

appears that an outlay of about one million and a half sterling has been the maximum for one year. If we take the most immediately productive works, viz.: of Canalization, Irrigation, it will be seen that not more than 738,015 in the year 1853-54, and 543,333 in the year 1854-55, was thus expended.

“The condition of the Revenue, as preventing a more rapid and extensive outlay, has hitherto been an answer to those who might have been disposed to urge that even these amounts are insignificant, when the British Indian territory of 837,000 square miles, and its 132,000,000 of souls are considered. This answer resolves itself purely into one of alleged difficulty. That this difficulty is only apparent, and might be remedied, is evident, not only from the practical testimony of the productive results of such expenditure in the instances before adverted to, but also from the history and policy of the other branches of the Colonial Empire of this country. And the history of the East India Company, or of the trading companies of other countries, has shown no exception to the general rule, that expenditure on carefully selected objects of enterprise may often appear lavish and purposeless when it is but showing the field whose harvest is the proof of the wise economy of that expenditure.”

The Pressure of the Revenue

This branch of our study is entirely out of question : not that it is beyond our scope but there are innumerable drawbacks in our way. First and foremost is, that we have no absolutely correct statistics regarding population. Census was never known at that period and any estimate of the population is at best a guess too broad and vague to be made the basis of any scientific conclusion.

Another serious handicap in the way of such a study is the fact that every year the East India Company saw its territory extended by several units of miles and one often wonders whether the swell in the revenue is due to the high rate of taxation or the extension of territory.

Thirdly, the Revenue accounts of the East India Company are anything but perfect. As noticed before, they were mixed with the

commercial accounts till 1813 and when they were separated by the Parliamentary mandate they were hardly made intelligible.

These serious handicaps consequently compel us to leave aside this important phase of our study. Certain detached statements if grouped together may convey to us some idea regarding the pressure of the Revenue. Speaking about the Land Tax alone, Mr. R. C. Dutt, besides whom there is no better authority on the subject, says, "The Land Tax levied by the British Government is not only excessive, but, what is worse, it is fluctuating and uncertain in many provinces. In England, the Land Tax was between one shilling and four shillings in the pound, i.e. between five and twenty percent of the rental, during a hundred years before 1798, when it was made perpetual and redeemable by William Pitt. In Bengal the Land Tax was fixed at over ninety percent of the rental, and in Northern India at over eighty percent of the rental, between 1793 and 1822. It is true that the British Government only followed the precedent of the previous Mohamedan rulers who also claimed an enormous Land Tax. But the difference was this, that what the Mohamedan rulers claimed they could never fully realize : what the British rulers claimed they realized with rigor. The last Mohamedan ruler of Bengal, in the last year of his administration (1764) realized a land revenue of £817,553 : within thirty years the British rulers realized a land revenue of £ 2,680,000 in the same Province. In 1802 the Nawab of Oudh ceded Allahabad and some other rich districts in Northern India to the British Government. The land revenue which was claimed by the British rulers within three years of the cessation was £ 1,682,306. In Madras, the Land Tax first imposed by the East India Company was one-half the gross produce of the land. In Bombay, the land revenue of the territory conquered from the Marattas in 1817 was 800,000 in the year of the conquest: it was raised to 1,500,000 within a few days of the British rule : and it has been continuously raised since. "No native prince demands the rent which we do," wrote Bishop Heber in 1826, after travelling all through India, and visiting British and native states. "A Land Tax which now exists in India," wrote Colonel Briggs in 1830, "professing to absorb the whole of the landlord's rent, was never known under any government in Europe or Asia."

“The people of Bengal and of Northern India gradually obtained some relief from the heavy land assessment of the early years of the British rule. In Bengal the assessment was made permanent; and it has not been raised with the extension of cultivation, it now bears (including Road and Public Works assessments, which have been since imposed on the rental) a ratio of about 35 per cent on the rental. In Northern India the assessment was not made permanent, but was reduced to slightly over 50 per cent including all assessments, in 1855. But new assessments were added: calculations were made not on the current, but on the prospective rental until the tax rose to close upon 60 per cent on the rental.”

