their
health shattered, their
brain overwrought and
their nervous system
seriously affected by their
close application to its
duties.
The department
of

Establishments of
Accountant General and Civil
Auditor

of Account and Audit
alluded to in paras 14 to
16 of your letter are wholly
under the control of the
Supreme Govt. This Govt
has no power over these
nor means of judging
whether or not the
Establishments in the
offices of the Accountant
General and Civil Auditor
are larger than necessary,
especially considering the
many changes lately in-
troduced into the depart-
ments of Audit and
Account. of the effect of
which on the work of
those Departments they
can form no opinion.
The Accountant General,
as this Govt are aware,
has recently obtained from
the Supreme Govt. a
revision of his establish-
ment ~~involving certain~~
~~changes in details and~~
~~leaving the aggregate cost~~
~~as before~~. The Civil
Auditor has lately sub-
mitted.

21 29
mitted to the Supreme
Govt. a proposed revision
of his establishment at
an increase of about
100 Rs a month.

The large reductions
stated to have been made
in the Civil Auditor's
department at Fort William
have it is said been
found to have been
carried out somewhat
inconsiderately. and
the Civil Auditor has
had to apply for the
re-employment of
many of the discharged
servants.

The Accountant
General and Sub-Treasurer
have lately been in
treaty with the Directors
of the Bank of Madras
as to the amount to be
made over to them for
establishment, when
the Govt. business has
been transferred to the
Bank

Present Estab^t per Annum 26,100
 Proposed to be made over to
 the Bank 12,000
 Remaining 34,100
 must be retained to do
 work which must still
 be performed 9,984
 Saving 24,116

The Bank demure to this
 and ask R 15000- which
 would reduce the saving
 to R 21,116-

Bank. The saving which
 will be effected will
 at the outside not
 exceed R 24000 per
 annum. But this
 saving cannot be
 realized at once nor
 in full for the current
 years. The Currency Bill
 has to be passed, and
 the arrangements for
 the transfers of the Govt
 business have to be
 effected. The power of
 issuing notes on the
 part of the Bank of
 Madras will not cease
 until the 25th February
 next but the change
 may by mutual agree-
 ment be made at an
 earlier date.

In para 17 of
 your letter it is observed
 that the whole Dept. of
 Law and Justice requires
 close revision but the
 Governor

mitted.

Governor General in
 Council abstains from
 entering into details
 as he is convinced that
 this above all others is
 a branch of expenditure
 which can only be
 effectually controlled
 by the constant vigilance
 of a Govt on the spot -
 one charge only need
 be specified which
 appears clearly wrong
 viz R 23310 for guarding
 Judges Courts a duty
 which should be done
 by the New Police. The
 average cost of each
 Prisoner per head
 appears to be 60 R a
 year in the Jails at
 Madras while in
 Bengal it is only R 4
 and in Bombay R 38
 a head.

In the letter forward-
 ing the Madras Budget
 23rd March 1861 the
 Supreme

Supreme Govt were
informed that this Govt
were actively engaged
in revising judicial
establishments and
several instances were
given in which this
revision had been carried
out. With respect to
guarding Judges Courts,
this Govt. as the Govt of
India ~~are~~ have apprized
are in communication
with the Judges of the
Court of Sudder Adalat
and the Inspector General
of Police - The Reports
from the Suddo and the
Inspector have just been
received and will be
shortly disposed of -
In respect to the com-
parative costliness of
prisoners in the Madras
Jails as contrasted with
that of those in the
Jails of Bengal and
Bombay

Letter 14 Janr 1861

Fort St George, {
28 June, 1861. }

245

Financial 1861 Depart

N^o 332

Proceedings of Govern^t
28th June 1861.

N^o 333

To The Secretary to the
Govern^t of India
28th June 1861.

the result of the revision of the old Revenue and Police Establishments now being conducted by Mr. Pelly would be a saving of at least 11 lacs of rupees, which would be available to meet the expenses of the New Police. It is remarked, that the aggregate charge for Land Revenue Establishments in 1861/62 does not, however, show any reduction, but an increase of 70,000 rupees over that of 1860/61. and it is argued that either the charge for these establishments must have been over-estimated, or there must be a large fund for reductions by a careful revision.

In

12 22¹ 1891
18. In the first place, I am to remark, it is not correct to state that the aggregate charge for Land Revenue Establishments - that is Land Revenue Establishments proper - for realizing and administering the Land Revenue for 1861/62, does exceed that for 1860/61 by 70,000 rupees - and the conclusion which would seem to have been arrived at, that there has been no reduction of Revenue Establishments, and therefore that there is a large fund for saving, open, is still more erroneous.
equally -

19. The Supreme Govt. probably refer to Statement B Revenue department