THE RELATIONS BETWEEN THE HOME AND INDIAN GOVERNMENTS, 1858-1870

by

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ABSTRACT

This thesis presents a study of the working of the home and Indian Governments and their mutual relationship during the period immediately following the Mutiny. In fact the Governments in London and India were parts of one mechanism, the several organs of which were constantly acting and reacting upon one another. It has, therefore, been found necessary to assess the part played by each in evolving the various policies and in their actual execution.

The scope of the subject covers the entire field of the Indian administration as it was reorganised after the Mutiny. The main sources on which the study is based comprise the original proceedings of the home and Indian Governments and the private correspondence of Sir Charles Wood during the period in which he remained the Secretary of State for India.

A close study of these sources has produced considerable new material hitherto unknown to scholars. Sir Charles Wood's private papers, which are in the possession of the Right Honourable The Earl of Halifax, contain a vast amount of information which could not be gleaned from the official sources. When both the official proceedings and private correspondence are read together a new and more complete picture is obtained. For example the "Minutes of the Council of India", in which the proceedings of that body have been recorded, and which have been made use of for the first time

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in this thesis, contain only the summary of the despatches and of the reports of its several Committees and the number of votes given for their approval or disapproval. But Wood's private letters tell how he managed his Council and reveal the views held on various questions by its members. It is still more interesting to find how secret instructions, contrary to those officially communicated, were sent privately by the Secretary of State to the Indian authorities.

It is clear, then, that no study of the working of the home and Indian Governments can be complete unless based on both official and private sources combined; in this thesis the whole range of governmental policy during the period has been investigated on this principle.

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LIST OF ABBREVIATIONS.

C.C.	Chief Commissioner.
C.H.I.	The Cambridge History of India.
D.I.B.	Dictionary of Indian Biography.
D.N.B.	Dictionary of National Biography.
Dy.	Deputy.
G.-in-C.	Governor-in-Council.
G.G.-in-C.	Governor-General-in-Council.
H.C.C.	House of Commons Committee.
H.L.C.	House of Lords Committee.
I.O.C.	India Office Correspondence.
L.B.	Letter Book.
P.P.	Parliamentary Papers.
Pol.	Political.
Pub.	Published.
P.W.	Public Works.
Ry.	Railway.
Teleg.	Telegraph.
V.P.	Vice-President.
Vol.	Volume.

CHAPTER I

THE END OF THE EAST INDIA COMPANY

The Charter Renewal Act of 1833 terminated the East India Company's monopoly of the China Trade and specifically prohibited it from engaging in any form of commercial activity. It was, however, allowed to carry on the Government of India for another twenty years "in trust for His Majesty, his heirs and successors".[1]

This Act left the system of "double Government" which dated from 1784, practically untouched. Although the constitution of the Board of Control was modified, the President still remained in charge of the execution of its policy. It powers of superintending and directing the acts of the Court of Directors were reiterated, but the patronage of the latter was again jealously guarded against any interference on the part of the Board. Provision was also made for the reconstitution of the Secret Committee,[2] whose powers were greatly extended as the East India Company had ceased to be a commercial body.

These changes in the form and the functions of the East India Company were in fact the manifestation of the great economic and political changes which were coming over England during the last century. In 1793[3] and 1813,[4] the Company had to encounter the opposition mainly from the trading communities /"outporters

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1. Ilbert, Sir Courtenay: The Government of India, 1915, p. 81.
2. P.P. 88, Vol. 19, 1852, H. of L. Report 1852, p. 18, Melville's evidence.
3. Philips, C.H.: The East India Company, 1784-1834, p.75, 1940.
4. Idem., No. 181-183.

"outporters" as they were called. They had succeeded with the backing of the cotton towns and other comparatively new export industries[1], in finally liquidating its monopoly of the Eastern trade in 1834. But with the development of the Industrial Revolution, a new class, the industrial class, more powerful in resources and influence than the "outporters" had come into being. The industrialists were desirous of developing the resources of India by investing their capital as a source for the supply of raw materials and as a market for the consumption of their manufactures. They considered the East India Company to be a great hindrance to these plans, as it had deliberately restricted the influx of Europeans to its Indian possessions[2].

Among the industrial classes of England the cotton manufacturers of Lancashire were the most important and powerful. During the Napoleonic Wars when the Continental System cut them off from the European markets, and the War of 1812 with the United States, which considerably limited their supplies of raw materials, they had declared that they looked to India to make good both these deficiencies[3].

To them India was the most important market. In 1850 the value of the total export trade to India from Britain

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1. The Economic History Review, Vol.VII, May 1937, R. Pares: "The Economic Factors in the History of the Empire", p. 133. Also see Philips, op. cit. p. 293 and p. 295.
2. Idem, p. 132.
3. Idem, p. 134.

and Ireland had swollen to £8,024,000. Of this amount cotton goods alone claimed £5,220,000[1] and thus accounted for one-eighth of the entire foreign trade and one-fourth of the whole cotton exports. The cotton manufacturing industries were also employing one-eighth of the population of Great Britain and contributing one-twelfth of the national revenues.[2] The importance of India as a market was further enhanced as a consequence of the French Wars, which had closed European markets to British cotton exports.[3] But India was also known to be a great producer of cotton which, it was believed, afforded considerable scope for expansion. In the first half of the nineteenth century the cotton industry of Britain drew the bulk of the supply of its raw material from America. The Cotton Famine of 1846 and the diplomacy of President Polk convinced them that their dependence for the supply of that commodity on the Southern slave system was extremely precarious.[4] As usual, considerable hue and cry was raised against the East India Company, alleging that it had failed to promote cotton cultivation in India, so as to make the cotton industry of Britain independent of its supplies from the U.S.A. There had been the

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1. Hansards Vol.127. Bright's Speech, June 3rd, 1853, p.118
2. New York Daily Tribune, July 11th, 1853: Marx, Karl: "The East India Company and Its History".
3. Knowles, L.C.A.: The Economic Development of the British Overseas Empire, p.306, 1928; also see the Economic History Review Vol: VII, p.134, op cit.
4. Jenks, L.H.: The Migration of British Capital up to 1875., pp.210-11, 1927.

same complaint against the Company in 1788, when the rising cotton industry had been retarded, because little could be imported from Turkey and the supplies from the West Indies or Brazil were not sufficient. Manchester had, therefore, urged upon the East India Company the necessity to import cotton from India.[1] But it was found that the cotton brought from India was not suited for the purposes of the Lancashire manufacturers, and also that it was sold at unremunerative prices. In 1846, because of the cotton famine in America, the supply of cotton became so scarce that a Parliamentary Committee had to be appointed under the Chairmanship of Bright, during the session of 1847-48.

From this time onwards, the subject of the promotion of cotton cultivation began to assume increasing importance and figured prominently in the investigations of various Committees. A careful inquiry was made into its relation to the system of land tenure, climate, the suitability of the soil and specially the means of communications and transport. These investigations confirmed the view that India possessed vast potentialities to produce cotton which would successfully compete with the American variety. But the great obstacle was the lack of suitable communications.[2] Another drawback was that the manufacturers had not set up any organization of their own for this purpose, but were too much depending upon the Government.

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1. Ellison, T.: The Cotton Trade of Great Britain, p.62.

2. P.P. 511, Vol.9, H. of C., 1847-48: Report of the Committee appointed to inquire into the Cultivation of Cotton, p. III. Also P.P. 692, Vol.28, 1852-53, H. of C. on Indian territories, 1852-53, IV Report. See, for instance, Prideaux's evidence, 30th May, 1853, p.9., Bird's evidence, 2nd June, 1853, p.34.

The Chambers of Commerce of Manchester, Liverpool, Blackburn and Glasgow also sent Mackay to India to study the possibilities of promoting the cultivation of cotton.[1] Mackay came to the conclusion that the supply of Indian cotton could only be supplementary to that of America; and also that great improvements in the methods of cultivation and cleaning were required before it could successfully compete with American cotton.[2]

At the same time, as a result of the industrial growth of Britain, there had been a great accumulation of capital, which was seeking fresh outlets. During the early decades of the nineteenth century, British capital had been invested in France, Belgium, Germany and New England, thus spreading the Industrial Revolution to those countries.[3] It has been estimated that during the thirties, nearly six million pounds of surplus capital had been flowing out annually. India in spite of her vast economic potentialities had not come in for her share in this process.

The only British capital which had been invested up till then was in the Agency Houses and the Indigo plantations. These Agency Houses were started by the Civil servants and the agents of the East India Company.[4]

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1. The "Economist" 17th December, 1853, p. 1407.
2. Ibid.
3. Clapham, J.H.: Economic History of Britain, 1820-50, p. 491, ed. 1926.
4. The Cambridge History of the British Empire, Vol. II, 1783-1870: Chapter XXI, by H.J. Habakkuk, p. 757, ed. 1940

During the period, 1837-42, the investment of surplus capital in foreign countries had to be stopped owing to several reasons. There were depressions accompanied by political breakdowns in Egypt, Canton and Maine.[1] In the early forties, the "six hostile tariffs of Russia, France, Belgium, Portugal, the U.S.A. and the Zollverein brought abou a marked decline in British trade with those areas. Dividend from Continental securities could not be re-invested, but were sent home where they stood idle. In 1843 a capital of more than twenty-five million pounds was lying inactive in the city.[2] It was soon invested in the construction of railways which revolutionized the internal economy and generated new constructing and promoting organizations which did not cease to be active once their function at home was over. They sought an outlet to foreign countries in search of work and profit. In England the demand for foodstuffs increased and the British capitalists realized the advantage of investing their capital in procuring them.[3]

Among these interests Railway Companies were the most prominent. In 1845 there were about a dozen of them in London which were trying to acquire contracts for constructing railways in India. In the beginning two of them, the

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1. Jenks, L.H.: The Migration of British Capital up to 1875, p.126; 1927.
2. Idem. pp. 127-128.
3. Idem. pp.129-130.

East India Railway Company and the Great Indian Peninsular Railway Company, succeeded. The former was organized by MacDonald Stephenson who had the support of Cockerill & Co., Fletcher, Alexander & Co., Crawford Colvin & Co., and Palmer, Mackillop and Dart & Co., and by many other East India Houses.[1] Some shipping Companies, like the Peninsular and Oriental Lines, who were trying to secure access to the Burdwan Coal Mines also lent their support to these Railway Companies.[2]

The Great Indian Peninsular Railway Company was contemplating the connection of the cotton producing areas with the sea, and naturally had acquired the support of the Liverpool cotto interests and their counter-parts in Bombay, who tried to influence the Government through their lobbyists in London.[3]

After the abolition of slavery in the West Indies in 1833, the planters also turned towards India in search of cheap labour and began to acquire land, a privilege which had been granted by the Charter Act of 1834.[4]

These capitalists were hesitating to invest their capita because, they considered, as Bright stated in Parliament, that the necessary security was not provided by the Government of India.[5] The investigations of several Parliamentary

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1. Idem., p.210.
2. Idem., p.27.
3. Idem., p.
4. Knowles, L.C.A.: The Economic Development of the British Overseas Empire. p.306, 1928.
5. Hansard, 127, 1853, Bright's Speech, June 3rd, p.1183.

Committees on India had revealed a deplorable state of law and order in many parts of the territories under the jurisdiction of the East India Company.[1] The Capitalists, in fact, desired to have a "privileged statues",[2] and a penal process for the enforcement of contracts.

At the same time they had realized that it was essential to create fresh productive powers in India otherwise its capacity to consume their manufactured goods or to give its own produce in return would remain extremely limited.[3] The trade between England and India had already begun to decline. The value of imports into India from Britain during the four years, 1841-42 to 1845-46, was Rs.261,315,728, but for the succeeding four years, it had been reduced to Rs.253,017,214.[4]

Therefore with the approach of the time for the renewal of the Charter of the Company in 1853, the capitalists intensified their efforts to overthrow it, as an instrument for the Government of India. Among the opponents of the Company the cotton manufacturers were most vociferous. A Society known as the "India Reform Society" was formed with the

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1. P.P. No.198, Vol.4: The Report of "The Committee on the Colonization and the Settlement of Europeans", 1859, Vol. II. Evidence of Forbes and Underhill, 10th March, 1859, pp.173-5.

2. Jenks, L.H.: The Migration of British Capital up to 1875 p.210.

3. The New York Daily Tribune, July 11th, 1853: Karl Marx "The East India Company and Its History".

4. P.P. 569. Vol.69, H. of C. 1852: Statistical Papers Relating to India, p.44, edited by Thornton.

declared object of promoting the welfare of the peoples of India.[1] On the other hand, Sir Charles Wood, the President of the Board of Control, stated that the aim of the Society was "to oppose any plan which is not founded on the lines, of what is called a single Government, and which does not put an end to the Court of Directors".[2] It had its rooms in the Haymarket and was conspicuous for its membership which included men like Bright, Blackett, Bruce, Crooke, Phillimore Danby-Seymour and Viscount Goderich, all of whom were Members of Parliament.[3]

Some pamphlets written by James Silk Buckingham, Chapman and Marshman, the celebrated Editor of the "Friend of India", a Calcutta newspaper, also appeared.[4] Buckingham had in 1833 acquired considerable notoriety by taking a prominently active part in the propaganda campaign against the Company.[5]

These writers, except Marshman, magnified the defects of the Company's Government in India. They laid special emphasis on the neglect shown by the Indian administrators in

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1. The "Times" of London, May 10th, 1853, p.4.
2. Hansard, Vol.127, 1853, p.1096.
3. The "Times" of London, May 10th, 1853, p.4
4. I.O. Tracts, Vol.6, 1853.
   Buckingham, J.S.: Plan for the Future Government of India, 1853.
   Chapman, J.C.: Principles of India Reform , 1853.
   Marshman, J.C.: "Letter to John Bright" 1853.
5. Philips, op cit. p.

the matter of the construction of public works, with the result that the Indo-British trade had remained extremely limited.[1] Marshman, on the other hand, defended the East India Company against such attacks on the ground that the latter had to encounter untold political and financial difficulties in India. But in spite of such obstacles, he stated, astounding success had been achieved in the construction of important works like the Grand Trunk Road. The feeling against the Company was not confined to England alone. The Anglo-Indian Press of Calcutta was no less sparing in its gibes against the Company. The "Friend of India" continuously insisted on its suppression.[2] A "monster petition", which was drawn up by a barrister, "the extent of whose practice was in an inverse ratio to his abilities", was also submitted to Parliament. It was signed by 1281 persons, of all classes. Although its tone was highly exaggerated, there was sufficient truth in its assertions, regarding the sorry state of law and order in the Lower Provinces of Bengal.[3]

The representatives of the mercantile and industrial classes also submitted several petitions, two of which are noteworthy. One was submitted by the Earl of Albemarle to /the

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1. Chapman, J.: cit. supra. The author showed that if India's demand for British goods could be raised by 3d. the increase in trade would amount to £1,500,000, p.9.
2. The "Friend of India", Jan. 23rd, 1851, pp.49-51.
3. Idem., July 13th, 1853, pp.18-19.

the House of Lords.[1] It contained the proceedings of a public meeting in which the inhabitants of Manchester had assembled and had forcefully demanded the winding up of the East India Company and the transference of the Government of India to the Crown. It was, henceforth to be carried on through a Minister, who would be assisted by a Council. The main charge against the Company was that it had failed to develop the natural resources of India, and therefore the condition of the Indian population had remained miserable.[2]

The other petition was submitted to the House of Commons Committee, 1852-3, on the 4th July, 1853, by Gladstone on behalf of the Chamber of Commerce and the Commercial Association of Manchester.[3] It expressed great dissatisfaction at the small extent of trade between Britain and India and demanded the construction on a comprehensive scale of the works of public utility, which were "essential for a civilized and commercial life". The importance of improving the system of Indian administration and the advantages of giving people good education, were greatly emphasized.[4]

Although the opponents of the Company failed to overthrow

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1. Hansard Vol.127, 1855, p.298.

2. Idem., p.298.

3. P.P. 763, Vol. 28, H.of C. 1852-53; H. of C.C., V Report, pp.33-34. Gladstone also told the Committee that the consumption of British manufactures and twist in India ranged from 5½d. to 10d. and 1-8th of a penny per head, while in England in 1847, it amounted to 7sh. 9d. per head and in 1852 to 31sh. 6d. Idem, p.38.

4. Idem, p.34.

it in 1853, the course of events had shown that serious modifications in its structure would be introduced. The evidence given before the Parliamentary Committees in 1852-53 also pointed in the same direction.

It was generally admitted that the constitution of the East India Company was not well-adapted to the altered circumstances, in which it was placed by the Act of 1833. For instance the Court of Proprietors, ever since the Company ceased to be a commercial body, had no other function except to elect the Directors. Its ineffectiveness was openly ridiculed in the Press.[1] Its members were spread all over Europe and hence as a constituency for the election of the Directors, it had become cumbrous. Usually six to seven years of canvassing were required before a candidate could with some hope of success, seek election to the Court, with the result that many Anglo-Indians were deterred from offering themselves for the Direction.[2] As a measure to counteract these evils, it was proposed by Trevelyan, Maddock and Marshman, that a certain number of Directors, with ample Indian experience, should be nominated by the Crown.[3]

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1. The "Friend of India", 23rd January, 1851, pp. 49-50, and October 27th, 1853, p. 674. Also the "Times" 1st June, 1852.

2. P.P. 88, Vol.19, H. of L. 1852-53, H. of L.C. on Indian territories, Robertson's evidence, p.253.

3. H. of C.C., 1852-53, III Report, Evidence of Marshman p.69, and of Trevelyan, p.49. H. of L. C. 1852, Sir H. Maddock's evidence, p.217. Trevelyan and Maddock had been Indian civilians.

The Ministerial plan of 1853 for the Government of India, therefore, provided for a Court of eighteen Directors, instead of one of twenty-four, six of whom were to be nominated by the Government.[1] The Court vehemently protested against this proposal, apprehending that partizan influences would creep into their midst to the great detriment of the good Government of India.[2] Such fears had already been expressed by Trevelyan and some other Anglo-Indians, before the Commons Committee, 1852-53.[3] The Directors also protested against the proposal to recruit the candidates for the Indian services by means of competitive examination, declaring that this method would not bring in the candidates possessing the desired qualifications.[4] The discovery of this new method while ensuring an equitable disposal of Indian patronage without the interference of the Ministers of the Crown, destroyed the last bulwark of the existence of the Court of Directors.

In spite of the objections raised by the Court, the Government adhered to their scheme, and the Bill embodying it was introduced by Wood in Parliament in a long and dull

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1. P.P. No.632, vol. 69 H. of C., 1852-53, p.83, Wood to the Court, 1st June, 1853; See the enclosed Memorandum.
2. Idem. Court to Board, 2nd July, 1853, pp.86-87.
3. P.P. 556, Vol. 28, H. of C. 1852-53. H. of C.C., 1852-53, III Report, p.50.
4. P.P. No.632, Vol. 69 H. of C. 1852-53, p.83, Court to Board, 1st July, 1853, p.91.

speech on the 3rd June, 1853.[1] He defended the East India Company against the charges brought forward by its opponents and gave out an impressive list of the important public works constructed by the Government of India.[2] The debate that ensued was a spirited one, in which, among others, Bright, Cobden, Phillimore and Danby Seymour, members of the India Reform Society which represented the Cotton manufacturing interests of Lancashire, took a prominent part. Bright characterized the Government of India as one of "secrecy and irresponsibility" which was not in harmony with the general spirit of the Parliamentary institutions of Britain.[3]

He stated that owing to the negligence of the East India Company in developing the resources of India, British trade with that country had remained extremely limited. Brazil, he proceeded to remark, consumed the British goods to the extent of 8sh. 8d. per head, while India with its much greater population and resources only took to the extent of 1sh. 3d. He emphatically declared that the manufacturing interests were deeply concerned in the Indian question and its future Government.[4]

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1. Idem. Board to the Court, 5th July, 1853, p.94. Hansard, Vol. 127, p.1103-1116.
2. Ibid.
3. Idem., p.1173, Brights' speech, June 3rd, 1853.
4. Idem. p.1184.