In Bombay and Madras things remained pretty much the same. In both these Presidencies the Ryotwar Settlement prevails. The working of this Ryotwar system of land tenure during the regime of the East India Company is best described by Mr. Fullerton (member of the Madras Government)—“Imagine,” he says, “the whole landed interest—that is, all the landlords of Great Britain, and even the capital farmers, at once swept away from off the face of the earth: imagine a rent fixed on every field in the kingdom, *seldom under, generally above* its means of payment: imagine the land so rented, lotted out to the villagers according to the number of their cattle and ploughs, to the extent of forty or fifty acres each. Imagine the revenue rated as above, leviable through the agency of one hundred thousand revenue officers, collected or remitted at their discretion, according to their idea of the occupant’s means of paying, whether from the produce of his land or his separate property: and in order to encourage every man to act as a spy on his neighbour, and report his means of paying, that he may eventually save himself from extra demand; imagine all the cultivators of a village liable at all times to a separate demand, in order to make up for the failure of one or more individuals of the parish. Imagine collectors to every country acting under the orders of a board, on the avowed principle of destroying all temptation to labour, by a general equalization of assessment: seizing and sending back runaways to each other: and lastly, imagine the collector, the sole magistrates, or justice of the peace

of the country, through the medium and instrumentality of whom alone, any criminal complaint of personal grievance suffered by the subject can reach the superior courts. Imagine, at the same time, every subordinate officer, employed in the collection of the land revenue to be a police officer, vested with the power *to fine, confine*, put in *the stocks*, and flog any inhabitant within his range, on any charge, without oath of the accuser, or sworn recorded evidence in the case."

To this Mr. Martin adds, "If anything could open the eyes of those who uphold the Ryotwar System at Madras, these torture revelations ought to do so. The late Mr. Sullivan, member of Council at Madras, declared to the author, that when he saw the cartloads of silver leaving his cutchery (treasury) for Madras, and remembered the poverty of the people from whom it was collected, he shuddered at the thought of their prospect during the ensuing year, as the demands of the government were inexorable and a certain amount of money must be forthcoming."

The Pressure of Inland Transit duties will be considered later when we come to the economic condition of India during the Company's rule.

As over against this pressure of taxation we have *very* little information regarding the income of the people.

Nothing gives a better idea of the pressure of the tax than its comparison with the income: but our knowledge of the income of the people is *very* scanty. According to Munro the average wages of an agricultural laborer was between 4s. and 6s. monthly and that the cost of subsistence was between 18s. and 27s. a head per annum.

What was the pressure of the tax we do not know. Circumstantial evidence goes to prove that it must have been great.

IV

Mr. Martin sums up the entire financial history most succinctly as follows:—

"The expectations raised by Clive of the prosperity which would follow the territorial acquisitions of the Company, were so far from being fulfilled, that it was found on this (when the Dewanee of Bengal and Behar was granted to the Company) and on subsequent occasions, that increase of revenue was almost invariably attended with more than commensurate

increase of expenditure : the cost of government by Europeans, the growth of a standing army in each Presidency, and other sources of legitimate or illegitimate expense, swallowing up all the anticipated surplus, and leaving nothing for the development of the resources of the country or even the maintenance of roads, canals, and other public works constructed by native rulers.”

Strange to say, the financial affairs of the Company were woefully mismanaged. A writer of the time said, “We have an army officered by British soldiers, manoeuvred according to European tactics. The spirit and much of the letter of the English law pervades our jurisprudence : our assessments for revenue are supposed to be based upon the doctrines laid down by Adam Smith and his followers (?). Our finance alone is Indian. Our military men study the strategy of Jomini : Blackstone and Bentham, Mills and Ricardo are the text-books of our civilians, but the system of our financiers is almost the same now as that of Abul Fazal, Akbar’s minister some three centuries ago.”

Year			Gross Revenue	Gross Expenditure
			£	£
1792-93	...	...	5,512,761	3,873,859
1793-94	...	...	8,276,770	6,593,129
1794-95	...	...	8,026,193	6,567,808
1795-96	...	...	7,866,094	6,888,997
1796-97	...	...	8,018,171	7,508,038
1797-98	...	...	8,059,880	8,015,327
1798-99	...	...	8,652,033	9,139,363
1799-1800	...	...	9,736,672	9,955,390
1800-01	...	...	10,485,059	11,468,185
1801-02	...	...	12,163,589	12,410,045
1802-03	...	...	13,464,537	12,326,880
1803-04	...	...	13,271,385	14,395,405
1804-05	...	...	14,949,395	16,115,183
1805-06	...	...	15,403,409	17,421,418
1806-07	...	...	14,535,739	17,508,864
1807-08	...	...	15,669,905	15,850,290
1808-09	...	...	15,525,055	15,392,889
1809-10	...	...	15,655,985	15,534,711
1810-11	...	...	16,679,197	13,909,981
1811-12	...	...	16,605,615	13,220,966
1812-13	...	...	16,336,290	13,515,828
1813-14	...	...	17,228,711	13,617,725

