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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	28	Press Mis.
33-34		33-34
Dated	8-1-	1875.

6/7

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department, 8th January 1875.

LOCAL FUNDS—ROADS AND EDUCATION.

No. 33. Read the following Despatch from the Right Honorable the Secretary of State for India :—

Revenue.
No. 30.

INDIA OFFICE, LONDON,
10*th December* 1874.

MY LORD,—I have received and carefully considered in Council your Excellency's Despatch, dated 24th of August, No. 42 of 1874. In it your Excellency states that a difference of opinion on a matter involving an important principle has arisen between yourself and the other Members of your Government, and, in a Minute attached to your Despatch, you observe that, although the case appears to you to be one in which you could properly avail yourself of the power conferred on the head of your Government by Sec. 47 of Stat. 33, Geo. III., Cap. 52, you have nevertheless preferred to propose to your colleagues that the question should be referred to me for my early decision. It is not necessary for me to say whether this statutory power could, in my judgement, have been properly exercised under the circumstances, but, as I concur with your Excellency in thinking that the case is not one in which immediate action is required, I approve of the course taken by you in reserving for my decision the points at issue.

2. The question you have submitted to me appears to be connected with the change in financial administration carried out by Lord Mayo's Government, under which a portion of the revenues of India previously under Imperial control were placed at the disposal of the local authorities in the various provinces. The system of making annual grants for a certain number of provincial services was abandoned; the corresponding Departments, among which were Education and Roads, were transferred to the exclusive financial management of the Local Governments; and portions of the public revenues were permanently made over to those Governments, equal to the allotment which they had received in the previous year for the specified services, less a certain decrement. In close connexion with this arrangement, so far as it regarded the Madras Presidency, the Madras Act IV. of 1871 was passed, under which, as under previous Acts repealed by it, a district cess, which falls on the land, is levied, and by which provision is made for the imposition of a house-tax. It is declared, by Section 36 of this Act, that not less than two-thirds of the rate or cess actually levied on the annual rent value of occupied land shall be applied to the first of the purposes mentioned in Section 26, or, in other words, to the "construction, maintenance, and repair of roads and communications." The remaining third of the cess and the whole of the proceeds of the house-tax may be expended on education, but your Excellency in Council has suspended the levy of the house-tax, and the Duke of Argyll has expressed a conditional approval of the suspension.

3. In the course of the inquiries and discussions consequent on this last measure, your Excellency formed the opinion that the expenditure on education in the territories under your Government was wholly insufficient, and you have accordingly proposed that an amount of 120,000*l.*, now devoted to roads, should be in future expended on education. It appears from the papers before me that the

sum of which you suggest the diversion is nearly equal to that annually required for the construction of new roads, so that the practical effect of your proposal would be to put an end for the present to fresh works of the kind, in favor of those claims of education which your Excellency considers paramount. The other Members of your Government deny the expediency and justice of this step, and on the issues thus raised I am called upon to give a decision.

4. It would not be without regret that I should engage in a discussion on the comparative importance of roads and education to the natives of any part of India. On the one hand, I strongly sympathize with your Excellency's anxiety for the diffusion of popular education, and I lament that the provision for this great object is apparently inadequate. On the other, I am very sensible of the special obligations in respect of the construction of all public works, and more especially of roads, which devolve on the Government as the recipient of so large a share of the profits of cultivation. I feel that, under the existing circumstances of the people of India, new communications add, not only to their material, but to their moral and intellectual improvement; and I to some extent share the misgivings of your Excellency's colleagues, lest the withdrawal of the provision so long made for the construction of roads should be regarded by the natives of your Presidency as virtually a breach of a public engagement. But, independently of these considerations, there seem to me to be special grounds on which I am compelled to agree with the Members of your Government who dissent from your proposal.

5. I am unable to reconcile it with the principles which govern the so-called "provincial" administration of the revenues. I am not, indeed, of opinion that the same relative proportion which existed on the introduction of this system between the services made over and the expenditure upon them should always be exactly maintained, but I agree with Mr. Sim, that there was an implied engagement to maintain all these Departments in full efficiency and integrity, and an implied understanding that no one of them should be wholly sacrificed to the others or to any other. The new financial arrangements in question were most fully discussed, both by the various Indian Governments as constituted at the time and by the Home Government. During this discussion, it was certainly never suggested that one effect of the change might be to put a stop to the construction of new roads in some part of India. If such an eventuality had been considered probable, I doubt whether the change would have been made.

6. It further appears to me to be clear that, if the above principle governs the application of the provincial grant, the law, as set forth in Section 36 of Madras Act IV. of 1871, must be changed, in order to give effect to your Excellency's alternative proposal. I cannot, however, look forward with any satisfaction to a discussion in your Legislative Council on the question now submitted to me. The state of opinion in your Executive Council leads me to think that a measure diverting the greater part of the district cess from roads to education would not be carried without difficulty, and at all events the controversy on the point would have to be conducted in public. Now, whether it be true or not that the claims of popular education on the Indian Exchequer are stronger than those of roads, it is certain that the natives of your Presidency do not consider them stronger. If a measure

affirming their superiority were introduced by your Excellency's Government, and publicly debated, I cannot but fear that misconstruction, and, possibly, political mischief, would be the result.

7. The insufficiency of the provision for education, with which your Excellency is so strongly impressed, is manifestly connected with the measure of your Government by which the house-tax, legalized by Act IV. of 1871, was placed in abeyance in 1873. My predecessor sanctioned the suspension of the tax, but stated that he should only regard it as satisfactory if other means less open to objection could be found for attaining the end for which the tax was imposed. The papers you have submitted to me leave no doubt on my mind that the question should be reopened, not necessarily with a view to the revival of the house-tax, but in the hope that, if it is not to be revived, your deliberations may result in the discovery of some less objectionable substitute for it.

I have, &c.,
SALISBURY.

His Excellency the Right Honorable
The Governor in Council, Fort St. George.

No. 34.

ORDER THEREON, 8th January 1875, No. 28.

To be recorded.

(True Extract.)

D. F. CARMICHAEL,
Acting Chief Secretary.

Exd. J. H. Burns.

Govt. of Madras (1875)

FINANCIAL,

Dated January, 8th.

Read

G.O., 8th January 1875, No. 28.

JANUARY.
Nos. 33-34.

Roads.—Secretary of State's Despatch, containing his views on the difference of opinion between the Members of Government respecting the diversion of a portion of the Grant for roads towards education, recorded.

India Office,
London, 10th December 1874.

Revenue,
No. 30.

To His Excellency The Right Honourable The Governor in Council, Fort St. George.

My Lord,

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I have the honour to be,

My Lord,

Your Lordship's most obedient, humble Servant,

Financial (1875) Department
No. 7.

Revenue
10th. Dec. 1874

The
Letter to Fort St. George
No. 30.

No. 18

Roads versus Education

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Recorded

Govt. of {1875} Madras.

Fin.
Local Funds
Roads & Educatn

G. O., dated [illegible] 1875 No. 2[illegible]

Nos. 33-4.

Roads &c of S. Dispatch Containing his views on the difference of opinion between the Members of Govt. respecting the diversion of a portion of the Grant for Roads towards Public Instruction

Cover paper