On the other hand, Cobden emphasized the importance of India from a commercial point of view, without which, he said, it would be useless to keep its possession.[1]

The Government of India Act which embodied the proposals of the Ministerial plan, was, however, passed on the 20th August, 1853, and the new system was inaugurated.[2]

Deprived of its former glory and power, reduced in its numbers and shackled by the nominees of the Government, the Court lingered in its new form for another four years. The shock of the Mutiny which broke out in May, 1858, was too heavy for it to withstand in its weakened position. Its opponents got the opportunity they had been waiting for. The Government had made it clear in 1853 that the East India Company as an instrument for the Government of India might be abolished at any time and that Parliament had assumed the real responsibility for it.[3] The modifications introduced in its constitution in 1853, would, it was hoped, render a more radical change at some future date less dangerous than it could otherwise have been.[4]

The Court of Directors, in the meantime, learned that the

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1. Idem. Vol. 128, 1853, p.832, Cobdens Speech, June 27th, 1853.
2. Mukerji, P.: Indian Constitutional Documents, 1600-198 Vol.I, p.122; 1918.
3. P.P.632,/69, H. of C., 1852-53: Board to Court, 5th July, 1853, p.93.
4. Hansard, 3rd December, 1857 - 22nd February, 1858, CXLVIII, p. 1637.

Government had decided to place the Government of India under the direct authority of the Crown. They expressed their astonishment at the conduct of the Government, who were determined to effect such a great change without having first consulted the Court.[1] They requested that an inquiry should be instituted to investigate the causes of the Mutiny and to find out how the East India Company, acting under the Board of Control, could be held responsible for that catatrophe.[2] They expressed their willingness to agree to any changes in the home Government of India, as they had done in the past, provided the interest of the British Empire in Indian would be advanced. But they were apprehensive that the introduction of any change at a time, when India was in the grip of a revolt, would be extremely impolitic.[3] At the same time they emphasized that the Government of India should not be entrusted to a single functionary, who would be responsible to Parliament. The administration of India, in order to be successfully conducted, required expert knowledge and experience of that country.[4] Palmerston assured the Court of Directors, that their observations would be duly considered by the Government.[5]

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1. P.P. Nos. 31 and 122, H. of L., 1857. Court to the first Lord of the Treasury, 31st December, 1857, p.1.
2. Ibid.
3. Idem, p.2.
4. Idem, p.2.
5. Idem., Palmerston to the Court, 18th January, 1858., p.3.

A detailed memorandum was also submitted in which the same views were emphasised. Great credit was taken for the "good Government of India" and too much self-praise was indulged in. It was boastfully stated that "the Government of the East India Company was the purest and the best intentioned ever-known among mankind", and also that it was "one of the most rapidly improving in the World".[1] Another memorandum prepared by J.S. Mill was also issued from the East India House, recounting the great progress made in India, under the Government of the Company, in the realm of education, land reform, law and order and the general well-being of the population.[2]

All this did not deter the Government from its course. On the 12th February, 1858, Lord Palmerston, introduced in Parliament the "Bill for transferring from the East India Company to the Crown the Government of Her Majesty's East Indian Dominions".[3] At the outset he explained that his Government was not moved by any feelings of hostility towards the Company, but the real reason for the proposed change lay in the injurious and the cumbrous character of the double Government.[4] He declared that the Court of Directors, however capable its individual members

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1. Hansard, CXLVIII, 3rd December, 1857 - 22nd February 1858, Appendix.
2. P.P. No. 75, Vol. 43, 1857-58. Improvement in Administration during the past 30 years.
3. Hansard, CLXVIII, Palmerston's Speech, February 12th, 1858, p. 1277.
4. Idem, p. 1277.

might be, was after all an irresponsible body. Moreover, he stated that, the name of the Sovereign of Great Britain would impress more than that of a body of merchants. the Princes and the feudal chiefs, who had recollections of the past, when they owed allegiance to great sovereigns.[1]

Palmerston's Bill, therefore, provided for a President who would be a Member of the Cabinet and would be assisted by a Council. The Crown was given power to nominate the Councillors for a period of eight years, and two were to retire each year. Full powers were given to the President, but the Councillors had the right to record their dissents.[2] As regards the general principle underlying the Bill, there was a general agreement among all the Section's of the House. Some feeble opposition was expressed, among others, by Baring, Sykes, and Milnes who had been associated with the Company in one way or the other, on the ground that the time for the assumption of the Government of India by the Crown was not opportune, as the revolt in India had not been suppressed.[3]

On the other hand, there was occasionally a vituperative outburst against the Company. For instance, the Chancellor

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1. Idem., p.1283.
2. Idem., pp. 1284-1285.
3. Idem., Sir T. Baring, p.1295-1297; Mangles, p.1257.

of the Exchequer, subverting the claim of the Directors, put forward in their petition to Parliament for the excellence of their Government in India, remarked "I do most confidently maintain that no civilized Government ever existed on the face of this earth, which was more corrupt, more perfidious, and more rapacious than the Government of the East India Company from 1768 to 1784".[1]

Palmerston had to resign soon on the question of the Conspiracy to Murder Bill and was succeeded by Lord Derby, who formed a Tory Government, in which Lord Stanley after Ellenborough's resignation became the President of the Board of Control.[2] He carried through the House several Resolutions, which were ultimately embodied in the Act for the Better Government of India, passed on 2nd August, 1858. It vested the Government of India in a Secretary of State who was to be a member of the Cabinet and would be assisted by a Council. The Council was to consist of fifteen members, seven of whom were to be elected by the Court of Directors of the East India Company and eight were to be nominated by the Crown. The necessary qualification for the majority was to have resided in India for a period of ten years.[3]

The period that followed was remarkable for the introduction of far-reaching social and administrative reforms, and the various measures which were adopted for the development of the natural resources. But no such progress could

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1. Idem. p. 1338.
2. The Cambridge History of India, Vol. VI, p. 208, 1932.
3. Idem., pp. 208-210 and p. 212.

be made unless sufficient capital was available. Here was then an opportunity which European capitalists had long demanded and more so because neither the industrial technique, nor the necessary capital resources were forthcoming in India. During the period, 1857-1865, India claimed the largest part of the British capital invested overseas. "The non-conformist conscience of England", states Jenks, "prophet of radicalism and laissez-faire, would remake India in England's image. It demanded the East India Company, the last relic of mercantilism in propitiatory sacrifice".[1]

out of place

The influx of European skill and capital created several difficult problems. Their status in the Indian body politic regarding their relations with the Government on the one hand and with the peoples on the other, had to be carefully defined and regulated. Such a task quite often proved to be extremely vexatious to both the home and Indian authorities. Moreover the social, economic and political implications of the industrialization of India have been immense and its revolutionary potentialities have only become manifest of late. It is interesting to note that the home and Indian Governments, although indoctrinated by the prevailing conceptions of laissez-faire, did their best to control the greed and caprice of the European capitalist, which he quite often

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1. Jenks, L.H.: The Migration of British capital up to 1875, p. 207; 1927.

manifested in his dealings with Indians. They successfully resisted the claim of the former to govern India in accordance with the principles of Colonial Government, in which the White Settler held supreme. The period that followed the assumption of the Government of India by the Crown was one of heart-searching, in which the Indian policy and the principles underlying it, were most critically re-examined and reshaped. The tendency to adapt the Indian policy to the changed circumstances had become clearly marked after 1853, although its manifestation was confined to fewer branches of the administration, specially the field of public works and education. But no marked progress could be made in either, because of the stringency of the Indian finances.

After the abolition of the East India Company, the home Government of India acquired greater unity and hence it was able to carry out far-reaching reforms and changes in the Government of India. Moreover, the post-Mutiny India was singularly free from those devastating wars, which had absorbed the energies of the East India Company and had sapped the finances of the Government of India. At the same time the Indian experience was amply represented in the Council of India and, therefore, the fears with which the extinction of the Court of Directors was viewed, did not materialize.

CHAPTER II

THE REORGANISATION OF INDIAN FINANCES.

The crown had inherited from the East India Company shattered economy. In thirty-three out of the last forty-six years, there had been a deficiency of income which on an average amounted to £5,500,000 in each year. On the 7th April 1860, the public debt of India stood at £97,851,807 with an annual charge on account of interest of £4,461,029.[1] After the 30th April, 1857, it had risen by £38,410,755, entailing an increase of interest to the amount of £1,935,654.[2]

Extensive and absolute powers were required, if this scandalous state of affairs was to be ended. The Act of 1858, therefore, vested the Secretary of State-in-Council with complete financial control over the Indian Empire. In fact, the real financial authority was vested in the Council of India and no appropriation of Indian revenues could be made without the concurrence of its majority.[3] But the actual constitutional position, as described by Argyll, was that the Secretary of State could overule his Council in financial matters in the same way as in others.[4] The home authorities had exercised such powers even in the days of the East India Company, but under the Crown they were made more rigorous.

In the financial year 1858-59, a deficit of £5,600,000 was estimated and the Government were again compelled to borrow in England and India.[5] Their credit in the Indian money market

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1. Progs. of the I.L.C., Vol. 6, 1860, Wilson's financial Statement, 20th Feb., 1860, p.94
2. Idem p.94
3. Mookerji, P. Indian Constitutional documents, Vol. 1, Sec 41 of 21 & 22 Vict. C.106, 1908: p.143. Also see Hansard CXVI, 1869, Grant-Duff, May 3rd 1869, p.16.
4. For fuller discussion see chap X pp 415-416
5. Financial letters and enclosures, 1858, Nos.91-135 Vol.41 G.G.-in-C.to the Court of Directors,No.96of 1858,13th July

had fallen so low that they could not raise loans on less than 6 per cent.[1] The home and Indian authorities were, therefore, extremely anxious to obtain for the Indian debt an imperial guarantee which they hoped would reduce the rate of interest.[2] But Parliament was decidedly opposed to involving British finance and credit for the purpose of extricating the Government of India from its financial difficulties.[3] Later Wood himself refused to agree to Canning's proposal for such a guarantee.[4]

The repeated requests of the Government of India for loans,[5] irritated Stanley and he frankly expressed his lack of confidence in the capacity of their financial administrators.[6] He directed them to augment the sources of public income by levying new taxes, and to reduce the public expenditure, specially in the military branch. As the bulk of public revenue was derived

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1. Ibid.
2. Hansard, Vol.152, 1859, Stanley's speech, p.347. Also Vol.155, 1859, Stanley's speech, August 1st, 1859, p. In the later case, he was speaking on Wood's East India Loan Bill, when the latter was the Secretary of State.
3. Hansard, Vol.152, 1859. Kinnaird, August 1st, 1859, p.834; Crawford, p.1260; Hansard, Vol.155, 1859, Wood, August 9th, 1859, and Hansard, Vol.180, Wood, August 3rd, 1860, p.1186.
4. Halifax Papers: I.O.C., L.B.Vol.I, 1859, Wood to Canning, 25th June, 1859, p.8.
5. Financial letters and enclosures, 1859, Nos.1-69 Vol.44: G.G.-in-C. to Lord Stanley, No. 9 of 1859, 28th January.
6. Letters to India on Finances, 1858-59, Vol.I, Stanley to the G.G.-in-C. No. 23 of 1859, 20th March.

from the land, he stressed the importance of expediting the construction of irrigation and railway works, which would increase the productivity of the soil and enhance its market value.[1] Stanley soon quitted the India Office and was succeeded by Wood who became the Secretary of State for India in Lord Palmerston's Liberal Government. Wood brought with him the experience of Indian affairs which he had acquired during the period of his Presidency of the India Board from 1852 to 1855. He announced to Canning with great enthusiasm his being "placed in the old position".[2]

He adhered to the financial policy of Lord Stanley and following a memorandum left by the latter, he appointed James Wilson as the Financial Member of the Governor-General's Council as "no better man could be found".[3] Indeed, Wilson was distingquished in many ways. He was a scholar as well as a financier. He was a member of Parliament and had been Joint Secretary to the India Board, vice-President at the Board of Trade and Secretary to the Treasury.

He had taken part in many controversies of the period. He had supported the anti-Corn Law agitation and by his writings considerably influenced the mind of Cobden. He had been the

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1. Idem. Stanley to the G.G.-in-C., No.6 of 1859, 19th January.

2. Halifax Papers: I.O.C., L.B.Vol.I, 1859, Wood to Canning, June 25th, 1859, pp.1-2. Also D.N.B.Vol.LXII, S.V. "Sir Charles Wood".

3. Idem. Wood to Canning, 26th July, 1859, p.54.

author of several pamphlets and contributed articles to the "Examiner", the "Morning Chronicle", and to many other journals. Later he himself started the "Economist" which soon came to be recognised as a power in the business world. He upheld the principles of Free Trade, and favoured an increase in the assessed and direct taxes and a reduction of customs duties.[1]

His appointment, the home authorities hoped, would allay the general anxiety caused by the deteriorating condition of the Indian finances.[2] They were also confident that Wilson would successfully re-organise the Indian financial administration in accordance with English principles.[3] Moreover Wood, like Stanley, believed that the rehabilitation of Indian finance was the task of such magnitude, that no Anglo-Indian was capable of carrying it out successfully. He wrote to Canning: "I do not think any of your people very strong on the subject, and it is the most serious of all".[4]

Wilson's appointment had given rise to feelings of jealousy and Wood feared a similar reaction in Calcutta.[5] He, therefore, assured Canning that the powers and functions of Wilson, as

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1. D.N.B. LXIII, S.V. "James Wilson".
2. Halifax Papers: I.O.C., L.B. Vol.I, 1859, Wood to Canning, August 10th 1859, p.71.
3. Hansard, Vol.155, 1859, Wood's Speech, August 1st, 1859, p.784. Letters on finances to India, 1858-59, Vol.I: Wood to the G.G.-in-C. No.96 of 1859, 30th September and Halifax Papers: I.O.C., L.B., Vol.I, 1859: Wood to Canning, 26th July, 1859.
4. Halifax Papers: I.O.C., L.B. Vol.I, 1859, Wood to Canning, June 25th, 1859, pp. 1-2.
5. Idem., Wood to Canning 25th October, 1859, p.192.

Financial Member would be the same as those of any other Member of the Governor-General's Council and that their collective responsibility would in no way be infringed.[1] But in actual practice, the Financial Member acquired great control over the Indian financial policy and soon it was being generally associated with his name in the Press and in Parliament. Wilson himself regretted the prominence his name had acquired in India's financial matters.[2]

Arriving in India on the 28th November, 1859, he proceeded to join Lord Canning who at that time was camping at Agra.[3] On the 10th February, 1860, he delivered his long and anxiously awaited speech which was a masterly exposition of the Indian financial position.[4] It has been a landmark in the financial annals of India. He estimated a deficit of £9,000,000 in the current year and hoped to reduce it to £6,500,000 in the following year. He proposed to meet this deficiency by imposing an Income Tax, and License Tax, a duty on Indian-grown tobacco, by revising the Customs Tariff and by reducing military expenditure.

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1. Letters on Finance to India, 1858-59 Vol.I: Wood to the G.G.-in-C. No. 96 of 1859, 30th December.

2. The "Economist", November 8th, 1862, p.1233.

3. Halifax Papers: Canning to Wood, September 23rd and of December 2nd 1859.

4. Progs of the I.L.C., 1860, Vol. VI, Wilson's speech, 18th February, 1860, p.104.

The Income Tax was levied for a period of five years only, on incomes of over Rs.200/-/- only. From Rs.200/-/- to Rs.500/-/-, it was assessed at the rate of 2 per cent, but on higher incomes the rate was increased to 4 per cent, out of which 1 per cent was to be appropriated for strictly local purposes.[1] The License Tax was to cover the trading and manufacturing classes in varying proportions according to their incomes. The underlying principle of this scheme was its universal applicability within a certain limit of income. It was specially devised to tax the wealth of those classes who had benefitted most from British rule, but were contributing nothing towards the public expenditure.[2] With regard to reduction in expenditure, Wilson explained that it could only be effected in the military charges which had risen from £13,213,454 in 1856-57 to £21,732,681 in 1859-60. He admitted, as Wood had done before,[3] that no reduction could possibly be made in the civil expenditure which would inevitably increase with the progress of administration.

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1. Idem. p.121.

2. Idem. p.126.

3. Halifax Papers: I.O.C., L.B., Vol.I, 1859: Wood to Trevelyan, 25th August, 1859, p.78. Also Hansard Vol.155 1859, Wood, August 9th, 1859, p.1269.

4. Progs. of the I.L.C., Vol.VI, 1860, Wilson's speech, op. cit. p.142.

Wilson's scheme of taxation adumbrated the principles laid down by the home authorities. The question of imposing new taxes had originated in 1859 with Harrington's Bill for the Licensing of Trades and Professions.[1] It imposed a duty varying from Rs.2/-/- to Rs.2000/-/- on trades and professions. Among others, it exempted the Government salaries fixed by Parliament and which, as such, could not be brought within the operation of an Act of the Indian Legislature2

Wood was in general opposed to all new taxes and so was Canning.[4] But he realised that a financial equilibrium could only be brought about by fresh taxation and by making a judicious reduction in the military expenditure. He wrote to Canning: "The question is a combined one of finance and military force, as the point on which our Indian Empire depends".[5] He was, therefore, willing to sanction a License Tax or a low Income Tax.[6] Moreover, he did not consider that India was highly taxed, as the majority only paid a salt tax. But at the same time, he was not oblivious to the difficulties that confronted any scheme for taxing the wealthy classes. He, however, rejected Canning's proposal to impose a Succession Duty.[7]

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1. Idem., Vol.V, 1859, p.578. Also Revenue Letters from India, 1859, Vol.2, G.G.-in-C. to Wood No. 20 of 1859, 16th September.
2. Ibid.
3. Halifax Papers: I.O.C., L.B., Vol.I, 1859: Wood to Canning 23rd November, 1859, p.212.
4. Idem., Canning to Wood December 20th, 1859.
5. Halifax Papers: I.O.C., L.B.1, 1859: Wood to Canning, 11th July, 1859, p.24.
6. Idem. Wood to Canning, 23rd November, 1859.
7. Idem. Wood to Canning, 11th July, 1859.