Year			Gross Revenue	Gross Expenditure
			£	£
1814-15		...	17,297,280	15,955,006
1815-16	...	...	17,237,819	17,059,968
1816-17	...	...	18,077,578	17,304,162
1817-18	...	...	18,375,820	18,046,194
1818-19	...	...	19,459,017	20,396,587
1819-20	...	...	19,230,462	19,689,107
1820-21	...	...	21,352,241	20,057,252
1821-22	...	...	21,803,108	19,856,489
1822-23	...	...	21,171,701	20,083,741
1823-24	...	...	21,280,384	20,853,997
1824-25	...	...	20,750,183	22,504,156
1825-26	...	...	21,128,388	24,168,013
1826-27	...	...	22,383,497	23,312,295
1827-28	...	...	22,863,263	24,053,837
1828-29	...	...	22,740,691	21,718,560
1829-30	...	...	21,695,208	20,568,358
1830-31	...	...	22,019,310	20,233,890
1831-32	...	...	18,317,237	17,048,173
1832-33	...	...	18,477,924	17,514,720
1833-34	...	...	18,267,368	16,924,332
1834-35	...	...	28,856,647	16,684,496
1835-36	...	...	20,148,125	15,994,804
1836-37	...	...	20,999,130	17,363,368
1837-38	...	...	20,858,820	17,553,525
1838-39	...	...	21,158,099	21,306,232
1839-40	...	...	20,124,038	22,228,011
1840-41	...	...	20,851,073	22,546,430
1841-42	...	...	21,837,823	23,534,446
1842-43	...	...	22,616,487	23,888,526
1843-44	...	...	23,586,573	24,925,371
1844-45	...	...	23,666,246	24,293,647
1845-46	...	...	24,270,608	25,662,738
1846-47	...	...	26,084,681	26,916,188
1847-48	...	...	24,908,302	26,747,474
1848-49	...	...	25,396,386	26,766,848
1849-50	...	...	27,522,344	26,960,988
1850-51	...	...	27,625,360	27,000,624
1851-52	...	...	27,832,237	27,098,462
1852-53	...	...	28,609,109	27,976,735
1853-54	...	...	28,277,530	30,240,435
1854-55	...	...	29,133,050	30,753,456
1855-56	...	...	30,817,528	31,637,530
1856-57	...	...	31,691,015	31,608,875
1857-58	...	...	31,706,776	41,240,571

Taking into account the period between 1792 to 1857 Mr. Romesh Chandra Dutt says, "It will be seen that if there were fourteen years of deficit, there were thirty-two years of surplus; and if the deficit amounted altogether to nearly seventeen millions the surplus amounted to nearly forty-nine millions. The net financial results of Indian administration was therefore a surplus of thirty-two millions during forty-six years. But this money was not saved in India, nor devoted to irrigation or other works of improvement. It went as a continuous tribute to England to pay dividends to the Company's shareholders; and as the flow of the money from India was not sufficient to pay the dividends, there was an increasing debt called the Public Debt of India." [1. R. C. Dutt. "India under Early British Rule." p. 408.]

There were two distinct ways in which loans were raised in England and in India.

In India when the government was in need of money it advertized that the Treasury was open to receive money upon loan at certain rates specified in the advertisement and upon the conditions there contained. So long as the loans remained open, parties were admitted to make what payments they pleased, and to receive what are called loan notes in acknowledgment, and these to any amount. The money raised on loan was all raised in India.

In England a different mode operated. The only mode, it was so stipulated by the Parliament, by which the East India Company was able to raise loan there was analogous to that of other corporations viz. on bonds, and all the Home debt was raised on bonds.

The Public Debt of India, at least under the Company's rule was entirely the creation of war.

We will follow the progress of these two debts separately.

The Indian Debt

In 1792 the Indian Debt was a little over £7,000,000 : within seven years it had risen to £10,000,000. In 1800 it was £ 14,625,384 carrying a total interest of £ 1,342,854. Now came the wars of Wellesely with the Marathas and in one sweep he

raised the Indian Debt to the amount of £ 30,098,857 in 1807-08 bearing a total annual interest of £ 2,339,087. After the conclusion of peace, attempts were made to lower the debts by redemptions : as a consequence of this policy the Indian Debt was brought down in 1810-11 to £ 22,545,843 and the interest to £ 1,503,434. But wars were the rule and peace the exception : and in 1819-20 by the Nepal War and the First Maratha War the Indian Debt was raised to £ 31,338,855. By 1823-24, as a result of the intervening peace, the debt was reduced but the next year the First Burmese War of 1824-25 raised it to £ 38,316,486. In 1835-36 the debt was reduced to £ 31,821,118 : but a train of military operations were awaiting India. The Afghan War, the Sindh War, the two Sikh Wars, the Second Burmese War increased the debt which in 1852-53 amounted to £52,313,094 and the interest to £2,479,133. In 1853-54, however, the Indian Debt was reduced to £49,762,876. In 1853-54 the Public Works policy was inaugurated and as a consequence of it the Indian Debt increased to £ 55,546,650 in 1855-56. The year 1857-58 witnessed what is known as the Indian Mutiny or the War of Independence, raising the Indian Debt to £ 60,704,084.

The Home Bond Debt (in England)

In 1800, the Home Bond Debt amounted to £ 1,487,112 at 5 % interest. But the wars of Wellesly also told upon the Home Debt and increased to £ 4,205,275 in 1807-08 : in 1811-12 the Home Bond Debt reached its maximum limit of £ 6,565,900 at 5 %. In 1816-17 the rate of interest was reduced to 4 % and it never rose above it. In 1814-15 the Home Bond Debt was reduced to £4,376,976. By occasional reductions it lowered to £ 1,734,300 in 1840-41. As a result of the Afghan War and the Mutiny the Home Bond Debt rose to £ 3,894,400, besides £ 40,000,000 as the cost of the Mutiny.

It is likely to be a matter of surprise when one sees the smallness of the Indian Home Bond Debt as compared with the Indian Debt. But the surprise will no longer exist when we know that the capacity of the East India Company to borrow in England was strictly limited by Parliamentary Regulations. The Parliament

was ever eager to obtain the advantages of the rule of the Company without its disadvantages. It was eager to obtain command of the Indian Empire, but till the end was achieved always looked upon it as problematical and did not want to jeopardize the interests of the country in a project which in spite of its apparent success looked anything but certain of beneficial results. Hence, the Parliament put a strict embargo on the Company's raising the loans beyond a certain limit lest the Company lose its hold upon India and bring ruin on England by jeopardizing English capital.

V

INDIA AND THE ACT OF 1858

The East India Company in spite of the fact that she was a source of great prosperity to England suffered great humiliation at the hands of the British Parliament and people.

The East India Company was jealous of her monopoly of the Indian trade and the British were determined to derive as large a gain as possible for allowing her that privilege. Every weakness in the administration was made an excuse for extortion and interference : and renewal of charter was often an occasion to disgorge her of her wealth accumulated by the monopoly of Indian trade.

Very early in the history of the Company a controversy as to this monopoly of trade had arisen and pros and cons were acrimoniously discussed. Up to 1833 the Company, by means fair or foul, managed to win over the English statesmen to continue her monopoly. But in that year the cry against her monopoly had grown so loud that both the Company and the Ministers had to give in and the East India trade was thrown open to all the English public.

By the Act of 1834 the Company ceased to be a commercial corporation. How the obligations of the Company were met may be seen from the following :

“The tangible commercial property sold under the Act of 1834, realised £15,223,480 which was thus disposed of :

£8,191,366 towards discharges of India Debt : £2,218,831 was applied in payment of territorial charges in England : £ 1,788,525 was applied in liquidation of part of the Home Bond Debt : £ 2,000,000 was paid into the Bank of England, for investment in the funds, to provide a "Security fund" at compound interest, for the ultimate redemption of the capital stock of the Company (6,000,000) in 1874 : £561,600 was applied in compensations to ship-owners and other persons : and the remainder of £ 463,135 was retained in England, as an available cash balance for the purposes of government in India. The unavailable assets claimed as commercial by the Company—viz. the India House in Leaden Hall Street, one ware-house retained for a military store department, and house property in India, the whole valued at £ 635,445—remains in the hands of the Company but applicable to the uses of the Indian Government."

Though as a trading body the Company disappeared, she continued her existence as a political sovereign of her territories in India. Unfortunately for the Company her days were fast being numbered.