On the other hand, Canning was opposed to anything "Called Income Tax", and was strongly inclined to adopt a graduated tax based on Montgomery's scheme, which the latter had been successfully working in the Punjab.[1] The lessons of the Mutiny were still fresh in his mind and he took great care not to adopt measures which might arouse the suspicions of the Indian masses, specially the land-holding classes. Harrington's Bill was, therefore, entitled "Licensing of Trades and Professions Bill", although in its actual effect it would have been the same as an Income Tax Bill. The incomes of the more numerous and influential classes were deliberately exempted from its operation.[2]

At home it received a well-merited consideration. A Committee of the Council of India, consisting of Sir Frederick Currie, Sir John Lawrance, Willoughby, Arbuthnot, Elliot and Macnaghten, was appointed to report on it.[3] After a long discussion[4] its general principle was approved. Those members who came from Bengal, favoured a universal Income Tax, while those who had served in the Northern and North-Western India advocated a License Tax, believing it to be more in accordance

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1. Idem. Canning to Wood, December 20th, 1859. Montgomery was the Chief Commissioner in the Punjab.
2. Idem. Canning to Wood, March 31st, 1860.
3. Minutes of the Council of India, June to December, 1859. Vol.3. Meeting 7th November, 1958, p.616.
4. Halifax Papers: I.O.C., L.B., Vol.1, 1859, Wood to Canning, 8th November, 1859, pp.226-228.

with the Indian custom. Wood admitted that in this matter neither his own opinion nor that of his Councillors was "worth much", and relying on the Government of India, he left it to their decision.[1] He did not attach much importance to the protest meetings held in Bombay and Madras; but like Canning, he was certainly anxious not to incur the hostility of the land-holders in the Upper Provinces.[2]

Guided by the experience of Britain, the home authorities raised most serious objections to the exemptions contemplated in Harrington's Bill. They insisted on the principle of universal applicability on certain incomes of defined limits. They suggested that both, the Income Tax and the License Tax should be levied, because under the peculiar Indian conditions, no universal income tax could be imposed. They enjoined caution in the assessment of the taxes and insisted that methods which might be repugnant to the religious and social prejudices of Indians should be adopted.[3]

These changes, if incorporated would have radically altered the Character of Harrington's Bill. But its fate had already been sealed by the opposition, it had to encounter in the

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1. Halifax Papers: I.O.C., L.B., Vol.1, 1859, Wood to Canning 8th November, 1859. 228.

2. Idem. p.228.

3. Letters to India on Finances, 8th September to 30th December, 1859, Bol.II: Bo. 121 of 1859, 25th November.

Legislative Council from the Law Members, Sir Barnes Peacock, the Chief Justice and Sir Charles Jackson, a puisne judge of the Calcutta High Court.[1] They aimed at making it into an Income Tax and a sharp altercation ensued between them and Harrington. Canning refrained from active intervention, because the presence of the Governor-General was usually interpreted by the Press as a device to force a measure on the recalcitrant Legislative Council.[2] This attitude of the Press, which always emphasized the subservience of the Council had been a constant source of irritation to the Judges. They entertained some false notions of the independence of the Legislature and, therefore, had assumed the position of the protectors of its prestige. The mercantile community of Calcutta, which up to that stage had evinced no active antipathy to Harrington's Bill were encouraged by the proceedings inside the Council.[3] Canning tried to bring about a compromise but failed.

Soon after, ~~the~~ extreme financial necessity forced the home and Indian authorities to accept Wilson's financial proposals which contained both the License and Income Tax, in spite of the fact that Wood and Canning had expressed their decided opinion against the later impost.[4] Originally the taxable limit was

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1. Halifax Papers: Canning to Wood, 31st August, 1859.
2. Ibid.
3. Idem. Canning to Wood, December 20th, 1859.
4. Idem. Canning to Wood, February 27th, 1860.

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fixed at Rs. 100/-/- which at the instance of Canning, who was desirous to exempt the "most influential and intelligent Zemindars" was raised to Rs.200/-/-.[1] Though the Wilsonian scheme of taxation embodied, in general, the principles laid down by the home authorities, in the Council of India, it did not fare better than the ill-fated License Tax Bill of Harrington. The members from Bengal favoured it, but those who came from other parts of India, strongly declared against it.[2] Wood himself was alarmed as to its probable effects and so were Sir Frederick Currie, Lawrance, Willoughby and Montgomery. But, relying on the judgment of the Government of India, he did not overthrow it.[3] Lawrance and Willoughby remained dissentient, believing that if the necessary reductions were effected in the military charges, income and expenditure would be equalized.[4]

This half-hearted sanction was given under the pressing force of an imperative financial necessity.[5] The home authorities were unwilling to allow any increase of taxes, which besides being unpopular was liable to be nullified by the

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1. Ibid., Canning to Wood, March 31st, 1860.
2. Ibid. I.O.C., L.B., Vol.3, Wood to Canning, April 3rd 1860, p.2.
3. Ibid.
4. Minutes of the Council of India, January to June, 1860. Meeting of the 2nd April, 1860, pp.523-525.
5. Letters on Finances to India, 1860, Vol.2: Wood to the G.G.-in-C. No. 92 of 1860, 9th June.

corresponding increase in the cost of collection. They still considered that reduction of expenditure should be the principal means of bringing about the financial equilibrium.[1]

Wilson's proposals were received in India "with a most unlooked for and unexpected unanimity of approval". Even the European employees of the Government, who were being taxed for the first time, did not raise any objection.[2] The Press was also favourably inclined. The "Friend of India" usually critical of the Government, wrote: ~~that~~ "the day of small things was at an end and the financial position was being encountered by measures as imperial as the risk".[3] But a discordant note was sounded by the Governments of Bombay and Madras. Lord Elphinstone, the Governor of Bombay, and Trevelyan, the Governor of Madras, had written earlier to Wood, expressing their opposition to the Income Tax proposal.[4] Sir Barnes Peacock, the Chief Justice, whom Canning described as one of "intractable material, once a crochet got into his head,"[5] was no less sparing to Wilson's proposals than he had been to Harrington's License

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1. Letters on Finances to India, 1860, Vol.2: Wood to the G.G.-in-C. No.53 of 1861, April 8th. Also Halifax Papers. I.O.C. L.B. Vol.1, 1859, Wood to Canning, 3rd November, 1859, p.214-220.

2. P.P. No. 481, Vol. 49, 1860, President-in-C to the Governor-in-C. Bombay, 16th May, 1860, p.57.

3. The Friend of India, Feb. 23rd 1860, p. 169.

4. Halifax Papers: I.O.C. L.B. Vol.II, 1859-1860, Wood to Canning, 18th January, 1860, p.86.

5. Idem. Canning to Wood, June 18th, 1860.

Bill. He openly declared in the Legislative Council, that any extension of the Income Tax to the Punjab and Oude was illegal.[1] Soon after an ex-editor of the "Oude Gazette" appealed to the mob against it.[2] But Wingfield, the Chief Commissioner of Oude, supported Wilson's measures, only asking exemptions for his Talookdars.[3]

The arguments put forward by the opponents of Wilson's financial measures, bore ample proof of their ignorance. According to Lord Elphinstone, the new taxes were uncalled for and the surest way of bringing the expenditure within the limits of income lay in reducing the military charges to the level of 1856-57.[4] Apparently, in his calculations, he had omitted the home charges from the total expenditure of the Government of India. He was apprehensive lest these measures might provoke some popular resistance, as had recently been witnessed in Ceylon, when Lord Torrington initiated his new financial policy.[5] Reeves and Frere, Members of his Council supported his views, the former even declaring that the Wilsonian scheme, having been devised on English ideas, could not be applied to the altogether different conditions of India.[6]

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1. Ibid. Canning to Wood, July 20th, 1860.
2. Ibid. Canning to Wood, August 21st, 1860.
3. Ibid. Canning to Wood, June 18th, 1860.
4. P.P. No. 481, Vol.49, 1860. Lord Elphinstone's Minute, 13th April, 1860.
5. Ibid., p.7.
6. Idem. Minute by H.W. Reeves, 23rd April, 1860, and by W.E. Frere, 29th April, 1860, pp. 17-18.

The Supreme Government showed great firmness in dealing with the opposition of the subordinate Governments of Bombay and Madras. It refused to accept the soundness of the objections raised by Elphinstone and his colleagues, based as they were on incomplete data.[1] The Government of Bombay quietly accepted the decision of the Supreme Government, as it had already expressed its intention to do so. But the Government of Madras, led by Trevelyan, was more vociferous. Trevelyah had an overzealous and impetuous temperament. Wood had warned him several times to observe great moderation in his dealings with his superiors, stating, "you would damage your powers of usefulness, if you set against you those powers that be; and with whom you must act for the good of India or the development of your own views." In spite of such friendly advice from the Secretary of State, Trevelyan expressed his opposition to Wilson's measures in an extremely precipitate and indiscreet manner.[2]

He not only shared the apprehensions and views of Elphinstone, but went much further when he stigmatized Wilson's tariff policy as unjustly partial to the resident European mercantile Community.[3] In spite of the declared policy of

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1. Ibid. President-in-C. to the G-in-C. Bombay, 16th May, 1860, p.52.
2. Halifax Papers: I.O.C., L.B. Vol.1, Wood to Trevelyah, 26th July, 1859, p.40.
3. Collections to Financial Despatches to Madras, 1860, Vol.4, collection to No. 29 of 1860, 26th April, Wood to Madras: Sir Charles Trevelyan's Minute, 20th March, 1860.

universal incidence of the new taxes, he had the audacity to state that their burden would fall on the peoples of India, who had no voice in the Government of their country.[1] He carried his Council with him and demanded exemption from the new taxes for his Presidency, which, he asserted, had taken no part in the Mutiny.[2] The Supreme Government refused to accede to this request, as it would have been contrary to the basic principles of their taxation policy, which professed to be of universal applicability.[3]

After this rebuff, Trevelyan declared open war on the Supreme Government. He tried to force its hand through Forbes, the representative of the Government of Madras in the Indian Legislative Council. He supplied him with the proceedings of his Government, asking him to distribute them among the Members and to move for their being printed.[4] By this means he was sure, that those documents would be published as part of the proceedings of the Legislative Council. He, therefore, did not hesitate to publish them on his "sole responsibility" in the "Madras Times", so as to give them the "widest possible publicity".[5] He was forced, as he remarked to adopt this dangerous course in order to acquaint Indians with the views of his Government on Wilson's proposals, before /they

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1. Ibid.
2. P.P. No. 339 Vol.49 1860, Minutes by Sir Patrick Grant, Morehead, Maltby, dated the 28th and 24th March respectively, pp. 124-128.
3. Idem. President-in-C. to the G-in-C. Madras, Revenue, 7th April, 1860, pp. 137-138.
4. Idem. Pycroft to H. Forbes, Member of the Legislative Council of India, Public Dept. No. 443, 26th March, 1860, pp. 128-129.
5. Idem. Trevelyan's Minute, 5th April, 1860.

they were forced on his Presidency. In this action, he could only get the support of Sir Patrick Grant, the Commander-in-Chief.[1] The other two members of his Council dissociated themselves from any responsibility for it stating that their Minutes were recorded as confidential communications to the Supreme Government.[2] The latter, however, were not intimidated by the dramatic threats of Trevelyan and firmly refused to allow the printing of the Madras Minutes, as they were considered to be pregnant with mischief. The Members of the Legislative Council were, however, allowed to consult them in private.[3]

Trevelyan did not acquiesce in this decision of the Supreme Government. He considered it to be contrary to the intentions of the Act under which the Indian Legislature was constituted. His point of view was that Forbes, being the representative of the Government of Madras, should carry out its instructions and not those of the Supreme Government, otherwise, his Presidency would be deprived of all influence over the legislation affecting it.[4] Wood disagreed with the doctrine expounded by Trevelyan, explaining that under the provisions of the Act of 1854, the Members of the Legislative Council were free, as legislators, to express their opinions and were in no way bound to prosecute the wishes of the Government they

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1. Idem. Sir Patrick Grant's Minute, 5th April, 1860, p.132.
2. Idem. Minutes by Maltby and Morehead 4th and 5th April, respectively, 1860, p. 132.
3. Idem., p. 138.
4. Idem. G.-in-C. to Wood, Public Deptt. No. 24 of 1860, 19th April, p. 175.

represented. Their main function was to inform the Council of the special circumstances of their respective Presidencies.[1]

The Government of India had also communicated to the Secretary of State the controversy that had been developing between them and the Governments of Bombay and Madras.[2] Its attitude towards the Government of Bombay was marked with less bitterness, but it took a more serious view of the actions of Trevelyan, specially of the insubordination displayed by him in publishing his Minutes. It refuted the charges of "class legislation" levelled against it and exposed the fallacious logic and the imperfect data employed by Trevelyan and his colleagues.[3] Canning in a private letter to Wood strongly urged his recall. "No one can tell", he wrote, "what the consequences of Trevelyan's theatrical stroke may be, even beyond Madras. But his head is "full of wind" as the natives say, and so it will be up to the end of the Chapter".[4]

These consequences feared by Canning were already appearing. Trevelyan's indiscretions had created a marked change in the

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1. P.P.481. op. cit. Wood to the G.-in-C., Madras, Leg. No.1. 24th July, 1860, pp.70-71. Also Halifax Papers: I.O.C., L.B., Vol.3, 1860, Wood to Canning, June 26th, 1860, p.184; and Wood to Forbes, June 26th, 1860, p.190.

2. P.P.481, op. cit. President-in-C. to Wood, No. 19 of 1860, 19th May; P.P. No.339, op. cit., President-in-C. to Wood, No. 10 of 1860, 17th April; and Governor-General-in-C. to Wood, Revenue No. 11 of 1860, 17th April, and India Revenue Letters, 1860.

3. India. Revenue Letters 1860, Vol.3; G.G.-in-C. to Wood, No. 11 of 1860, 17th April, 1860.

4. Halifax Papers: Canning to Wood, April 19th, 1860.

attitude of the Press which, in the beginning, appreciating the need of the time, had shown sufficient restraint and moderation.[1] In the high official position, as he was, his challenge to the authority of the Supreme Government, had in fact seriously threatened to destroy that spell/so strenuously woven by Canning and his colleagues on the basis of Queen's Proclamation.[2] Certain section of/the Press in Bengal and Madras openly supported Trevelyan;[3] The Chamber of Commerce of Madras and the British India Association joined in this clamour against the new taxes and petitioned the Government for their withdrawal.[4] As these outbursts were only sporadic and there was no evidence of any widespread opposition to the new taxes, the Government firmly adhered to its decision.

The reaction of the home authorities to Trevelyan's misdemeanour could easily be foreseen. Wood, always desirous to sustain the authority of the Governor-General, "was shocked and grieved" by his refractory conduct.[5] He at once removed him from the Governorship of Madras, and informed Canning that

/Trevelyan

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1. India Revenue Letters, 1860, Vol.3; G.G.-in-C. to Wood, No. 11 of 1860, 17th April, 1860.

2. Ibid.

3. The "Economist", 1860, pp.850, 590, 618, 701, 702 and 703. Also "The Friend of India", Nov. 22nd, 1860, p.1167.

4. Ibid. Also Progs. of the I.L.C., Vol VI, 1860, The Rajah of Burdwan, one of the biggest land-holders of Bengal, accepted the new taxes, as having been necessitated by the financial condition of the State and accordingly informed Wilson of his loyal support.

5. Halifax Papers: I.O.C., L.B. Vol.3, Wood to Canning, p.102. Also Hansards 1860, p.182, Aug.3rd. Wood described it as the "most painful duty" he had performed in his official career.

Trevelyan had derived "no mysterious authority" from home as was foolishly rumoured in some quarters in India.[1] Canning heaved a sigh of relief and applauded Wood's action as wise.[2]

At home, opinion in general, was more favourably inclined to Trevelyan's point of view. Many "Indians" in England believed that Trevelyan's Minutes were primarily directed against Wilson who had absorbed the whole Government in himself.[3] Wood himself thought that Wilson under the influence of the English Press and English community at Calcutta, "had run away with his English notions."[4] He had been writing to the Secretary of State continuously dilating upon the advantages of his taxation scheme and the universal favour with which it had been received throughout India. But the events, as they unfolded, only bore out his tendency "to see what he wished."[5]

The truth of these conjectures was soon confirmed by Canning. Wilson having been left unchecked at Calcutta, readily fell into "the hands of the angry Calcutta clique" and too willingly accepted the greatness thrust upon him by them.[6]

/Canning

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1. Ibid. Wood to Canning, p.146.
2. Ibid. Canning to Wood, p. June 13th, 1860.
3. Ibid., I.O.C., L.B., Vol.3, Wood to Canning, May 18th, 1860, p.108.
4. Ibid.
5. Ibid.
6. Ibid. Canning to Wood, June 18th, 1860.

Canning was away on tour, Frere was new to the Council and its ways, Outram was by nature "indolent" and was always disposed to wash his hands of all matters that did not concern him immediately. Thus having been left free to have his own way, he showed some want of consideration for authorities below the Supreme Government, not deliberately but because of his ignorance. Canning had, therefore, overlooked his error. But he was determined, as he wrote to Wood "to hold out disagreeably strong language or even to adopt firm measures, if Wilson failed to keep his bearings in future".[1]

On the other hand, the motives which had propelled Trevelyan on his perilous course were not altogether altruistic. Personal feeling against Wilson, if Canning's version can be believed, had much to do with his conduct.[2] But Wood, having learnt it from Canning, had the temerity to deny the existence of any such feeling between Wilson and Trevelyan, when it was adverted to in the House of Commons.[3]

Wilson in his general scheme of financial reform had also given a high priority to the reorganisation of the administrative machinery which would execute the new financial measures, and the importance of which had so often been stressed by Wood and Canning. He introduced the Budget system and it was then practised in England.[4] It

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1. Ibid
2. Ibid
3. Hansard Vol. 160, 1860, Wood's Speech, Aug. 20, 1860 p.p. 1606-1609.
4. India. Financial letters, 1860. Vol.53: G.G.-in-C to Wood No.101 of 1860, 4th May, and enclosures to Financial letters from India, 1860, Nos.40-144A, Vol.57: Resolution No. 27, 7th April, 1860.

replaced the haphazard methods under which several estimates, variously styled as the "Sketch Estimates", "Rough Estimate", and "Regular Estimates" were prepared in the course of the financial year, and which produced much confusion in the revenue statements and accounts of the Government of India.

The Budget System was introduced in May, 1860, the first month of the financial year 1860-61. It provided that definite sums should be allotted by the Supreme financial authority, the Government of India, to the several spending Departments and Local Governments, after a careful scrutiny of the estimates of their respective revenues and expenditure.[1] It specifically prohibited the incurring of any excess of expenditure without the previous sanction of the Government. An exception was, however, allowed in cases of emergencies, which were required to be reported to the Financial Department for subsequent sanction. An Audit Board on the lines of the one recently set up in London under the direct and immediate control of Parliament was also established at Calcutta.[2]

While in the full progress of his reforming and reorganizing activities, Wilson was struck by a fatal disease and died on the 11th Aug. 1860.[3] His sudden disappearance from the scene was a severe blow to the successful prosecution of the

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1. Ibid.

2. Ibid. G.G.-in-C. to Wood, No. 105 of 1860, 12th May; and enclosures to financial letters, 1860, Nos. 40-144A, Vol.57 Resolution No.39 of 11th May, 1860.