It is an error to suppose that the East India Company was abolished because of her inefficiency as manifested in the Mutiny of 1857. On the contrary, before the mutiny had actually taken place, the discussion about the direct assumption of the Government of India by the Crown was set afloat, which is indicative of the fact that mutiny or no mutiny, the British statesmen were impatient to have direct control over the "leaves and the fishes" that came but indirectly from their rule in India by a process of disgorging a corporation which directly fed them on beef fat.

This round about process was tiresome and mentally exhausting for impatient minds. Lord Palmerston having been returned by a strong majority in 1857 as a result of his success in the Crimean War immediately notified the Directors of the Company to their great surprise that he proposed to introduce a Bill for the abolition of the Company and the resumption of the direct Government of India by the Crown.

Unfortunately, the mutiny did occur in 1857 and gave a strong impetus to the abolition movement already in full swing.

On the 31st day of December, 1857, the Chairman and the Deputy Chairman of the Company replied to the notification of Palmerston urging that “an intermediate, non-political, and perfectly independent body” similar to the Company was a necessity for the administration of India.

Besides this the Company sent a formal petition to both Houses of Parliament. John Stuart Mill who drafted the petition showed the fallacy in the arguments of the mover of the Bill for the abolition of the Company. From the very beginning the Crown had exercised its control over the Indian Government through its Minister presiding over the Board of Control. Between the Government in India and the Crown Minister there was the Court of Directors which the new Bill wanted to do away with. Mill argued that this Court of Directors (the organ of the East India Company), the embodiment of experience was a good guide for the Crown Minister who really controlled the entire administration of India, and said that if evils have really arisen from the mode of administration the remedy that was sought viz. of doing away with the Court of Directors and thus making the Crown Minister an autocrat was worse than the disease. “To believe that the administration of India would have been more from error had it been conducted by a Minister of the Crown without the aid of the Court of Directors, would be to believe that the Minister, with full powers to govern India as he pleased, has governed ill, because he had the assistance of experienced and responsible advisers.”

A diversity of opinion prevailed as to the future connection of India with England.

The Stanlay Review, an important newspaper in England argued that the East India Company be maintained to keep India away from English politics. It made quite a point of the fact that Englishmen who went over to India became autocrats and that in it there was a danger to democracy. It boldly proclaimed that “India, like a colossal torpedo, will paralyze the beneficent activities and benumb the free moral life of England”..... and if.....“brought full in sight of England, will serve her as a great

school, in which she may learn the principles of the King of Naples and the practices of Mrs. Stowe's Legree."

Others, notably a certain Richard Congreve, a disciple of Conte pleaded that India should be left to work out her own destiny. He maintained that the rule of one people by another is demoralizing and not wise for the better development of humanity. In order to prevent any other nation from stepping into India after the English had left he proposed that an international board be appointed to regulate the administration which was ultimately to devolve upon the Indians when they became capable of self-government.

None of these views, however, fall in with those of the British Parliamentarians who decided differently. They were determined to abolish the East India Company and take the government of India immediately under the Crown: they desired to substitute direct government for the double government. As a result of this neither the petition nor the independent public opinion proved of any effect and Palmerston introduced his Bill for the Abolition of the Company and the future government of India. Before the Bill was passed, the Conspiracy Bill threw out the government of Palmerston which was succeeded by a conservative one under the leadership of Lord Derby. After Lord Palmerston's Bill had gone out by his overthrow, Benjamin Disraeli, the Chancellor under Lord Derby introduced his India Bill. John Stuart Mill's comparison of the merits of the two bills is very instructing and later events have borne out his contentions. He says:—

"The means which the Bills provide for overcoming these difficulties (of the government of one nation by another) consist of the unchecked power of a minister. There is no difference of moment in this respect between the two Bills. The minister, it is true, is to have a Council. But the most despotic rulers have Councils. The difference between the Council of a despot, and a Council which prevents the ruler from being a despot is, that the one is dependent on him, the other independent; that the one has some power of its own, the other has not. By the first Bill (Lord Palmerston's Bill) the whole Council is nominated by the minister; by the second (Disraeli's Bill) one half of it is nominated by him. The functions to be entrusted to it are left, in

both, with some slight exceptions, to the minister's own discretion."

Disraeli's Bill suffered worse fate than the one of Lord Palmerston. It simply fell. A new bill was therefore introduced in August, 1858, and passed designated as an "Act for the better government of India."

The Provision of this Act (of Section 75) which still largely regulate the administration of India may be divided into classes according to their nature :

- (1) Those dealing with the past affairs.
- (2) Those dealing with the future affairs.

We will first consider those that deal with the past affairs—mainly the settlement of the fiscal and commercial obligations of the Company. Section 42 of this Act "provided that the dividend on the capital stock of the East India Company, should be charged and chargeable upon the revenues of India alone."

Amidst all the questions between India and England that had to be settled with equity none was more prominent than the question of the Indian debt. Who should bear the burden of the Indian debt was the burning question of the time. The crux of the question was who was responsible for it and what was its purpose ?

The most enlightening commentary on the problem is that of Major Wingate who immediately after the mutiny argued :

"Have the people of India had a voice in the management of their affairs, or have the taxation and expenditure of the Indian Government been regulated with a view to the welfare of India alone, without intervention or interference on the part of the government of this country ? By no means, the Government of India, whether viewed with reference to its forms or powers, has been, from the first hour of its existence up to the present time, the creation of the British Parliament. The power vested in the Government of India to contract debt, was a delegation of authority from the British Parliament, which, up to this hour, as in the case of the last debenture loan, exerts a right of interference over its exercise..... The East India Company have been declared by Parliament to have been simply trustees for the British nation, which, in accordance with this

view, altered the conditions of their trust from time to time, and finally relieved the trustees of its exercise altogether. When the subject is carefully examined, it will be found that the Government of India, so far from being the Government of a distinct state, has been, from the first, simply a *department of the British Government*. The British ministry, acting through the President of the Board of Control, formed the real motive power which decided the policy of successive Indian administrations, and the East India Company was simply a convenient screen..... If the facts be so, then, and they cannot be gainsaid, we seem to be shut up to the conclusion that the acts of the Government of India, from first to last, have been the acts of the British nation. India has never had even the shadow of a constitution, or of a national government, but has been ruled as a conquered country, according to the views of successive British Parliaments and the British administrations. **The Indian debt has really been incurred by the Government of this country : and how, then, can we possibly shake ourselves free of Indian liabilities ?”**

Mr. Wingate also appealed to the humane part of the British public by dwelling upon the advantages to England and the injuries to India :

“In proceeding to consider these advantages, there is one most important fact, which should ever be present to the mind of the reader, and that is, that those advantages, be they great or small, have cost the nation nothing to acquire. This may sound as a startling assertion in the ears of Englishmen of this generation, who have not yet forgotten the heavy bills which they have had to pay for Canada rebellions, Caffre wars, Ceylon insurrections, and many manumissions of West Indian Slaves; and who are annually reminded of the cost of governing, or protecting our colonies and dependencies, by the financial estimates submitted to Parliament; but the assertion, nevertheless, is strictly and liberally correct. “Strange,” may we wonderingly exclaim, “that we, who have spent so much on our colonial possessions, and have waged so many costly wars for thankless foreigners, should have laid out no money in the

acquisition or improvement of our great Indian Empire. The thing cannot be : it is too astounding for belief." Astounding indeed it is : but there is something still more astonishing behind; for not only is it a fact that India has been acquired without the expenditure of a single shilling on the part of this country, but it is equally a fact that, so far from involving outlay, India has regularly paid to Great Britain a heavy tribute, which there is reason for thinking has not fallen far short of the almost incredible sum of a hundred millions sterling in the course of the present century."..... " The Indian tribute, whether weighed in the scales of justice, or viewed in the light of our own true interest, will be found to be at variance with humanity, with common sense, and with the received maxims of economical science."

Touching the grievances of India, Mr. Wingate asked the English public :

"Has our policy in India been determined out of pure, unselfish, and benevolent regard for the welfare of the people of that country, and without the smallest regard for the manner in which it may affect our own away ? Was this the principle which guided us in imposing prohibitive duties upon Indian manufactures imported into this country, and merely nominal duties upon British manufactures imported into India ? Was it out of pure regard for India that cotton exported to Great Britain from India, is exempt from duty, while it is taxed on exportation to all parts of the world besides ? Was it Indian interest which dictated the fixing of import duties upon goods brought to India in British ships, at one-half of the amount levied upon similar goods brought in ships to any other country ? Were native interests solely concerned in the exemption of Europeans in India from the jurisdiction of the ordinary courts of criminal justice, by which native redress for British wrong-doing, has been made a practical impossibility in ninety-nine cases out of a hundred ? Was it out of consideration for the tax paying Hindoo and Mohamedan, that the official European in India was provided with a costly ecclesiastical establishment before anything else was done for their education or enlightenment ?