3. D.N.B., Vol.LXII, S.V. "James Wilson".
Also Halifax Papers: Canning to Wood, August 13th, 1860.

ambitious financial measures he had so zealously worked out. It is quite probable that if his life were spared for some time longer, he, with his characteristic energy and great financial skill, would have succeeded in giving Indian finances the much needed stability and elasticity which they failed to acquire for a long time to come. The persistence and the professional skill of the successive Financial Members under the experienced guidance from home, succeeded in extricating the Government of India from the desperate financial position in which it had found itself at the close of the Indian Mutiny. But the financial recovery so acquired, did not inspire much confidence or hope of its continuity. Its unwise dependence on the precarious opium revenue which formed the second largest item of its income and the timidity and the lamentable failure of the home and Indian authorities to devise an adequate system of taxing the wealth of/the commercial and professional classes, constituted its greatest weakness.

Wilson's death created a vacuum which it was not easy to fill. It confronted Wood and Canning with the difficult problem of finding a suitable successor.

Canning finding the moment opportune, did not hesitate to impress upon Wood that a Financial Member should be one who would not try to discover new sources of revenue, but would more and more concentrate on the task of effecting economy in public expenditure and rendering the system of financial administration efficient.[1] He preferred a man from the Treasury, and did not

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1. Halifax Papers: Canning to Wood, Aug. 13th, 1860.

consider Parliamentary experience essential, "but only useful".[1] The post of the Indian Financial Member was by no means attractive. It carried no prospects of pension with it nor afforded much scope for winning any political renown. The complicated nature of the task and the scandalous difficulties with which it was beset, were in themselves sufficient discouragement.

Wood, as suggested by Canning, tried in vain to persuade George Arbuthnot of the Treasury, who was noted for his great experience in currency affairs and his capacity for financial management.[2] He then approached Laing, who after some hesitation consented.[3] Samuel Laing had been prominent in high financial circles. He was a barrister, a Member of Parliament and had been the Secretary of the Treasury. He was closely associated with some important railroad transactions. At one time he had damaged his good reputation by availing himself of the knowledge acquired at the Board of Trade for the purposes of speculating in railway shares. But before long, he recovered his prestige and came to be highly trusted as a referee in railway matters.[4] He had certain weaknesses of character, which Wood described as "too much

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1. Ibid.
2. Halifax Papers: I.O.C., L.B., Vol.4, Wood to Canning p.244.
3. Ibid: I.O.C., L.B., Vol.5, Wood to Canning, pp.14-16.
4. Ibid. pp.14-16.

fairness and facility and a lack of resolution to stand by his opinions", and urged Canning "to find firmness" for him.[1]

On his arrival in Calcutta, he found the authority of the Government firmly established over an extremely docile population. Taking these peaceful conditions as an index of the general prevailing atmosphere of India, he began to generalize. He could not imagine that a people so effectively suppressed in the course of the late Mutiny, would again muster sufficient strength, within the span of the next generation, to challenge the authority of the State, the impact of whose power they had experienced so much to their detriment. Proceeding on such erroneous assumptions, he proposed to impose new taxes, in his first few short letters, written to Canning.[2]

Nothing could be more horrifying to the Governor-General than the idea of levying new taxes, or more distasteful to his calm and calculating nature than the hasty manner in which Laing had jumped to his conclusions. On the whole his first impressions of Laing were not favourable. He found him much inferior to Wilson, but in his usual cautious way, he admitted that "a man is not really what he appears to be in his letters".[3]

On his return to Calcutta Canning found that Laing had officially recorded the/some views in a Minute. He "took him to

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1. Ibid.
2. Halifax Papers: Canning to Wood, February 5th, 1861.
3. Ibid.: Canning to Wood, November 19th, 1861.

task" and in his characteristically firm manner, told Laing that he would prefer to reduce the European Army, rather than to sanction any additional imposts.[1] His experience of the Mutiny was too vivid and he could not be led away by Laing's sanguine doctrine. The whole argument of Laing was "so pregnant with mischief" that Canning was obliged to ask Wood in a private letter to cut it off from the Minutes before giving them to Parliament.[2] He feared that if the natives" knew of any such intentions on the part of the Government to increase the taxes, their "quietness" would disappear and any reduction in the strength of the Army would be rendered impossible. Wood promised to do as Canning had proposed, declaring that Laing's reasoning was "nonsense".[3]

Canning's firm dealing with Laing had a sobering effect on him. In the Financial Despatch of 5th February, 1861, he denied that Government had any intention of imposing new taxes. Here, in Canning's opinion, he erred on the other extreme, because he could easily realize half a million, by increasing the duty on sugar, and equalizing that on salt.[4]

Wood concurred in Canning's judgment of Laing. He cautioned Canning not to allow him to fall into the hands of

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1. Ibid.: Canning to Wood, February 19th, 1861.
2. Ibid.
3. Ibid., I.O.C., L.B., Vol.7, 1861, Wood to Canning, March, 26th, 1861, p. 32.
4. Ibid.: Canning to Wood, February 19th, 1861.

the "outside English", who might play upon his fear of taking an unpopular line, and coerce him into a course of action that would not be conducive to public good.[1]

No sooner had Laing started in his Indian career when an extremely complicated and tedious controversy ensued between him and Wood, whom he had already prejudiced by his indiscreet boldness. It began with his first financial statement, written out in high-flown English to which Canning slightingly referred, "what indeed he sees, in breaking out in sporting metaphors only heaven knows".[2] Wood on his part, was no less sparing in his jeering remarks, when he wrote to Canning, "I was amused at his speech. He has blown his own trumpet handsomely".[3]

In that statement, while comparing the actual accounts for 1859-60 and the regular estimate for 1860-61, Laing had said, "There was no reduction of £3,300,000, as supposed by Sir Charles Wood, or even of £1.700,000, as estimated by Mr. Wilson, but a positive increase of £213,000 in the total expenditure of 1860-61 over that of 1859-60".[4] When Wood read these remarks,

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1. Ibid.: I.O.C., L.B., Vol. 7, 1861, Wood to Canning, March 26th, 1861, p. 32.

2. Halifax Papers: Canning to Wood, May 4th, 1861.

3. Idem. I.O.C., L.B., Vol. 8, 1861, Wood to Canning, June 10th, 1861, p.48.

4. Letters on Finances to India, 1861, Vol.3, Wood to the G.G.-in-C., No.122 of 1861, 2nd August. Also Progs. of the I.L.C., 1861, Vol.7, p.338.

he was puzzled, as the facts stated differed from the results of the actual accounts for 1859-60 and the regular estimates for 1860-61, which he had received earlier for presentation to Parliament.[1] The difficulty was soon resolved. Laing who at that time happened to be in England informed Wood that his Statement was based on the figures published in the "Calcutta Gazette" of the 20th February, 1861, in response to a request from Messrs. Cowie, Brown, Biillen and Kilburn, the representatives of the mercantile community of Calcutta.[2] He also cited the authority of Lushington, the Financial Secretary, who readily denied having supplied any wrong information. On his wrongly implicating Lushington, Wood castigated him as "imponderable",[3] and sarcastically wrote to Canning "you should have some regard for an old Chancellor of the Exchequer".[4] Later Laing explained to Canning that the figures published in the Gazette were derived from Wilson's speech of the 26th May, 1860, which constituted the latest authentic return.[5] The

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1. India. Financial Letters, 1861, Vol. 59: G.G.-in-C. to Wood No. 50 of 1861, 20th March; P.P. No. 389, Vol. 49, 1860. Idem. No. 80 of 1860, 4th April, 1860, p.4.

2. India. Financial Letters, 1861, Vol. 59: G.G.-in-C. to Wood, No. 170 of 1861, 23rd September, Cf. the "Calcutta Gazette", Wednesday, 20th February, 1861, pp. 498-499. Also Financial Despatches to India, 1861, Vol.3: Wood to the G.G.-in-C. No.122 of 1861, 2nd August.

3. Halifax Papers: I.O.C., L.B., Vol. 9, 1861, Wood to Canning 18th October, 1861, p.30.

4. Idem. Wood to Canning, L.B., Vol.9, 2nd November, 1861, p. 30.

5. India. Financial Letters, 1861, Vol.59, G.G.-in-C. to Wood, No. 170 of 1861, 23rd September.

actual accounts forwarded he proceeded, contained several entries which had been brought down from previous years and, therefore, did not give the real financial position in the year 1859-60.[1]

Wood then turned to Canning and demanded an explanation for this discrepancy. Canning disclaimed all responsibility for Laing's mistakes, except to the extent, he could be held liable as one of the signatories of the despatch, and retorted: "The despatch of May 2nd, 1861 was Laing's production in all its figured parts. You say "cooked". It is not "Indian cookery". The devil's in it, if I cannot rely upon the Financial Councillor, sent to me from England to keep my Government clear of such reproaches".[2] Canning thus cleared himself from all blame, but Laing's tardy and unconvincing explanations failed to make any impression upon the Secretary of State, who sternly declared: "No arguments can justify the use in a financial statement of an erroneous estimate when the actual accounts are in the possession of the person who makes it"[3] Laing's budget statement for 1861-62 was no less erroneous. "In the hurry of making accounts" he included the item called "Loss by exchange on railway transactions" under the

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1. Ibid.

2. Halifax Papers: Canning to Wood, September 8th, 1861.

3. Letters on Finances to India, 1862, Vol, 4. Wood to the G.G.-in-C. No. 29 of 1862, 15th February.

miscellaneous charges and deducted £317,306 from the estimate of the home military charges, which amounted to £1,400,000, and by including arrears of War Office claims were rendered equal to the actuals of the preceding year. He could not believe that the home military expenditure would remain the same as in the preceding year, and therefore, after consulting the Military Finance Commission, he reduced them to what he thought they should be.[1] These deductions left him with an excess of income over expenditure. He disposed of/~~off~~ it by remitting the License Tax, and promised to transfer £500,000 to the Local Budgets from the public works expenditure, and again he stood with a prospective surplus of £233,869.[2] Canning had only given his consent for the abolition of License Tax on being assured by Laing that there would be a surplus,[3] and by Montgomery, Edmonstone and Dennison of its good affect upon the people.[4] He was surprized to find when Wood called it "delusive" and protested against Laing's remissions and deductions:[5] "..... the home Government must necessarily be

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1. Letters on Finances to India, 1861, Vol. 59: G.G.-in-C. to Wood, No. 122 of 1861, 2nd August.

2. Ibid. If the estimates were properly arranged, the result would be a probable deficit of £550,734, which was liable to be increased to £1,050,734, in case the proposed transfer to the Local Budgets of £500,000 was not effected.

3. Halifax Papers: Canning to Wood, May 4th, 1861.

4. Halifax Papers: Canning to Wood, September 8th, 1861.

5. Idem.: I.O.C., L.B., Vol.8, 1861, Wood to Canning June 10th, 1861, pp. 48. Also another letter on p.60. of the same volume.

more capable of framing an estimate of the expenditure in this country than a Member of your Government in India".[1]

The instructions of the Secretary of State were ignored on Laing. In the actual accounts for 1860-61, he included the "Guaranteed Interest on the Railway Capital" twice and arbitrarily reduced the home charges by upwards of £1,000,000.[2] Thus one wrong entry was balanced by another wrong deduction, without making any material difference in the actual result, which was a deficit of £4,021,385.[3] In the regular estimates for 1861-62, also the same item, among others, was omitted from the charges, leaving a surplus of £142,021. On the other hand, when the necessary corrections were carried out, the probable result was a deficit of £595,513.[4] The errors committed in the Budget estimates for 1862-63 were more serious. As usual, the item "Loss by Exchange" was omitted and the sum of £702,246, consisting of the advances made in India on account of the Imperial Government, was wrongly treated as a receipt and therefore, deducted from the home charges.[5]

Here Laing, as he explained later, was guided by the precedent set by Gladstone. In his budget of 1850, Gladstone

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1. Letters on Finances to India, 1861, Vol.3: Wood to the G.G.-in-C. No. 29 of 1862, 15th February, 1862.

2. P.P. No.c°76, Vol. 38 of 1862: Wood to the G.G.-in-C. No. 83 of 1862, 9th June, p. 82.

3. Ibid.

4. Idem. pp.82-83.

5. Idem. pp.82-83.

had included as an item of income, the sum of £1,000,000, which the Government of Spain had repaid for the muskets supplied twenty years before.[1] The two cases, Wood pointed out, were entirely different. The British Government had bought the muskets for Spain. The repayment for them, therefore, constituted a receipt. On the other hand, the advances to the Imperial Government in India were simply transfers from the Treasury in Calcutta to that of the India Office in London.[2]

The result of misplacing the items of income and expenditure was an illusory surplus of £1,428,623, which according to the correct financial arrangements would be £440,914.[3] On the strength of such delusive results Laing remitted revenue from the customs and Income Tax proceeds to the extent of £725,000 and promised an increased expenditure of £525,453 on public works, education, science and arts. These sums together amounted to £1,251,483 and exceeded the correctly estimated surplus by £810,529, which sum constituted the probable deficit for the year 1862-63.[4] By such meticulous calculations Wood had altogether subverted the results worked out by Laing. He did not restore the reduced imposts, but

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1. P.P. No.412, Vol. 38, 1862. Memo. on Indian Finances, with reference to "Alleged mistakes", in the Budget of India by Laing, July 10th, 1862, p.4.

2. Hansard, Vol. 168, 1862: Wood's speech, 17th July, 1862, p.437.

3. Idem. p.86.

4. Idem. p.87. cf. Laing's Statement, 16th April, 1862, op. cit. pp.128 and 136. From the operation of Income Tax, lower income groups paying 2 per cent on Rs.200 and 500 a year were freed. It was calculated that 600,000 or two-fifths of the whole who paid tax, paid one-fifth, which a

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forcefully enjoined that the probable deficit in the year 1862-63, should be made up by reducing expenditure.[1] He warned the Government of India against the repetition of such errors in future, and laid down the general principle which fixed responsibility of approving the main features of the financial statement upon the Governor-General-in-Council, although he was not made accountable for everything that was uttered by the Finance Member.[2]

The course of this controversy which had generated bitter feelings on both sides, made it clear that Wood and Laing had little in common in their conceptions of the principles of public finance. Laing found resignation to be the only way out of his resentment and humiliation, declaring his resolve not to serve under a Minister who differed from his policy and publically censured it.[3]

Some other incidents also helped to widen the breach between Wood and Laing. Under the effects of the Indian climate, his health had nearly broken down and he was obliged to sail to England to recoup his failing vigour.[4] Before his

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1. Ibid. p.87.

2. P.P. No. 0.76, Vol. 38, 1862, Wood to the Governor-General-in-Council, No. 83 of 1862, 9th June, p.81.

3. Memo by Laing, July 10th, 1862, op. cit. p.11. Also minutes of the Council of India, June to December, 1862. Meeting of the 31st July 1862, p.139. Curiously enough while the resignation of Laing was accepted his "zeal and ability" exhibited in the handling of Indian Finances was also acknowledged.

4. Halifax Papers: Canning to Wood, June 4th 1861. Also Canning to Wood, May 16th, and August 12th, 1861.

departure, he informed Canning that he intended to return for a short period only, as everything necessary had been done in the way of Indian financial reform. Canning did not give much credence to his remarks and asked Wood to send out a "financial administrator."[1] He was disgusted with Laing's mismanagement of Indian finances and did not wish him to return to India.[2] Wood agreed with him, but expressed his inability to prevent Laing's return.[3] He, however, hoped that Laing might on his own abandon the idea of returning "after the snubs the home authorities have had to administer to him".[4]

In England, Laing's ambition to win popular applause forced him to seek closer association with Manchester people who were too willing to welcome him in their midst. He addressed several public meetings in Lancashire and gave them information which was used by their representatives in Parliament to tease the Secretary of State. Wood was exasperated and communicated his indignation to Canning. "Laing again made an erroneous statement in Manchester. I will speak to him seriously over the week-end".[5] Canning also

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1. Idem. Canning to Wood, June 4th, 1861.
2. Ibid.
3. Idem. I.O.C., L.B., Vol.9, 1861, Wood to Canning, 2nd October, 1861.
4. Idem. I.O.C., L.B., Vol.10, 1862, Wood to Elgin, 25th June, 1862, p.310.
5. Idem. I.O.C., L.B., Vol.9, 1861, Wood to Canning, 2nd October, 1861, p.8.

deplored Laing's "crude, ill-advised way".[1]

Ultimately when Laing resigned Wood was "glad to get rid of him" and wrote to Elgin "I am confirmed in my opinion that the first requisite of office is to be a gentleman".[2] He carried the controversy to the House of Commons and decided "to give to Parliament the financial despatches which would damage him (Laing) a good deal".[3]

On the 17th July, 1862, he made his annual statement of Indian "Revenue and Accounts" in the Commons, describing in great detail his encounters with Laing, and the incredible blunders which the latter had committed.[4] His speech was marked by its clear exposition of the complicated financial problems, and demonstrated his distinct superiority as a financier over Laing.

The malicious English Press of Calcutta seized this opportunity to applaud Laing and to revile Wood roundly. It peevishly vented its spleen in a few long articles, remarkable for their miserable ignorance of the elementary principles of public finance. The "Friend of India" accused Wood of his unscrupulous disregard for truth.[5] The "Englishman"

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1. Idem. Canning to Wood, October 18th, 1861.
2. Idem. I.O.C., L.B., Vol. 11, Wood to Elgin, Aug.1st, 1862.
3. Idem. I.O.C., L.B., Vol.11, Wood to Elgin, 25th June,1862.
4. Hansard: CXLVIII, 1862, pp.428-449. Also September 4th, 1862, p.986.
5. The "Friend of India", September 4th, 1862, p.986. Also see p.785-786 in the issue of September 4th, 1862.

emphasizing his authoritarian attitude, sarcastically called him the "Maharajah" and declared his criticism of Laing as "hocus pocus".[1] They harped on the same monotonous tune of the irritating, unnecessary and frequent interference of the Secretary of State in Indian administration and the "honest struggle" of men like Peacock and Laing "to govern India in India".[2] The mercantile community of Calcutta also assembled[3] in a "monster meeting to praise Laing and abuse Wood".[4] It expressed its opinion of Laing's services to India, "in a manner worthy of the intelligence and influence of its Members".[5]

A description of Laing's mistakes does not make up the whole story. His real achievement lay in reducing the deficit of £6,500,000 anticipated in the year 1860-61 to £50,678 in 1861-62, for which he rightly claimed credit.[6] Even Wood acknowledged his exertions and success in this direction.[7] These reductions were also due to the unremitting insistence from home and the "master spirit" of Canning, to whom Wood gave[8][9]

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1. The Englishman", July 15th, 1862.
2. The "Friend of India", September 11th, 1862, p.1013.
3. Ibid.
4. Halifax Papers: Elgin to Wood, September 2nd, 1862.
5. "The "Friend of India", September 11th, 1862, p. 1013.
6. Laing's Memorandum, July 10th, 1862, p. 12; op. cit. Also Financial Despatches to India, 16th October, 1861 - 30th December, 1863, Vol.13. Wood to the G.G.-in-C. No.115 of 1863, 16th July.
   Cf. Hansard, CLXXII, 1863, pp.1293-1294; and Progs. of the I.L.C., 1864, p.130.
7. Halifax Papers: I.O.C., L.B., Vol.10, 1862: Wood to Elgin, 9th June, 1862, p.300.
8. Idem.I.O.C. L.B., Vol.7,1861, Wood to Canning, Mar.18th,1861.
9. Idem. I.O.C., L.B., Vol.6,1861: Wood to Canning, Mar.11th

61; p.244.

the main credit, but admitted that matters were ripened for his decision by Wilson and Laing.[1]

In Calcutta once during Canning's absence, Laing found it difficult to carry through his measures of economy "of which everybody felt the necessity in general and everybody disliked in particular".[2]

At the time when Laing was in England, an incident occurred that forced the question of the appointment of his successor into the forefront. He was found implicated in a Canadian railway affair.[3] His rivals who had failed in the face of his success made considerable capital out of this. A Committee was appointed subsequently by Parliament. Its investigations proved the baselessness of the charges brought against Laing. Canning who had entertained most serious doubts in regard to Laing's alleged complicity, lost no time in communicating to him his impressions.[4] Wood followed suit in "so kind yet so uncompromising" a letter.[5] Laing at once published parts of both these letters in the "Bengal Harkaru"

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1. Idem. I.O.C., L.B., Vol.10, 1862. Wood to Elgin, 25th June, 1862, p.312.
2. Idem. I.O.C., L.B., Vol. , 1861, Wood to Canning, March 11th, 1861, p.244.
3. Idem. I.O.C., L.B., Vol. 6, 1861: Wood to Canning February 6th, 1861; p.186.
4. ~~Halifax Papers:~~ Idem. Canning to Wood, April 4th, 1861, and also letters of 5th and 7th April, 1861.
5. Idem. Canning to Wood, April 4th, 1861.

of April 6th, 1861, in order to correct any misconceptions which the allegations of his opponents might have created in India. In fact, Indian reactions could not be assessed, except that some merchants had expressed their disapproval of Laing's selection as Financial Member, because of his antecedants, which induced a suspicion of his questionable connections with speculators at home.[1] Canning, therefore, again stressed upon Wood the advisability of not appointing a man like Laing to be his successor. He preferred an economical financial administrator and proposed to borrow from the Admiralty the services of Bromley, whom he intended to appoint as a departmental head and not as a Member of Governor-General's Council.[2] For Financial Membership, he proposed Grey, an eminent Bengal civilian, and reputed for his great experience in Indian revenue affairs, but not well versed in the technicalities of the financial administration.[3] A man of Wilson's or Laing's eminence, he feared, would be ambitious like a "Roman Consul" to make a reputation for himself by "inventing new taxes" for which India afforded no scope.[4] He

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1. Ibid.
2. Hallifax Papers: Canning to Wood, April 4th, 1861.
3. Ibid.
4. Ibid.

acknowledged the achievements of Wilson and Laing in the organization of financial administration,[1] but denied that the great measures either of economy or taxation were the result of their efforts. In military expenditure, he asserted no more reductions were effected than those worked out by the Military Finance Commission, before Wilson was even named. In the same way the civil reductions and police reform were carried out by Indian impulse. Nor in the matter of taxation he considered them to have made any marked advance on Harrington's late License Tax Bill, the good features of which were "neutralized by a slight want of tact and temper".[2] Wood agreed with Canning's view point. The only man whom he thought to come up to the mark was Trevelyan, but "he would obviously not do." With regard to Bromley, he wrote: "You would wish Bromley back, you had had him three days at Calcutta, and I would not do so cruel a thing as grant your wish for him, if I could".[3]

Canning, thereafter, did not insist any more for Bromley's appointment.[4] He left India on the 19th March, 1862,[5] and was succeeded by Lord Elgin who held the same views as his

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1. Idem. Canning to Wood, June 23rd, 1861.
2. Ibid.
3. Halifax Papers: I.O.C., L.B., Vol.7, 1861: Wood to Canning 25th May, 1861, p.240.
4. Idem. Canning to Wood, June 23rd, 1861.
5. Cunningham, Sir H.S.: Rulers of India. Earl Canning, 1891, p.212.

predecessor in the matter of the appointment of a Financial Member. Since Canning who had recommended Trevelyan's recall, was no more at the head of the Indian Government, there could be no ostensible obstacle to latter's appointment if Elgin was willing to accept him.[1] Elgin was agreeable and was not "afraid of Trevelyan", in spite of his being informed that Trevelyan's desire for popularity was more overwhelming than that of either Wilson or Laing.[2] Wood assured him that Trevelyan was thoroughly convinced of the inexplicability of his conduct and that he was determined not to give any cause for complaint.[3] Nor was there any danger of his falling into errors like Laing, for love of popularity.[4]

This preliminary interchange of views between the Governor-General and the Secretary of State settled the question of Trevelyan's appointment. He arrived in India in January, 1863. Elgin was favourably impressed by him. He found Trevelyan friendly and disposed to act in the best spirit.[5] He showed a sanguine, but speculative temperament, best suited to free assemblies. But he alarmed Elgin by his bold, crude and loose way of thinking. He expressed his

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1. Halifax Papers: I.O.C., L.B., Vol.12, 1862. Wood to Elgin, September 24th, 1862, pp. 166-168.

2. Idem. Elgin to Wood, November 19th, 1862.

3. Idem: I.O.C., L.B., Vol.12, 1862, Wood to Elgin, November 17th, 1862.

4. Idem: I.O.C., L.B., Vol.12, 1862. Wood to Elgin, December 22nd, 1862, p. 336.

5. Idem. Elgin to Wood, January 20th, 1863.

conviction, without sufficient cause, that Indian revenues would go on increasing and on such supposed surpluses proposed to reduce customs duties, citing the example of Sir Robert Peel. Elgin rightly told him that Peel could depend on Income Tax which Trevelyan would abolish on the first opportunity.[1] Finally Elgin had to ask him to hold his hand on large questions at least during the current year.[2] Trevelyan was well-known for his impetuosity. The "Economist" did not consider him to be a "safe man".[3] But these forebodings were proved to be hollow by the quiet manner in which he acquitted himself in the Governor-General's Council.

Luckily for Trevelyan, the year 1862-63 which he declared to have opened a new era, closed with a surplus of £1,827,346.[4] The revenues amounted to £45,143,752 and expenditure to 43,316,406 . The prospects for the succeeding year showed no cause for alarm. A surplus of £815,775 was estimated.[5] It was disposed of by reducing Customs Duties to the extent of £50,000, and by a remission of one per cent in Income Tax.

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1. Ibid.

2. Idem. Elgin to Wood, January 23rd, 1863.

3. The "Economist", November 8th, 1862, p.1234.

4. Letters on Finances to India, 30th September, 1863 to 31st December, 1864: Wood to the G.G.-in-C. No. 170 of 1870, 16th July, cf. Sir Charles Wood's statement, July 21st, 1864, p.1809. Hansard, 1864, CLXXVI.

5. Progs. of the I.L.C., 1863, p.78. Trevelyan's Financial Statement.

These remissions which amounted to £335,000 and diminished the estimated surplus to £480,775[1] were readily approved by Wood.[2] But according to the actual accounts which gave a revenue of £44,613,032 and expenditure of £44,534,685, the surplus was reduced to £78,347.[3] This narrow favourable margin could not be maintained in 1864-65 and the financial accounts showed a swing towards a deficit of £193,521.[4] The budget estimates for 1865-66, with an anticipated deficit of £375,000, revealed still worse prospects;[5] and the Government of India, against the advice of Wood[6] and the insistence of Lawrence,[7] allowed the Income Tax to lapse on the 31st July, 1865, when it was due to expire.[8] Their conduct was indefensible, as it involved a loss of £1,200,000 to public revenue.[9] Trevelyan proposed to meet the deficit by raising a loan and imposing some additional

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1. Idem: pp. 78-80.
2. Letters on Finances to India 16th October, 1861, to 30th September, 1863, Vol. 13, Wood to the G.G.-in-C. No. 115 of 1863, 16th July.
3. Letters to India on Finances, 7th January, 1865 to 31st December, 1866, Vol.15: Wood to the G.G.-in-C. No.151 of 1865, 22nd June. cf. Wood's Statement, June 29th, 1865. Hansard CLXXX: 1865, p. 929.
4. Letters on Finances to India, 7th January, 1865 to the 31st December, 1866, Vol.15: Earl de Grey & Ripon to the G.G.-in-C. No.142 of 1866, 25th June. cf. Hansard CLXXXV, 1866: Viscount Cranborne's Statement July 9th, 1866,p.
5. Idem. Wood to the G.G.-in-C. No.114 of 1865, 9th May.
6. Halifax Papers: I.O.C., L.B., Vol.19, 1864-65; Wood to Lawrence, p. 156.
7. Idem. Lawrence to Wood, 4th April, 1865.
8. Progs. of the I.L.C. Trevelyan's Financial Statement, 1st April, 1865, p. 162.
9. Letters on Finances to India, 1865-66, Vol. 15: Wood to the G.G.-in-C. No. 114 of 1865, 9th May, p. 29.

and new export duties. Wood objected to these proposals and expressed his resolve to disallow the Bill passed by the Indian Legislative Council.[1]

Wood, as has been shown, was originally opposed to all forms of new taxation, but the experience of Indian financial conditions had brought about a change in his views. He was convinced that the Income Tax would have to be made permanent and that a reduction in the customs and salt duties was almost inevitable.[2] He had, therefore, already urged on Elgin and Trevelyan to find some new sources of revenue on the lines of Harrington's late License Bill, but "without any Indian experience", he "could not suggest anything definite".[3]

Again, promising his support, he advised Lawrence "to maintain it (Income Tax) and to make it more productive."[4] Lawrence was himself anxious to retain the Income Tax, but the determined and united opposition of his Council coerced him into submission against his better judgment.[5]

The conduct of the opponents of the Income Tax was characterized by an extremely narrow and selfish attitude. They proposed to shift the burden to the poorer classes by enhancing the duty on salt and also advocated a permanent addition to the public debt. Their policy had won them the support of the land-holding and mercantile classes.[6] Lawrence was extremely irritated to find his authority flouted so

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1. Wood to the G.G.-in-C. No. 114 of 1865, 9th May; cit. supra. cf. Hansard CLXXX, 1865, Wood's Statement, June 29th, 1865, p. 931.
2. Halifax Papers: I.O.L., L.B. Vol.2, 1862; Wood to Elgin, 12th March, 1862, p.82; and Wood to Canning, 3rd April, 1862, p. 162.
3. Halifax Papers: I.O.C., L.B., Vol.19, 1864-65: Wood to Lawrence, 31st December, 1984, p.156.
4. Ibid. Also I.O.C., L.B., Vol.20, 1865: Wood to Lawrence, 10th March, 1865, p.83.
5. Idem. Lawrence to Wood, 4th April, 1865.
6. Idem. I.O.C., L.B., Vol.21, 1865; Wood to Lawrence, 16th May, 1865, p.27.

outrageously and complained to Wood of the weakening power and influence of the Governor-General, specially in Calcutta and Bengal.[1] Wood was equally indignant when he read the Minutes of the Members of Council. He and his Council condemned their selfish outlook and declared Lawrence to be "the only sensible and right-minded person among them".[2] But the bitter feeling caused by such angry interchange of communications was soon assuaged when the actual accounts for the year 1865-66 gave a surplus of £2,706,068.[3] The revenues amounted to £48,955,220 and expenditure to £46,169,152.[4] The improvement was partly due to the increase in the produce of customs and salt duties, the assessed taxes and some other items of revenue and partly to the change in the manner of keeping accounts.[5]

In the succeeding years, several factors combined to force a radical change in the financial policy of the Governor-General's Council. In April 1865, it was deprived of Trevelyan's lead. He was succeeded by Massey who was a Liberal Member of Parliament and had been the Chairman of Committees in the House of Commons.[6]

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1. Halifax Papers: Lawrence to Wood, 1st Aug., 1865. Also letter of 18th September, 1865.
2. Idem. I.O.C., L.B., Vol. 21, 1865: Wood to Lawrence, p.27 - For the minutes see P.P. 345, Vol.40, 1865, p.p. 33 & 47
3. Letters to India on Finances, 9th January, 1867, to 30th June, 1868, Vol.16. Northcote to India No.220 of 1867, 14th June.
4. Ibid.
5. Ibid. cf. Hansard, CLXXXIX, 1867. Northcote's Statement August 12th, 1867, pp.1391-92.
6. Halifax Papers: I.O.C., L.B., 23, Wood to Lawrence, 5th April, p. 204.

[z] Also see P.P. No. 207, Vol.52, 1866, H. of C. G.G.-in-C. to Wood, No. 29 (P.W.) 9th March, 1865, pp. 375-376, and Enclosure No.1, Note by Colonel Strachey, Secretary, P.W.D., pp. 376-395.

On his arrival in India, he soon realized that bold and vigorous financial measures were required. The weaknesses of the administrative machinery were clearly exposed during the famines of 1861 and 1866, and the necessity to strengthen it was generally recognised.[1] So was also realized the urgency of constructing irrigation works on an extensive scale, if a recurrence of the calamities formerly associated with famines, was to be prevented.[2] Moreover, the increase of expenditure brought about by the normal growth of administration far outstripped the existing revenues.

Wood, therefore, had earlier sanctioned the raising of loans in order to expedite the construction of irrigation works, in case the surplus revenues and the available cash balances were found to be inadequate, and provided the income from the proposed works was estimated to be sufficient to pay the interest on the amount borrowed.[3] The successive Secretaries of State adhered to this policy[4] and the Duke of Argyll sanctioned the grandiose scheme for the construction of irrigation works over the whole of India.[5] Its execution was expected to be completed within ten years and the capital

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1. India, Public Despatches, 1868, Vol.II: Northcote to the G.G.-in-C. No. 10 of 1868, 10th January, p.14.
2. Progs. of the I.L.C., 1867, Massey's Statement, 5th March, 1867, p.143.
3. Letters on Finances to India, 7th January, 1865 - 31st December, 1866, Vol.13: Wood to the G.G.-in-C., No.266 of 1865, 30th November, p.253.
4. Idem. Cranborne to the G.G.-in-C., No.200 of 1866, 23rd August, p.491.
5. Letters to India on Finances, 3rd July, 1866 - 23rd June 1870, Vol.17: Argyll to the G.G.-in-C. No.101 of 1869, *

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outlay was estimated at £30 million which was proposed to be raised by loans.[1] Argyll emphasized the political advantages of borrowing in India, if it could be done on terms as favourable as were obtained in England. The creditors of the Government, he prudently observed, would ipso facto become its most ardent supporters, because their interests would be closely identified with its stability.[2]

Thus a workable solution was found to speed up the prosecution of the important "reproductive works". The problem of equalizing the income and expenditure still vexed the home and Indian authorities. All the existing sources of revenue had been stretched to their maximum capacity, but the wealth of the professional and commercial classes had been allowed to accummulate untaxed from the discontinuance of the Income Tax in August, 1865. The continued deficiency of income from the year 1866-67 onwards rendered it imperative to tax those classes.[3]

The year 1866-67 closed with a deficit of £2,517,491[4]

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1. Ibid., p.226.

2. Idem. p.227 and 229.

3. India. Separate Revenue Letters, 1868-1870, Vol. 4: G.G.-in-C. to Northcote, No. 28 of 1868, 10th November: "The broad necessity of Indian finance renders an Income Tax necessary".

4. Letters to India on Finances, 3rd July, 1868 - 23rd June 1870, Vol. 17: Northcote to the G.G.-in-C. No. 208 of 1868, 9th July.

and the budget estimates for 1867-68 showed a probable adverse balance of £1,057,522.[1] Massey therefore, announced the imposition of a License Tax on Trades and Professions, to be levied on income groups, varying from Rs. 200 to Rs.25,000 a year.[2] It was to be assessed on the basis of a system of classification and not on the returns of individual incomes. Northcote heartily concurred in the necessity of the new measure.[3]

It provoked a storm of opposition. The "Englishman" declared it to be "most unnecessary and unjust";[4] and the "Friend of India" condemned it, because "it failed to make the wealthier classes do their duty."[5] A big meeting was held in the Town Hall under the Chairmanship of H. Cook, the Sheriff of Calcutta. It drew up a Memorial, addressed to the Secretary of State, requesting the withdrawal of the Licence Tax, which had most unjustly exempted the "vested property and secured revenues".[6]

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1. Progs. of the I.L.C., 1867, Massey's Financial Statement, 5th March, 1867, p.151.
2. Ibid. pp. 152-153.
3. Letters on Finances to India, 9th January, 1867 - 30th June, 1868, Vol.16: Northcote to the G.G.-in-C. No. 69 of 1868, 15th February, p.456, and also Idem. Northcote to the G.G.-in-C. No.220 of 1867, 14th June, p.207.
4. The "Englishman", Calcutta, Overland Edition, No. 8, March 3rd, 1867, p.115.
5. The "Friend of India", Calcutta, March 7th, 1867, p.226.
6. The "Englishman", Calcutta, No.11, April 8th, 1867, p.167, also of March 27th, 1867, No. 10. p.146.

The home and Indian authorities remained firm and Northcote refused to order the withdrawal of the License Tax "under the existing Indian conditions".[1] In fact the Secretary of State had earlier enjoined the Government of India to devise new measures of taxation, in order to maintain a surplus of at least a million sterling in peace time and had declared: otherwise the financial condition of India would not be considered satisfactory.[2]

Such half-hearted measures could not ease the financial situation. The regular estimates for 1867-68, gave a probable deficit of £1,106,077.[3] But in spite of such difficulties the Government of India, instead of making the License Tax more productive, modified it in the form of a Certificate Tax, thus reducing its anticipated outturn from £700,000 to £500,000. It was levied on income groups ranging from Rs.500 to Rs.100,000 a year. By including this niggardly sum, Massey was able to show a probable surplus of £240,000, in the budget estimates for 1868-69.[4] Even this

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1. Letters on Finances to India, 8th January, 1867-30th June 1868, Vol.16: Northcote to the G.G.-in-C. No.221 of 1867 14th June, p.210.

2. Idem. Northcote to the G.G.-in-C., No.220 of 1867, 14th June, p.207.

3. Letters to India on Finances, 3rd July, 1868-23rd June, 1870, Vol.17: Argyll to the G.G.-in-C. No. 252 of 1869, 29th July, p.310.