Was it unselfish regard for the natives that dictated the policy of obtaining, upholding and extending British dominion in the East, by means of taxes raised in India, in opposition to the rule obtaining in all other British dependencies, of providing for the costs of their military defence from the British Exchequer? And lastly, were the arrangements for defraying what is styled “the home charges,” out of the Indian revenues, under which nearly one hundred millions sterling of taxes collected in India, have been transferred to Great Britain in the course of the present century, devised for the purpose of benefiting the people of India alone? Let the candid reader thoughtfully and conscientiously answer these questions for himself, and then say whether British interest as well as Indian interests have not had a share in determining the course of our Indian policy.”

All the arguments legal and humanitarian failed to win the day. The English Parliament flatly refused to share in the Indian Debt which created the acquisition of the Empire. The entire heavy load of the debt of the East India Company amounting to £ 69,473,484—mostly unproductive—was placed on the shoulders of the poverty-stricken natives who had *no* voice in the doings of the Company. This was not all: the unfortunate mutiny had cost £ 40,000,000, and as a legitimate expenditure for the acquisition of an empire, England in justice ought to have paid the cost of the mutiny. John Bright who often expounded the cause of the Indian tax-payers appealed to the Parliament saying “that the forty millions which the revolt will cost is a grievous burden to place upon the people of India. It has come from the mismanagement of the Parliament and the people of England. If every man had what was just, no doubt that forty millions would have to be paid out of the taxes levied upon the people of this country (England).”

The practical outcome of these unjust arrangements was that the people of India purchased the empire at many millions for the debt was only a part of the cost, and made an offering of it to the British Crown: in other words, the Empire was either a gift or a trust.

The arrangements regarding the stock of the East India Company are in the same iniquitous strain. The stock of the Company was redeemed by a loan which was also added to the already enormous debt consolidated into what is known as the India Government Debt.

What the Act really did was to annihilate the Board of Control : the Company though legally extinct continues to live for all practical purposes and enjoys her dividends even to this day in the shape of interest paid out of Indian revenues. The astounding result of this policy was **gains to England and costs to India**. When every effort at giving justice to India failed in the British Parliament, Lord Derby moved that this enormous debt of India be guaranteed by the Parliament so that on the security of it the interest rate be lowered and the Indian tax-payer be relieved. He said :

“I am aware that the uniform policy of the Parliament and the Government of this country has been to decline all responsibility in regard to the debt of India, which has been held to be a charge only on the Indian Exchequer. Dealing with the present state of affairs I may say at once that I am not going to recommend any change in that policy. I know well the alarm which any such proposition would create and I know the refusal which it would inevitably receive. But this is a question which will recur again and again, and which will have to be considered in the future as well as in the present.

I would likewise ask the House to bear in mind that if ever the time should come when the established policy in this respect should undergo a change, and when a national guarantee should be given for those liabilities, that guarantee would operate to reduce the interest paid upon the Indian Debt by no less than £ 750,000 or even £ 1,000,000 which, formed into a sinking fund, would go far to pay off the whole.”

John Bright who through sheer short-sightedness opposed said :

“I object to an Imperial guarantee on this ground—if we left the services of India, after exhausting the resources of India, to put their hands into the pockets of the English people, the

people of England having no control over Indian expenditure, it is impossible to say to what lengths of unimagined extravagance they would not go: and in endeavoring to save India, may we not go far towards ruining England?"

Not only was there no warrant for Mr. Bright to magnify this danger so much, but he failed "to see that the people of England would have very soon ceased to neglect the affairs of India, and would have obtained a real control over Indian expenditure, if some share of the liability of the Indian Debt had been thrown on them."

The discussions were all abortive and did not even recompense the breath that was wasted and in no sense did the natives get any relief from "the direful spring of woes unnumbered."

Let us now see what the Act willed for the future. Section 55 said, "excepting for preventing or repelling actual invasion of her Majesty's Indian possessions, or under other sudden and urgent necessity, the revenues of India shall not, without the consent of both Houses of Parliament, be applicable to defray the expenses of any military operation carried on beyond the external frontiers of such possessions by her Majesty's forces charged upon such revenues."

With profound respect for the intellect of Mr. R. C. Dutt, one, however, cannot understand on what ground does he characterise this section as "one salutary financial provision". That it was an improvement over the financial administration of the East India Company no one can doubt. But it is by no means salutary in that the revenues of India have been spent outside India for non-Indian purposes, even after the Act. The fatal error lay in this,—the excepting clause in the above section which sanctions the expenditure of Indian revenue outside of India omits the vital word *previous*. The clause in order to be salutary in effect ought to run—"the revenues of India shall not, without the *previous* consent of both Houses of Parliament, be applicable etc....." and not in the way it does. An unknown writer says, "in all probability that essential proviso was comprised in the original draft, but afterwards eliminated by the

same mischievous hand which contrived in Sections 26,27,28 to secure the entire immunity, irresponsibility, and personal autocracy of the secretary of state.”