4. Progs. of the I.L.C., 1868, Massey's Statement 26th March, 1868, pp.161-162.

modest impost failed to satisfy the extremists, whom the Finance Member had attempted to placate. It was described as an "Income Tax, the scourge of taxation, in a disguised form",[1] and it was also pointed out that / "There was not a shadow of necessity for its imposition".[2] The British India Association of Calcutta, which represented the vested interests of Landholders, vehemently protested against it, and memorialized the Secretary-of-State to constitute a "Consultative Council, composed of European and Native gentlemen, drawn from all parts of the Empire and nominated by Government", as the only possible way to prevent any further deterioration in Indian finances.[3] Northcote rejected their proposal in a most curt and unceremonious manner.[4]

The financial position still continued to be a source of anxiety. Massey resigned on the 25th April, 1868, and was succeeded by Sir Richard Temple, the Chief Commissioner of the Central Provinces. Earlier he had acted as the Chief Financial Assistant to Wilson and Laing,[5] and there was a

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1. The "Friend of India", Overland Edition, Calcutta, April 6th, 1868, p.120.
2. The "Englishman", Overland Edition, Calcutta, March 27th, 1868, Vol.37, p.115.
3. India. Financial Letters from 1868, Vol.10: G.G.-in-C. to Northcote No. 86 of 1868, 3rd April, p.355.
4. Letters to India on Finances, 9th January, 1867- 30th June, 1868, Vol. 16. Northcote to the G.G.-in-C. No.265 of 1868, 18th June.
5. Buckland, C.E.: D.I.B. 1906, S.V., Temple, Sir Richard.

widespread belief that he would follow in their footsteps. The regular estimates for 1868-69, gave a probable deficit of £1,000,000.[1] But Temple was able to balance his budget estimates for 1869-70 by developing the Certificate Tax into a full-fledged Income Tax. No term of its duration was specified. The majority of the Governor-General's Council, consisting of Lawrence, Temple, Col. Norman and Strachey supported the measure, but Mansfield, Maine and Taylor dissented from their opinion.[2] Northcote had already expressed his preference for such a measure which he considered to be more productive than Massey's License Tax.[3]

It was levied on the assessed individual incomes and promised a yield of £900,000.[4] Like its precursors, the License and Certificate Taxes, it encountered considerable opposition from vested interests. The "Friend of India" characterized Temple's measures as "quack finance".[5] Surprizingly enough the "Englishman" supported it in preference to the alternative suggestion of increasing the salt tax by 4 annas

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1. Progs. of the I.L.C., 1869, Temple's Financial Statement, 6th March, 1869, p.111.

2. India. Separate Revenue Letters, 1868-1870, Vol. 4: G.G.-in-C. to Northcote, No. 28 of 1868, 10th November.

3. Letters on Finances to India, 9th January, 1867-30th June 1868, Vol. 16. Northcote to the G.G.-in-C., 14th June, p.207.

4. Progs of the I.L.C., 1869, Temple's Financial Statement, 6th March, pp.124-125.

5. The "Friend of India", Calcutta, Apr.7th, 1870, p.393, - Also of April 14th, 1870, p.424 and of 30th June, 1870, p.737.

as it would tell heavily on the "dumb masses".[1] The British India Association organized a mass meeting at the Calcutta Town Hall and drew up a Memorial addressed to the Secretary of State, in which the immediate withdrawal of the "objectionable impost" or its limitation to one year was requested.[2] Argyll who favoured Income Tax, refused to accede to their request.[3]

As usual, Temple's Income Tax also proved inadequate to bring about an equilibrium in the Indian finances. The result of the actual accounts for 1868-69 was an adverse balance of £2,774,030,[4] and the regular estimate for 1869-70 gave a deficit of £625,549, although in the budget estimate an equipoise had been maintained.[5] But Temple, with great dexterity managed to balance the budget estimates for 1870-71, which gave a revenue of £52,327,755, and an expenditure of £52,164,315. He had to increase the rate of Income Tax to 6 pies in the rupee or to 3½ per cent, and estimated the yield at £2,180,000.[6]

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1. The "Englishman", Calcutta, Overland Edition, 7th March, 1869, p.146-147; also of 23rd March, 1869, No.12, pp.178-179.
2. India. Separate Revenue Letters, 1868-70: Vol.4./G.G.-in-C. to Argyll, No. 7 of 1869, 1st July.
3. Letters to India on Finances, 3rd July, 1868 to 23rd June, 1870, Vol. 17: Argyll to the G.G.-in-C. No. 339 of 1869, 30th September, p.376.
4. Progs of the I.L.C., 1870, Temple's Financial Statement, 2nd April, 1870, p.195.
5. Idem., p.201.
6. Idem, p.211-212.

The enhancement of the Income Tax, proved to be a signal for a widespread agitation. "Every mouth in Calcutta was talking about it"[1], and protest meetings were held in Umballah, Bombay, Thana and Dacca[2]. Again Calcutta Town Hall became the venue of a big public meeting which had been persistently urged by the "Friend of India" and the "Englishman"[3]. Its proceedings were marked by an angry outburst of accusations against the home authorities, who were generally believed to have instigated and supported the Governor-General's Council in its decision to increase the Income Tax rate, and in between themselves had coerced into submission the unwilling Viceroy, Lord Mayo[4]. The opponents of the Income Tax forcefully urged the appointment of a Royal Commission, consisting of "an equal number of European and Native gentlemen", to inquire into the Indian finances, and also demanded that provincial Councils should be constituted[5]. The Press supported this agitation[6]. Anyhow their filibustering failed in its ultimate

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1. The "Englishman", Calcutta, overland Edition, 3rd April, 1870, No. 14, 1870, p.210.

2. India. Separate Revenue Letters, 1868-70, Vol.4: G.G.-in-C. to Argyll, Nos. 12, 13, 14 and 31, of the 8th May, 27th May, 3rd June and 23rd November, respectively.

3. The "Friend of India", Calcutta, April 14th, 1870, p.424. The "Englishman", Calcutta, Overland Edition, No. 14, 3rd April, 1870, p.211.

4. The "Englishman", Calcutta, Overland Edition, No.16, April 20th, 1870, p.349.

5. India. Separate Revenue Letters, 1868-70: G.G.-in-C. to Argyll, Nos.14 and 31 of 1870, dated the 3rd June and 23rd November, respectively.

6. The "Englishman" No. 37, September 10th, 1870, p.3.

aim to force Argyll to revoke the decision of the Government of India.[1]

The plea for the appointment of such a Commission had been put forward before by Robert Knight, the Editor of the "Times" of India, in an able paper read on the 3rd March, 1868, at a meeting of the newly-formed East India Association. He exposed the short-comings of the Indian financial policy and in severe terms criticised, inter alia, the unjust manner in which Indian revenues were saddled with the charges incurred for purely Imperial purposes.[2]

Knight's proposal met the general approval of the Association, and it was decided to send a deputation to Sir Stafford Northcote, the Secretary of State for India, in order to urge the necessity for the appointment of a Royal Commission to inquire into the financial relations subsisting between England and India. The deputation which waited upon Northcote on April 22nd, 1868, consisted, among others of Colonel Sykes, T. Bazeley, M.P., John Peel, James Bright and two Indians, Dadabhoy Naoroji and W.C. Bonnerji. Northcote greatly admired the arguments of Knight, but stated that the questions proposed by the latter were too broad to be entrusted to the inquiry of a Royal Commission. He, however, promised to consult the Cabinet and the Council of India on the proposals of the deputation, and to give them his most careful attention.[3]

At the same time Dadabhoy Naoroji, through his writings was agitating to secure Indian representation in the Government of India.[4] He attributed the financial

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1. Letters to India on Finances, 23rd June, 1870 to 29th Feb. 1872, Vol. 18: Argyll to the C.C.-in-C. No.252 of 1870, 4th Aug. p.39.
2. Journal of the East India Association, Meeting Tuesday, Mar. 3rd, 1868, pp.227-264. Here he referred to the wars in Afghanistan, Persia and China, where Indian troops were employed beyond Indian frontiers, p.229.
3. Idem. pp.281-283.
4. I.O. Tracts, Vol.339. Naoroji Dadabhoy: "The Financial administration of India", p.7. No date of publication is given on the pamphlet.

difficulties to the absence of the tax-payers' representatives in bodies, like the Council of India, which administered them.[1]

Here were discernible the faint beginnings of the Indian constitutional struggle which in the course of succeeding generations gathered paramount importance in the framework of the British Indian administrative policy. The maxim "No taxation without representation" was echoed on a different soil but under almost similar circumstances.

The successful result of the skilful exertions of the home and Indian authorities was visible in the actual accounts for 1869-70 which gave a favourable balance of £118.648, exclusive of the charges for public works extraordinary, which amounted to £2,599,614.[2] It was defrayed from loans specifically raised for that purpose. The revenues were accounted at £50,901,081 and expenditure at £50,782,418.[3] The actual results of the following year, 1870-71, were more satisfactory. It closed with a surplus of £1½ million, although in the budget estimates, the excess of income over expenditure had amounted to £200,000.[4] The

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1. Ibid.

2. Letters to India on Finances, 23rd June, 1870 - 29th February, 1872, Vol. 18: Argyll to the G.G.-in-C. No. 72 of 1871, 16th March, p.224.

3. Ibid. p.224, also Progs of the I.L.C., 1871, Temple's Statement, 9th March, 1871, p. 91.

4. Progs of the I.L.C., 1872, Temple's Financial Statement 6th April, 1872, p.261.

total income of the year was £51,413,685, the largest ever attained in British India and the total ordinary expenditure was £49.930,695.[1]

In 1865 the home authorities accepted the necessity of taxing the wealthier classes. Henceforth an impost on the professional and commercial classes in some form or another, became an integral part of the sources of revenue. This attitude marked a radical change in the policy which had accepted Wilsonian measures of taxation most unwillingly and not without serious misgivings. At the same time, they did not relax their insistence on reducing expenditure to such an extent as to have an ample surplus to meet the emergencies. Time and again they directed the Government of India to curtail its military charges within reasonable limits, and to devote larger sums for the construction of public works.[2] The Indian authorities held similar views and the result of this unanimity was reflected in the speedy recovery of Indian finances which in 1858 and 1859 had disappointed the boldest optimist. The Indian financial administration had acquired not only a modernized system but also considerable stability in the sources of its income.

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1. Ibid. p.261.

2. Letters to India on Finances, 3rd July, 1868 - 23rd June, 1870, Vol. 17: Northcote to the G.G.-in-C. No. 288 of 1868, 9th July, and also Idem: Argyll to the G.G.-in-C. No. 53 of 1870, 24th February.

This great achievement was the direct result of the control and guidance by the Secretary of State-in-Council and the several Financial Members from Wilson to Massey who had acquired considerable experience of financial affairs in the course of their public lives. Wood himself had been the Chancellor of the Exchequer in Lord John Russell's Government from 1846 to 1852.[1] With the help of his Council, in which the knowledge and experience of Indian affairs was amply represented, he was able to apply his great experience to India. The value of the vigilance and supervision exercised from home over the proceedings of the Governments in India became more obvious in the days of the controversies which occurred between Wood and Laing. The latter had caused great confusion, in Indian finances by his blunders and inaccuracies, which had escaped ~~the~~ detection by Canning and other Members of the Governor-General's Council. There may be some truth in the assertion of the "Economist" which wrote: "Sir Charles Wood had permitted himself to write to Mr. Laing a series of despatches, which were too dry, too barely official, which do not seem to be addressed to a successful Finance Minister, which do seem to be addressed to a very incompetent accountant".[2] But the fact remains, that by his incisive and intelligent scrutiny, Wood was able to expose Laing's mistakes and thus to save Indian finances from their harmful consequences.

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1. D.N.B. Vol.LXII S.V. "Sir Charles Wood".
2. The "Economist", July 19th, 1862, pp.788-789.

It is also certain that without a strong support from home, the Government of India could not successfully enforce its measures on the subordinate authorities. Once in a private letter Laing had to ask Wood specifically for such support in order to carry out successfully his measures of economy. The latter accordingly wrote to Canning: "Laing says that strong pressure from home is necessary for reduction. The strong tone of despatches is, therefore, meant for persons beyond you"[1].

When Trevelyan declared his opposition to Wilson's financial proposals, the authority of the Supreme Government was only vindicated by the prompt intervention of the home authorities. Similarly the general belief that its measures and policies had the strong approval from home, enabled the Government of India to encounter successfully in the Legislative Council the opposition of Peacock and Jackson, who had the backing of the European mercantile community and the English Press of Calcutta. The Government, therefore, took great care not to adopt measures which were likely to be disapproved at home. It had to give up the tobacco tax, proposed by Wilson, because it was unpopular in India[2]; but more so as Canning wrote to Wood: "it could not be defended in the House of Commons, as a new Government monopoly, and to be beaten in Parliament on a question of taxation would be disastrous for Indian authorities"[3].

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1. Halifax Papers: I.O.C., L.B., Vol.7, Wood to Canning, March 26th, 1861, p.32.
2. Idem., Canning to Wood, May 30th, 1860.
3. Idem., Canning to Wood, June 18th, 1860.

CHAPTER III

THE HOME GOVERNMENT'S COMMERCIAL POLICY

Some of the measures adopted for the rehabilitation of Indian finances, aimed at making the taxes generally styled "Separate Revenues", more productive. Among them were included Customs, Opium, Salt, Abkarry,[1] and some other miscellaneous taxes. Stanley realized that of all these sources of public income, Customs afforded the greatest scope for expansion, and with this object in view he devised his commercial policy. It was to a great extent based upon the principles that had been evolved by the Court of Directors in their famous Despatch No.3 of 22nd April, 1846.[2]

The Court had unequivocally declared in favour of the abolition of the heavy export duties, the double duties that were imposed on merchandize conveyed in foreign bottoms, and the duties on "port to port" trade.[3] They believed that by removing these impediments, the widest possible markets would be opened to the staple products of India, such as cotton, sugar and indigo. They also hoped that a powerful incentive would be provided thereby for their extensive cultivation, which would lead to the augmentation of the land revenue, the most important source of Indian revenue.

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1. It was the revenue derived from the duties levied on liquors etc.

2. India. Separate Revenue Despatches 1859-60, Vol.II: Stanley to the G.G.-in-C. No. 4 of 1859, 7th April, p.119. The Court's Despatch is printed in the Appendix 2 to the Report of the "Committee on the Growth of Cotton in India", p.p. No. 9, H.of C. 1847-48, pp.443-445.

3. The "Port to Port" trade meant the "Coastal trade", i.e. the trade carried on between the two Indian ports.

They, however, allowed the imposition of an export duty on indigo, as its production was almost monopolized by India, and therefore, the possibility of its competing with any similar product from other countries was precluded. The Court did not interfere with the existing import tariff which was already moderate, but emphasized the advantage of exempting agricultural machinery from its incidence.[1]

The representations of the Calcutta merchants and shipowners, for the exclusion of foreign shipping, engaged in the commerce between the British Indian and other Asiatic ports, was wisely dismissed. The shipowners feared that these foreign vessels, which were built and sailed more economically, would soon monopolize the Indian trade. The Court were, however, determined not to adopt measures that would be beneficial to British Indian shipping, but would diminish Indian commerce. No such restrictions against foreign shipping were provided in the British tariff, and the protection afforded by the Navigation Laws, was considered to be sufficient.[2] Moreover, the Court declared, the case of England was altogether different from India. In the former, political and not commercial, considerations rendered it necessary "to retain at all times

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1. p.p. No. 9, 1847-48: the Court's Despatch No. 3 of 1846; 22nd April, p.445.

2. Idem. p.445.

and under all circumstances, the command of an extensive commercial navy".[1]

The succeeding years witnessed the gradual implementation of this policy, in the abandonment of the duties on "port to port" trade, and the objectionable imposts on merchandize conveyed in foreign bottoms.[2] The Indian coastal trade was also thrown open to foreign shipping and freed from all burdens. In 1855, the Court again reviewed their commercial policy and the Government submitted the proposals which had arisen out of a correspondence with the Bengal Chamber of Commerce.[3] These proposals envisaged, firstly, the equalization of duties on British and foreign manufacture; secondly, the exemption from duty of all articles producing an inconsiderable amount of revenue; thirdly, the abolition of export duties; and lastly the enhancement of import duties.[4]

In deciding on these important questions, the home authorities were generally guided by Canning's views,[5] which were supported by Members of his council, namely, Grant, Dorin and Low; only Peacock differed

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1. Ibid.
2. India. Separate Revenue Despatches, 1859-60, Vol.2: Stanley to the G.G.-in-C., No. 4 of 1859, 7th April, 1859, p.119-121.
3. India and Bengal. Separate Revenue Letters received 1857 and 1858, Vol.1: G.G.-in-C to the Court of Directors, No. 5 of 1857, 23rd February.
4. Ibid.
5. India. Collections to Separate Revenue Despatches, 1859, Vol.3, Collection No.4: Minutes by Canning, Dorin, Low, Peacock and Grant, dated the 16th, 22nd and 23rd Dec. 1856 and 5th and 20th Jan. 1857, respectively.

on certain points of details. Stanley readily consented to the first, as it was in accordance with British practice, and authorized the raising of the duty on British goods to the level of that levied on foreign manufactures.[1] He refused to sanction the second, agreeing with Canning that the financial position of India did not allow the abandonment of any portion of its revenue.[2] With regard to the third, he reiterated the principles laid down by the Court, but admitted the force and soundness of Canning's argument and accordingly allowed the imposition of export duties on articles like indigo, shellac lac, and saltpetre of which India possessed a monopoly.[3] He was decidedly opposed to the taxing of those articles which had to compete with similar foreign products, or were required for the manufactures of Britain.[4] Among the latter were included cotton, raw silk and other fibrous materials like jute, hemp and flax and the oil-producing seeds. He, however, agreed to the imposition of an export duty not exceeding 3 or 3½%, on raw silk. Thus on the grounds of financial necessity, he allowed the increase in the Indian import tariff unanimously recommended by the Government of

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1. India. Separate Revenue Despatches, 1859-60, Vol.2: Stanley to the G.G.-in-C. No. 4 of 1859, 7th April, pp.124-125.

2. Idem. p.132.

3. Idem, p.138.

4. Idem. p.140.

India. It provided a duty of 7½ per cent on all articles wholly or partially manufactured, irrespective of their origin; of 10 per cent on goods consumed by the mass of the people and of 20 per cent on luxuries which were used by richer people.[1] At the same time, he insisted that the import duty on cotton twist and yarn should not be raised to an extent as to cause hardship to those who were using it and were already suffering from the introduction of machinery.[2]

In the meanwhile, the Government of India had enacted a law which established a new tariff.[3] Its provisions were almost identical with those suggested by Stanley, and therefore, as Wood remarked "had received by anticipation the approval of Her Majesty's Government".[4] The duty on cotton twist and yarn was fixed at 5 per cent instead of 7½ per cent, because its imports had remained stationary for seven years. The rate of the export duties differed more widely from those suggested by Stanley. For instance, the duty on grain was increased while tobacco and silk were placed on the free list.[5]

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1. Idem. pp.145-150.

2. Idem. p.128-129.

3. India. Collections to Separate Revenue Despatches, 1859, Vol.3, Collection No. 13 of 1859: G.G.-in-C. to Stanley No. 6 of 1859, 14th March. Also Resolution of 14th March, 1859. The Act is printed in Cmd. 81, Session 2, 1859, pp. 8-1

4. India. Separate Revenue Despatches, 1859-60, Vol.2. Wood to the G.G.-in-C. No. 13 of 1859, 30th Sept. pp.503-505.

5. India. Collections to Separate Revenue Despatches, 1859, Vol.3: Collection No. 13 of 1859. G.G.-in-C. to Stanley No. 13 of 1859, 25th May.

In short, as desired by Stanley, all differential duties were abolished, luxuries were placed under a 20 per cent import duty, while other goods except cotton twist, were subjected to a 10 per cent duty.[1] This sudden alteration of the Customs tariff threw the mercantile community of India into a state of considerable excitement. The Bombay Chamber of Commerce, chiefly interested in the cotton trade with Britain, vehemently protested against it. They organized a big meeting at which a Memorial was drawn up and later submitted to the Government, praying for the removal of the new tariff.[2] They proposed as an alternative the levying of direct taxes on the wealthier classes. Their representations were, however, summarily rejected.[3]

Again, in 1860, Wilson introduced far-reaching changes in the Indian tariff. Certain import duties were reduced from 20 to 10 per cent; while those on cotton thread, twist and yarn were raised to 10 per cent. Export duty on saltpetre was raised from 3 per cent to £5. 10. 0.per ton; and several other articles were added to the free list of exports and imports. Wilson declared that the object of these measures was not to supply the

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1. Idem. Resolution of the 4th March, 1859.