After showing that Lord Stanely and the Earl of Derby who had so much to do with the framing of the statute were united in including the neglected proviso the writer quotes the opinion of Mr. Gladstone regarding Section 55 as follows :—

In my view it was the purpose of this clause to require the **Preliminary** consent of parliament to the issue of Indian money for the purpose of operations carried on by the forces charged upon India beyond the Indian frontier, except in certain special cases, which were very carefully defined. It was, in fact, to prevent the use of Indian money for military operations. I remember this; for I myself was the author of the clause, and the present Lord Derby, who was Secretary of State for India at the time, concurred with me as to its objects.”

The same writer goes on to say :

“There are few, if any causes, that have brought more disaster and financial damage to “India of the Queen” than has the utter disregard of the safeguards ostensibly ordained under these despised and neglected provisions of the Act. We are well aware that, even had the saving word “previous” been included in the Section, the clamour on behalf of pseudo-Imperial interests, or the exigencies of party schemes, might have sufficed to override the claims and rights of the Indian people. **But that word would, at least, have secured an invaluable respite, during which the voice of reason might have been heard.**”

The non-fiscal sections of this Act were :—

- (1) The territories of the East India Company were vested in her Majesty, the Queen, and the powers exercised by the East India Company and the Board of Control were vested in the Secretary of State for India. He was to have a Council of fifteen members who would hold office during good behaviour, and each member was to have a salary of £ 1200 a year out of the revenues of India. The pay of the Secretary of State and all his establishment would similarly be charged to India.

- (2) The Secretary of State was empowered to act against the majority of the Council except in certain specified matters. And on questions of peace and war (which had hitherto been dealt with by the Board of Control through the Secret Committee of the Court of Directors), the Secretary of State was empowered to send orders to India without consulting his council, or communicating them to the members.
- (3) The Governor-General of India and the Governors of Madras and Bombay would henceforth be appointed by Her Majesty the Queen; and the appointments of Lieutenant-Governors would be made by the Governor-General subject to the approbation of Her Majesty. Rules should be framed by the Secretary of State for admission into the Civil Service of India by competition.

The evil tendencies of the administrative section above referred to have been attested to be (1) autocracy, (2) secrecy, and (3) irresponsibility, all of which are inimical to the good administration of the country. It is lamentable that the Act made no provision for enlisting the voice of the natives in the administration of their own country. In this vital respect, can any one say that the administration of the Company differed very much from the administration of the Crown ?

In order to give publicity to the provisions of this Act, Queen Victoria asked Lord Derby (apparently not being satisfied with the first draft of it) to issue a Proclamation which, as she said, "should breathe feelings of generosity, benevolence, and religious toleration, and point out the privileges which the Indians will receive in being placed on an equality with the subjects of the British Crown, and the prosperity following in the train of civilization."

This Proclamation was read out in India and has been regarded as the Magna Charta of India not that the Magna Charta contained the rights of people but that it was a Great Document.

It remains, however, to estimate the contribution of England to India. Apparently the immenseness of India's contribution to England is as much astounding as the nothingness of England's

contribution to India. Both are, however true statements if looked at from economic points of view. But from another point of view, if India's tribute cannot be weighed in the scales of justice and humanity then England's contribution cannot be weighed in the scale of gold and silver. The last statement is both literally as well as figuratively true. England has added nothing to the stock of gold and silver in India : on the contrary, she has depleted India— "the sink of the world."

Her contribution lies in an uneconomic realm : but just the same, it is too great to be measured in terms of coin.

"Englishmen can look back on their work in India, if not with unalloyed satisfaction, at least with some legitimate pride. They have conferred on the people of India what is the greatest human blessing—Peace. They have introduced Western education, bringing an ancient civilized nation in touch with modern institutions and life. They have built up an administration which, though it requires reform with the progress of the times, is yet, strong and efficacious. They have framed wise laws, and have established Courts of Justice, the purity of which is as absolute as in any country on the face of the earth. These are results which no honest critic of British work in India regards without high admiration."

But whether mere animal peace is to be preferred to economic destitution, let every one decide for himself.

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Book 2