2. P.P. 81, Vol.4 of Session 2, 1859, pp.10-13. Memorial to Stanley, and the circular to the Chamber of Commerce, 26th March, 1859, issued by Robert Byrie, the Chairman.

3. Idem. G.G.-in-C. to Stanley, No. 8 of 1859, 5th April, 1859, p.15.

immediate deficiency, but to provide the basis of future prosperity in agriculture and commerce.[1]

The new tariff was greatly resented in India and in England. In Parliament, Hadfield and Bazeley, who represented Manchester and Sheffield respectively, expressed their strong opposition to Wilson's tariff policy, declaring that it had injuriously affected the British trade with India. The latter also proposed that an excise duty equal to the Customs duty levied on imports, should also be imposed on Indian manufactures. Wood denied these assertions and declared that the trade with India had greatly increased, because considerable amount of British capital had been invested in that country.[2] The Lancashire Cotton manufacturers and the East India and China Association also made several representations to the Secretary of State, alleging that owing to the high rates of the Indian Customs Duty their exports had considerably declined.[3] But the depressing state

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1. Progs. of the I.L.C., 1860, Wilson's Statement, pp.114-123. Also G.G.-in-C. to Wood, No. 3 of 1860, 22nd February: India. Revenue Letters, 1860, p.123.

2. Hansard, Vol.160, 1860, 14th August; pp.1195-1196.

3. India. Separate Revenue Despatches, 1859-60, Vol.2: Wood to the G.G.-in-C. No. 9 of 1860, 17th May; pp.563-564. Also Halifax Papers: I.O.C., L.B., Vol.7, 1861, Wood to Canning, March 6th, 1861; p.26.

state of trade as was revealed by the investigations of Colonel Baird-Smith[1] and subsequently confirmed by the "Economist" was entirely due to the over-stocking of the market with cotton piece-goods in 1859 and 1860. At the same time the spread of cholera in the Upper Provinces had caused extensive derangement of internal trade.[2]

The Government of India, however, tried to meet the case of the mercantile community while assessing the tariff of valuations upon which, according to the provisions of Act XVI of 1837, ad valorem duties were fixed, after consultation with the Chambers of Commerce and other interested bodies.[3] Up till then, these valuations had differed from Presidency to Presidency, and considerable confusion was the outcome. As

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1. P.P.29, Vol.40, H.of C., Session 1862, pp. 5-6
The "Economist" September 8th, 1861, p.978. It showed that the exports of those goods such as haberdashery and millinery, on which the duty had been reduced, had declined; while cotton piece-goods and yarn on which the duty was increased maintained a steady trade. The following values were sent to India during the first seven months of each year:

	1858	1859	1860
	£	£	£
Haberdashery and Millinery:	98,160	122,413	83,552
Cotton piece-goods	5,243,187	7,186,084	5,938,485
Yarn and Twist	1,086,611	1,524,784	1,167,680

The figures were reproduced in the "Economist" from the official returns of the Board of Trade.

2. P.P. 573, Vol.52, H.of C., 1860, G.G.-in-C. to Stanley, No. 16 of 1860, 29th June, pp.3-4.

3. Ibid.

the necessity of giving India a uniform tariff was generally felt, a Committee, consisting of Richards Spooner, the Customs Commissioner of Bombay, as its President, and J. N. Bullen, the Chairman of the Bengal Chamber of Commerce, and the Honourable Ashley Eden, a Bengal civilian, as Member and Secretary respectively, was appointed.[1] Its recommendations were heartily approved by Wood. He hoped that the mercantile communities of Madras and Bombay would accept them following the lead given by the Calcutta Chamber of Commerce.[2] But in a private letter to Canning, he insisted on the reduction of the 10 per cent import duty, and declared the export duty on sugar to be wrong.[3]

In the meanwhile the Lancashire Cotton Manufacturers were continuously harassing Palmerston and Wood with their deputations. They were harping on the same old tune of the supposedly adverse effects, which the Indian tariff had on their trade. But they were confuted when told that in 1858 and in 1861, they had sent an equal amount of merchandise with the result that the market had been overstocked.[4] Wood

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1. India. Collections to separate Revenue Despatches, 1860, Vol. 4. Collection No.35 of 1860: G.G.-in-C. to Wood, No.30 of 1860, 6th October.

2. India. Separate Revenue Despatches, 1861-62, Vol.3: Wood to the G.G.-in-C. No. 8 of 1861, 16th February.

3. Halifax Papers: I.O.C., L.B., Vol.7, 1861: Wood to Canning, March 26th, 1861, p.26.

4. Idem. L.B., Vol.10, 1862: Wood to Elgin, February 25th 1862, p.44

himself favoured the reduction to five per cent. and assured Elgin that it would be popular.[1]

Elgin was also opposed to the levying of any duties on the imports of British goods. He considered such taxes to be against the principles which ought to govern the relations between an Imperial power and her dependencies.[2]

The "Economist" also took up the cause of the Lancashire Cotton manufacturers and vehemently attacked the Indian tariff which it declared to be "unfairly protective in character, and to have all the conceivable defect. a tax in their position can have".[3] The same arguments were raised by the Earl of Airlie in the Lords. The Duke of Argyll, then Parliamentary Under-Secretary of State for India, admitted that the duties were of a protective character in their actual effect, although not intended to be so.[4]

These fears were not altogether unfounded. At the instance of Elgin, Sir Bartle Frere, the Governor of Bombay, instituted an inquiry to find out the truth or otherwise of the allegations which attributed the growth of rival cotton industries to the so-called high rates of the Indian import duties. His investigations revealed the existence of about

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1. Idem. Wood to Elgin, March 3rd, 1862, p.66.
2. Idem. Elgin to Wood, March 14th, 1862.
3. The "Economist", February 18th, 1862, p.143.
4. Hansard, CLXVI, 1862, March 27th, pp.128-129.

thirteen cotton mills in his own Presidency.[1] Those mills had already about 150,000 spindles to which several thousand more would soon be added.[2] A few of these mills were first established in 1853. After 1859-60, the increase in their number was greatly accelerated; and Frere confidently predicted that after the opening of the railway many more would be erected in the Nerbudda territory, where cheap labour and cotton were abundantly available.[3]

The cloth manufactured in those mills, he stated, would successfully compete with the indigenous hand-woven cloth; and the extensive demand for the supply of cotton, thus generated, would lead to a great improvement in its quality. This latter development, he remarked, would be equally beneficial to Manchester.[4]

The Indian mills, he added, would not be able to produce anything comparable to the fine fabrics of Manchester, and therefore, any possibility of their developing into a competitive industry, could easily be ruled out. At the same time he recommended that an excise duty, as proposed by Dinkar Rao, should be levied on the Indian-manufactured cloth,

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1. Halifax Papers: Elgin to Wood, July 16th, 1862, and enclosures: Frere to Elgin July 1st, 1862.
2. Ibid.
3. Ibid. Frere to Elgin, July 1st, 1862.
4. Ibid.

otherwise, it might acquire an advantage over that of Lancashire.[1]

Wood was satisfied with Frere's findings that the growth of the Indian cotton industry was not "much due to 10 per cent duties". But he still insisted on their reduction to 5 per cent. and highly commended Dinkar Rao's suggestion which had been put forward several times before by the Lancashire cotton manufacturers themselves.[2]

In fact this agitation had gathered so much momentum that it could not be ignored any longer. When Laing's Budget for 1862-63 gave a delusive surplus of £1,428,623, a part of it was at once disposed of by reducing the customs duties on cotton piece-goods to 5 per cent. and on yarn to 3½ per cent.; and silk, coal and iron, among others, were placed on the free list of exports.[3]

These concessions, however, failed to satisfy the Manchester extremists who were determined not to be content with anything less than the total abolition of duties on their cotton manufactures.

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1. Ibid. Dinkar Rao was the Minister of Scindia, the ruler of Gwalior and had successfully suppressed the outburst of anti-British revolt in his State during the Mutiny. In 1862, he was nominated by Canning to the Legislative Council of India.

2. Idem. I.O.C., L.B., Vol.11, 1862: Wood to Elgin, 25th August, 1862, pp.76-78.

3. India. Separate Revenue Letters, 1861 and 1862, Vol.2: G.G.-in-C. to Wood, No. 3 of 1862, April 30th, p.33. Also P.P. No. 0.76, Vol.38, 1862: Wood to the G.G.-in-C. No.83 of 1862, 9th June, p.87; cf. Progs of the I.L.C. 1862: Laing's Financial Statement, 16th April, 1862, p.128.

They sent several deputations to the Secretary of State, who told them that they should not expect anything beyond the reduction of duties to 5 per cent.[1] A Committee, called the "Manchester Committee for the Abolition of the Indian Tariff on Cotton Goods and Yarns", was also set up. In September, 1862, its Secretary, Samuel Giles, interviewed Laing, who was then taking a short holiday in England. He presented his case for the abolition of the import duties on cotton manufactures. The yield from those imposts, he stated, amounted to a small sum of £500,000, which could easily be made good by imposing direct taxes on the wealthier classes and by reducing the European Army.[2] Laing explained to him that as the existing direct taxes had been resorted to under the exigencies of the post-Mutiny period, any attempt to continue them or to expand them would cause widespread discontent and would be a flagrant breach of faith on the part of the Government.[3] Nor could the European Army be reduced without seriously endangering the security of British rule in India. He, however, stated as an alternative, that if the British Government would give an Imperial guarantee to the Indian debt, its rate of interest would be reduced; and the saving so achieved

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1. Halifax Papers, I.O.C., L.B., Vol.10, 1862: Wood to Elgin, 18th June, 1862, p.308.

2. The "Economist", 11th October, 1862: pp.1126-1128. Giles to Laing, September 22nd, 1862, and Laing to Giles, September 29th, 1862.

3. Idem. p.1127.

would advantageously offset the loss which would be occasioned by the proposed remission of the customs revenue. He was convinced that Parliament would refuse to agree to a proposal of this nature.[1]

The "Economist" once more came to the support of the Lancashire manufacturers and declared the Indian tariff to be protective, a fact which was sufficient to render it heretical to the conscience of the "Free Trade" England.[2]

At the same time, the liberalization of the Indian commercial policy was proceeding apace with the complete concurrence of the home authorities. In July, 1860, the machinery which was used for the improvement of communications and the development of the resources of the country, was exempted from the import duties.[3] In 1863, the policy, which was determined upon in 1857, of placing the ports of foreign States in the Presidencies of Bombay and Madras on an equal footing with the British Indian ports with regard to the levying of customs duties, was fully carried out[4] with the approval of the hone Government.[5] In the same year the 10 per cent. import duty was removed from iron and henceforth, it was subjected to a registration fee of one per cent. only. This measure was intended to

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1. Idem. p. 1128.
2. Idem. p. 1125.
3. India. Collections to Separate Revenue Despatches, 1860, Vol.4; Collection No. 27 of 1860: G.G.-in-C. to Wood, No.17 of 1860, 4th July. Also India. Separate Revenue Despatches, 1859-60, Vol.2: Wood to the G.G.-in-C. No. 27 of 1860, 5th September.
4. India. Separate Revenue Letters, 1863-67, Vol.3: G.G.-in-C. to Wood, No. 10 of 1863, 20th June.
5. India. Separate Revenue Despatches 1863-67, Vol.4: Wood to the G.G.-in-C. No.14 of 1863, 24th September.

expedite the construction of railways and other reproductive public works which were already in full swing.[1]

Another important modification was carried out in the duties levied on liquors and wines, commonly called the "Abkarry Revenue". Stanley had declared it to be more justifiable than any other tax, but had warned the Government of India not to make it so high as to provide an incentive for its evasion or illicit manufacture.[2] A large number of Europeans were employed on public works. They were already paying heavy duties on certain articles of consumption peculiar to themselves. The Government of India, therefore, decided to reduce the duty on wines and liquors to Re.1/-/- per imperial gallon, as a concession to them.[3] The yield from this source of revenue in 1858-59 was £969,432 and by 1869-70 it had risen to £2,153,655.[4][5] It approximately amounted to 4 per cent. of the total revenues.

The great embarrassment of Indian trade had always been the lack of imports to meet the vast quantity of exportable produce which the country was capable of sending forth.[6] In

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1. India. Separate Revenue Letters, 1863-64, Vol.3: G.G.-in-C. to Wood, No. 6 of 1863, 30th April. Also Progs. of the I.L.C., 1863: Trevelyan's Financial Statement 30th April, 1863, p.79.
2. India. Separate Revenue Despatches 1859-60, Vol.2: Stanley to the G.G.-in-C. No. 12 of 1859, 7th Apr. p.161.
3. Progs. of the I.L.C. 1863, Trevelyan's Statement, op.cit. p.79.
4. Cmd.32, Vol. 43, 1861, p.8.
5. Cmd.10, Vol.49, 1870 p.6.
6. Progs of the I.L.C. 1864, Trevelyan's Financial Statement 7th Apr.1864. p.147.

order to encourage imports and to bring about a favourable trade balance, Trevelyan reduced the 10 per cent ad valorem duties to 7½ per cent.[1] Wood welcomed this reduction and wrote to Lawrence: "I am a great believer in low duties; and 10 per cent is high enough to check consumption".[2] But in the following year when Trevelyan was forced under the unfavourable financial prospects to impose an export duty on several articles, varying from 3 per cent. on jute and 2 per cent. on silk, to an increase from two annas to three annas on rice and other grains,[3] Wood was exasperated.[4] He emphatically directed the Government of India to withdraw those duties because they were of a "most objectionable nature", and threatened to disallow the Act which had already been passed.[5] The Indian authorities had to yield reluctantly.[6]

The "Economist", as usual, applauded Wood's action. It characterized those duties as "taxes on currency", and as such, declared them most harmful, since they tended to

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1. Idem. p.148.
2. Halifax Papers: I.O.C., L.B., Vol.17, 1864, Wood to Lawrence, 17th May, 1864, p.10.
3. Progs. of the I.L.C., 1865, Trevelyan's Financial Statement, April, 1865, p.168.
4. Letters on Finances to India, 7th January, 1865 to 31st December, 1866, Vol.15: Wood to the G.G.-in-C. No.114 of 1865, 9th May, p.88.
5. Ibid. Also India. Separate Revenue Despatches 1863-67, Vol.4: Wood to the G.G.-in-C. No.8 of 1865, 17th May.
6. Progs. of the I.L.C., 1865, p.210.

diminish the wealth of the country which imposed them. Another nefarious effect of the Indian export duties, it stated, was that by operating as taxes on English capital and industry, they reduced the trade between the two countries and consequently curtailed the only "conceivable advantage" which Britain drew from the Indian Empire.[1]

Saltpetre constituted an important article of India's export trade. It was largely used in the manufacture of ammunition and several chemicals in Britain and other European countries. In 1860, when several staple products were added to the free list, the duty on it was not only continued, but was raised to a rate which proved to be harmful to the trade and[2] provided a great stimulus for the manufacture of substitutes.[3] Its exports began to decline and the yield of the duty levied on it diminished from Rs.17,48,535 in 1862-63 to Rs.14,70,034 in 1863-64.[4] The Government of India realized the folly of their policy before it was too late and reduced the rate from Rs.2 per maund to Rs.1 per maund. Wood approved these reductions, but insisted that the former ad-valorem rate of 3 per cent. should be restored.[5]

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1. The "Economist", May 13th, 1865, p.558.
2. Progs. of the I.L.C., 1865, Trevelyan's Statement 1st April, 1865, p.167.
3. India. Separate Revenue Despatches, 1863-67, Vol.4: Wood to the G.G.-in-C. No. 8 of 1865, 17th May.
4. India: Separate Revenue Letters, 1863-67, Vol.3: G.G.-in-C. to Wood, No. 8 of 1865, 9th March. Also No.17 of 1865, 15th July.
5. India. Separate Revenue Despatches 1863-67, Vol. 4, Wood to the G.G.-in-C. No.8 of 1865, 17th May.

Besides the Lancashire cotton manufacturers, there were several other minor industrial and commercial interests which always brought considerable pressure to bear upon the home authorities, whenever they found that the Indian commercial tariff would not be beneficial to them. For instance, in 1868, the Government of India decided to enforce the restrictions, as laid down in the Indian Consolidated Customs Act of 1863, on the movement of certain explosives. The Chambers of Commerce and Manufactures of Glasgow, Dundee and Northampton remonstrated against this decision and submitted several Memorials to Northcote, the Secretary of State, urging for its withdrawal.[1] R. W. Crawford, a Member of Parliament, in a strongly worded letter to the Secretary of State, supported the viewpoint of the General Shipowners' Society and several other individuals and firms who had forcefully protested against the action of the Government of India.

Northcote was much influenced by this hue and cry and asked the Government of India to explain why they had taken such a course of policy.[2] The latter firmly adhered to their decision, and stated that it was a necessary measure for the protection of life and property in the Customs Houses.[3]

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1. India. Separate Revenue Despatches, 1868-70, Vol.5: Northcote to the G.G.-in-C. No. 1 of 1868, 6th January, and also No.2 of 1868, 24th January.

2. Ibid.

3. India. Separate Revenue Letters, 1868-70, Vol.4: G.G.-in-C. to Northcote, No. 14 of 1868, 20th April.

Argyll accepted this explanation as satisfactory and the matter ended there.[1]

Similarly in 1869, the Dundee Chamber of Commerce which represented the flourishing jute manufacturing interests, requested the Duke of Argyll, the Secretary of State, to exempt their goods from 7½ per cent import duties, because of their adverse effect on the jute industry. Argyll recommended the matter to the Government of India.[2]

Jute formed an important item in India's export and import trade. The value of its exports which were free from any duties, had risen from £409,283 in 1860-61 to £1,598,084 in 1863-64.[3] But the amount of revenue realized from import duties on jute manufactures was quite insignificant. In 1868-69 it was only Rs. 1,492.[4] The Government of India declared their resolve not to surrender any portion of their import dues, which were levied for purely fiscal purposes and not with a view of protecting indigenous manufactures. But they agreed to reduce the duty on jute manufactures to 5 per cent. which was levied on cotton goods.[5] Again in the course of the same year, the East India and China Association of

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1. India. Separate Revenue Despatches: 1868-70, Vol.5: Argyll to the G.G.-in-C. No. 3 of 1868, 24th January.
2. India. (Separate) Revenue Despatches, 1868-1870, Vol.5: Argyll to the G.G.-in-C. No. 8 of 1869, 24th March.
3. Progs. of the I.L.C., 1865. Trevelyan's Financial Statement, April, 1865, p. 167.
4. India. Separate Revenue Letters, 1868-70, Vol. 4: G.G.-in-C. to Argyll, No. 10 of 1869, 22nd July.
5. Ibid.

Liverpool, represented to Argyll "the injurious consequences to British commerce which were produced by the levy on the exportation of rice from Rangoon and other Burmese ports". Argyll, as usual, demanded a report from the Government of India, on these allegations.[1]

The latter instituted an inquiry which revealed a serious falling off in the export of rice from the ports of British Burma, since 1866. The Chief Commissioner, Albert Fytche, attributed it partly to the overtrading mania and the prevailing high prices. But he explained that it was mainly due to the heavy export duty of Rs.5-4-0 per ton, which placed Burma at a serious disadvantage in competing with the adjoining rice-producing countries where export duty on rice was only nominal. He remarked that ever since the enhancement of the duty by one anna per maund in March, 1867, shipments to China had altogether ceased; and recommended its reduction in the next financial arrangements.[2]

The majority of the Governor-General's Council, in spite of the assertion of the Chief Commissioner, maintained that the high prices of rice were the primary cause for the diminution of its trade and not the "supposedly" heavy customs duties. Confirmed as they were in this view, they decided

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1. India: Separate Revenue Despatches, 1868-70, Vol.5: Argyll to the G.G.-in-C. No. 12 of 1869, 6th May.

2. India: Collections to Separate Revenue Despatches, 1870-71, Vol. No.9: Collection No.63, of 1871; Albert Fytche, the Chief Commissioner of Burma to the Secretary to the Government of India, Financial Department, No.223-2, September 8th, 1869.

not to alter their financial policy in the middle of the year, for "the benefit of one particular interest". Moreover, they were satisfied that the agriculturists of India and Burma were thriving, as the prevailing prices of their produce were sufficiently remunerative.[1] Durand and Temple, the Financial Members, disagreed with this decision and insisted on the immediate reduction of the export duty on rice.[2]

Argyll concurred in this decision. But he feared that the effect of the high prices might not be aggravated by the heavy duty which would, therefore, be detrimental to the interests of the producers. According to the accepted doctrine of Laissez-Faire, he desired to leave the determination of the prices to the ordinary laws of demand and supply, but insisted that the customs duty, which was under the control of the Government, should be so regulated as to be beneficial to general commerce.[3]

The East India and China Association were not satisfied with the reply of the Government of India. They made further representations to the Secretary of State, and the latter asked the Government of India to reconsider their request favourably.[4]

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1. Idem. G.G.-in-C. to Argyll, No. 3 of 1870, 11th Jan.1870.
2. Idem. Minutes by Sir H.M. Durand and Sir R. Temple, 8th January, 1870.
3. India. Separate Revenue Despatches, 1868-70, Vol.5, Argyll to the G.G.-in-C. No. 6 of 1870, 15th March.
4. India. Separate Revenue Despatches, 1871-73, Vol.6, Argyll to the G.G.-in-C. No. 4 of 1870, 10th February.

In the meanwhile, Temple in his budget statement for the year 1871-72, had clearly stated that under the existing financial condition, no reduction in the export duty on grain could safely be made.[1]

The high rate of the Income Tax was extremely unpopular and Argyll himself had been insisting on its reduction.[2] The Government of India, therefore, reduced it. The harvests had also been good and the exports of grain had increased by 30 per cent. over those of the preceding year. There was, therefore, no sufficient reason to accede to the request of the East India and China Association.[3] Argyll had to acquiesce in this decision, but he still desired that the duty on the export of grain should be reduced, whenever the circumstances were found favourable.[4]

Indian commercial policy was primarily inspired by the ruling ideas of Free Trade and Laissez-Faire, specially as propounded in the "Political Economy" of J.S. Mill. The despatch No. 3 of 1846, 22nd April, which formed its basis had been completely approved by Mill, before it was submitted to the Court of Directors.[5] At the time, when it was framed, the

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1. Progs of the I.L.C. 1871, Temple's Financial Statement 9th March, 1871, pp. 109-110.
2. India. Collections to Separate Revenue Despatches 1871-73, Vol.6: G.G.-in-C. to Argyll, No.5 of 1871, 31st March.
3. Ibid.
4. India. Separate Revenue Despatches, 1871-73: Vol.6: Argyll to the G.G.-in-C. No.12 of 1871, 6th July.
5. It is mentioned in a departmental note to Despatch No.6 of 1870, 10th March. (India Separate Revenue Despatches 1868-70, Vol.5) by F.W. Prideaux, that he had himself laid the Despatch No. 3 of 1846 before Mr. J.S. Mill. Prideaux was the Revenue Secretary in the India Office, London since the days of the East India Co. See The Indian Army and Civil Service List, July, 1868, p. VIII.

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wishes of the British manufacturing and commercial classes had been taken into consideration and they were assured that the principles laid down in it would be faithfully adhered to.[1]

These interests, specially the cotton manufacturers, constantly exerted their influence on the home authorities to mould the Indian tariff in accordance with their needs. But the opposition of the Indian authorities, based as it was on the financial necessity, quite often proved to be a sufficient hindrance for them. It was against such a state of affairs that Grant's remonstrance was directed, when he described the Indian tariff as the "remnant of an old and exploded policy ..... which has not looked to what is best for the people who pay the tax, but to the imaginary interests of a dominant country".[2] The external commerce of India, he stated was very large, but the customs revenue was not even a twentieth part of the whole revenue, because India was not free to expand it, and was, therefore, forced to continue other taxes "which are as indefensible in theory, as they are vexatious to the people in practice".[3] The same view was

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1. India. Separate Revenue Despatches, 1869-50, Vol.2: Stanley to the G.G.-in-C. No. 4, 1859, 7th April, p.119.

2. Collections to Separate Revenue Despatches, 1859, Vol.3: Collection No. 4, Minute by the Hon.J.P. Grant, 20th Jan. 1857. Grant was a member of the Governor-General's Council.

3. Idem In a memorandum of the Financial Department, submitted to him, the gross Indian revenue was stated at Rs.30,45,87,286 and the gross customs revenue at Rs.92,01,589, exclusive of the customs on salt, which was in effect part of the general salt revenue.

wishes of the British manufacturing and commercial classes had been taken into consideration and they were assured that the principles laid down in it would be faithfully adhered to.[1]

But these principles of Free Trade could not be applied to Indo-British trade for several reasons. Although Laissez-Faire economics had influences British thought since the late eighteenth century, its mid-Victorian anti-imperialist bias was not shared by English manufacturers, who were acquiring increasing importance in British economic life. Moreover, only "the most determined 'Little Englanders' ever tried to bring India within the scope of their arguments."[2]

By a series of Acts passed by Parliament between 1846 and 1849, the British Empire was placed on a free trade basis. But under this arrangement whenever the Colonies tried to protect their economies or augment their finances by imposing import tariffs, the English manufacturers raised a hue and cry. Even Earl Grey, while adopting free trade, had declared that the British Government would "not abdicate the duty and power of regulating the commercial policy not only of the United Kingdom but of the British Empire".[3]

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1. India. Separate Revenue Despatches, 1869-50, Vol.2: Stanley to the G.G.-in-C. No.4, 1859, 7th April, p.119.

2. The Cambridge History of the British Empire, II, 1783-1870 Chap.XXI. "Free Trade and Commercial Expansion", by H.J. Habakkuk, p.750.

3. Idem. p.750.

In 1859 Canada, however, successfully retained its import tariff in the teeth of the opposition offered by the Chamber of Commerce and Manufacturers of Sheffield.[1] On the other hand Lancashire cotton manufacturers to a great extent succeeded in bringing about a reduction in the import duties imposed by India on British cotton goods, because India was not politically as independent as was Canada. The opposition of the Indian authorities, based as it was on the financial necessity, however, proved to be a great hindrance for them.

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1. Ibid.

2. Collections to Separate Revenue Despatches, 1859, Vol.3: Collection No.4, Minute by the Hon.J.P. Grant, 20th Jan. 1857. Grant was a member of the Governor-General's Council.

3. Idem. In a memorandum of the Financial Department, submitted to him, the gross Indian revenue was stated at Rs.30,45,87,289 and the gross customs revenue at Rs.92,01,589 for the year 1856-57, exclusive of the customs on salt, which was in effect part of the general salt revenue.

expressed by the Marquis of Salisbury in 1869. He admitted that the Indian financier was not free to derive from the customs, the maximum amount of revenue. For instance, he stated, any addition to the duty on cotton goods would raise such an opposition in Manchester, that no Government would be able to withstand it.[1]

But in spite of such restrictions, the Indian export and import trade had greatly expanded during the post-Mutiny period. In 1858, the value of British produce and manufactures exported to India had amounted to £18,283,852 and that of foreign and Colonial produce to £660,823.[2] Of this amount, cotton goods accounted for £9,389,429, cotton yarn for £1,969,227, and woollen stuffs to £121,385. In the same year, the imports into the United Kingdom from India were valued at £17,407,185.[3] In spite of this vast volume of trade, customs revenue in 1857-58 was £2,148,834 only.[4] By 1870 the value of British exports to India rose to £22,533,422, and that of bullion and treasure to £14,379.[5] At the same time, the imports from India into the United Kingdom also rose to £31,088,457, and that of bullion and treasure to £1,578,137.[6] Of the exports from the United Kingdom to India, cotton manufactures claimed £12,835,291, cotton yarn £2,234,957 and

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1. Hansard, Vol.CXCVIII, 1869, July 23rd, p.543. He as Lord Cranborne had been the Secretary of State for India from June 1866 to March, 1867.
2. P.P. 38, Vol. 23, Sess. 2, 1859, p.2 and p.4.
3. Idem, p.6.
4. Idem. P.P. No. 108, p.6.
5. P.P. 347, Vol.50, 1871, p.5.
6. Ibid. p.5.

woollen stuffs and manufactures to £129,741 and £323,578 respectively.[1] But this marked increase in the value of Indian trade was not reflected in the increase of the customs revenue.[2] In 1869-70 it stood at £2,429,185 only.

After the land revenue the next most important source of public income was that from the opium exports to China. The opium trade had passed through many an exciting vicissitude in the course of its development since 1773, and had gathered a romantic halo around it. Up to the close of the nineteenth century, British trade with China had been the exchange of various English goods for tea and silk. An adverse balance against Britain was liquidated by silver payments.[3] This process was extremely inconvenient to British commerce, already cramped, under the restraints imposed by the notorious "Eight Regulations", the avowed object of which was to keep the "Barbarians" at arms length.[4]

With the beginning of the opium exports to China from 1773, when the East India Company acquired a monopoly of its cultivation and manufacture in India, these cash transfers

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1. Idem. p.2.
2. P.P. 10, Vol. 49, 1871, p.6.
3. Collis, Maurice: Foreign Mud, 1946, p.17. Also see Spencer Hill's Maitland Prize Essay on "Indo-Chinese Opium Trade", February, 1884, Cambridge University, Cambridge, Chap. 1, pp.1-6. It gives the history of the growth of the traffics since 1773, when the Company first acquired its monopoly from some of its servants who maintained it at Patna.
3. Idem. pp.14-15.

were obviated.[1] The Company did not engage in its direct trade but sold it to the European and Parsee firms of Bombay.[2] As its imports were strictly forbidden by the Chinese Government, it had to be smuggled.[3] The Company received the wholesale value of the opium, and the funds so credited, balanced and more than balanced the value of their exports from China, thereby setting the China trade on a sound financial basis.[4] The opium trade, therefore, remained a very highly speculative trade. It had to depend on several unpredictable factors and the consequent difficulty of assessing its revenue with any approach to certainty was always a source of headache to every Indian financier.

In course of time vast British and to some extent Indian commercial and financial interests became inextricably linked up with this illicit drug traffic. The most important of them was the firm of Jardine and Matheson.[5] The former played a leading part in persuading Palmerston to launch a punitive expedition against China in 1842.[6] For a long time the

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1. Morse, H.B.: The International Relations of the Chinese Empire, 1834-1860, pp.174-175, 1910.
2. Collis, Maurice: cit. supra, pp.14-15.
3. Morse, H.B.: The International Relations of the Chinese Empire, 1910, pp.175-176.
4. Collis, Maurice: cit. supra, p.17.
5. Idem. p.78.
6. Idem, p.262-264.

mercantile interests, trading with China, had been pressing the Government to take up their cause and to force the Chinese Government to open to them the interior of the country and the several ports. The Government responded by despatching to Peking the Macartney Embassy in 1795 and Amherst Embassy in 1816, both of which failed to secure any favourable terms for the British trade with China.[1]

But in 1839 the seizure of opium and the detention of the European community by the Chinese authorities[2] in their attempt to stop the clandestine opium trade, which was not only demoralizing their country but by causing the drain of silver, was threatening the entire Chinese economy with serious dislocation, provided the casus belli.[3]

Under orders from the home Government a powerful expedition was despatched from India in 1841.[4] It captured several Chinese ports and marched on Nanking.[5] The Government was immediately brought to its knees and concluded the Treaty of Nanking, which was imposed at the mouth of the cannon of the British fleet. It conceded Hongkong, threw open to

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1. Morse, H.B.: The East India Company Trading to China, 1635-1834, Vol.II, 1926, pp.230 and Vol.III, pp.275-276.
2. Morse, H.B.: The International Relations of the Chinese Empire, 1834-60, 1910, pp. 227 and 229.
3. Turner, F.S. British Opium Policy, p. 81, 1876.
4. Morse, H.B.: cit supra, p. 294.
5. Idem, pp. 296-297.

British commerce the interior of the country and the five ports of Canton, Amoy, Foochow, Ningpo and Shanghai. Provision was made for a regulated and published tariff and British subjects were allowed to settle down in ports and have their own courts of law. But in the Treaty no mention was made of the opium trade, although the Chinese Government had to pay $6,189,616 for the opium destroyed in 1839. This sum was declared to be an indemnity for the British property destroyed by the Chinese Government.[1] Surprizingly enough, it also left the opium trade unregulated.

The course of subsequent events conclusively proved that the Nanking settlement had failed to establish the relations between China and the Treaty powers on a satisfactory footing. One of the important causes of the friction between the Chinese Government and the foreign powers was the internal weakness of the former. It became more manifest when a large part of the Chinese Empire was convulsed during the Taiping rebellion the origin of which dated as far back as 1820.[2] Finally the capture of the Hongkong-registered lorcha "Arrow" by the Chinese authorities, on the ground that it was carrying some pirates, provided the immediate cause for the second Chinese War.[3] It ended in the utter defeat of the Chinese forces and the victorious were able to exact more

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1. Idem. pp. 299-301. The Treaty was signed on August 29th, 1842. Treaties were also concluded by the Chinese Government with America and France, p.298. China had to pay a total indemnity of $21,000,000, by instalments in 3½ years.
2. Idem., p. 438.
3. Idem., p. 422.

favourable terms under the provisions of the Treaty of Tien-Tsin, concluded by Lord Elgin in July, 1858. At the same time Treaties were also concluded with Russia, France and America. Thus the Chinese Government was forced to enter into commercial and diplomatic relations with the Western World, which it had so arrogantly despised for long.

The conclusion of Morse, that the opium trade was not the cause of the Wars of 1842 and 1858, is amply supported by his very penetrating study of the subject. The conduct of other foreign powers, namely, Russia, America and France, who were concerned in Chinese affairs during the period from 1839-1858 was not influenced by the considerations of the opium trade. The causes of these wars, in fact, lay in the necessities of international commerce,[2] because China provided a large market and also a valuable source for the supply of some essential raw materials. Britian had taken a leading part in these conflicts and negotiations, because her share in the export and import trade of China amounted to nearly two-thirds of the whole. Opium was only a commodity, from the sales of which was procured silver to finance the important exports of tea and silk from China.[3] It was cultivated and manufactured in India and had steadily developed into an important source of

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1. Idem. p.533.
2. Idem. p.539
3. Idem. p.540

public revenue. Therefore, India which was a dependency of Britain and a convenient source for the supply of armies, assumed great importance in the Anglo-Chinese relations. Articles 26 and 28 of the Treaty of Tien-Tsin introduced an entirely new tariff and seven more harbours were thrown open to European commerce. From the point of view of the opium trade, the supplementary convention, concluded at Shanghai on the 8th November 1858, was more important. It legalized for the first time the opium traffic on payment of a specified import duty.[1]

The Government of China was not, however, reconciled to these arrangements. At the revision of the Treaty of Tien-Tsin in 1869, they insisted on an increase of the import duty, as a measure to discourage its use.[2] Sir Rutherford Alcock, the British Ambassador, agreed to their proposal which was included in the Convention supplementary to the Treaty of Tien-Tsin.

The Government of India remonstrated against this provision, stating that it would be detrimental to the opium trade which was yielding an "important portion of revenue", and requested the Secretary of State "to advise Her Majesty" not

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1. For the details see the Convention of Shanghai, P.P.66, 1861, H. of C. the part dealing with the "Treaties" Act LI, of the Treaty laid down that henceforward the character "barbarian" shall not be applied to the Government or the subjects of Great Britain, p.9. Also Morse, cit.supra., pp.554-555.

2. Hill, J. Spencer; Indo-Chinese opium trade, 1884, pp. 52-54.

to ratify it".[1] Alcock's convention was already encountering serious opposition from the British mercantile interests who had flooded the Government with a host of representations and ultimately succeeded in forcing the latter to withhold its ratification.[2]

The opium trade as yet was not as free as it was desired to be. In addition to the import duty it had also to pay certain transit duties, which were levied at different places. The Cheifoo Convention, concluded in 1876 and ratified in 1885 removed these imposts and henceforth only a simple import duty was charged at the ports.[3]

It has been explained above that the opium revenue was of an extremely fluctuating character. Any wide margin between the estimated amount and the actual yield, always tended to disturb the financial arrangements. Northcote, therefore, advised the Government of India to limit its estimate to the average of the net receipts of the three preceding years, even if there was a prospect of obtaining a larger amount.[4] He calculated this average at £6,000,000.

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1. India. Separate Revenue Letters, 1868-1870: G.G.-in-C. to Argyll, No. 11 of 1870.
2. India. Collections to Separate Revenue Despatches 1870-1871: Collections No.9 of 1870. This Collection contains several representations of the commercial bodies, trading with China and Granville's reply to them, July 25th, 1870, p.3. Also see India. Separate Revenue Despatches 1868-70: Argyll to the G.G.-in-C., No.9 of 1870, 10th August.
3. Thomas, P.J.: The Growth of Federal Finance in India, 1939, p.155.
4. Letters on Finances to India, 3rd July, 1868 - 23rd June, 1870, Vol.17: Northcote to the G.G.-in-C. No. 288 of 1868, 9th July, p.11.

The Government of India accepted this principle, but proposed to form an "Opium Reserve Fund" from the surplus over the estimated revenue. It was to be used to supplement cash balances, for Government securities or temporarily for the construction of the reproductive public works.[1]

Argyll, who had succeeded Northcote, declared this proposal to be unsound, because it would actually be a sinking fund and not a real surplus. He stated: "No distinction can be drawn between a deficit arising in one particular branch or in the total income of the Empire. If you can safely reckon on a secure data, no object would be served by an arbitrary under-estimate. Every effort should be made to become more and more independent of it."[2]

As the years rolled on several unfavourable factors emerged and it became more and more evident that the opium trade as a lucrative source of public revenue could not continue for long. From the beginning an influential section of the British public opinion was openly opposed to it. The most powerful body among the opponents of the opium traffic, or the anti-opiumists, as they were commonly styled, was the "Anglo-Oriental Society for the Suppression of the Opium Trade".[3]

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Vol. 178

1. India. Financial Letters from 1868: G.G.-in-C. to Northcote, No.245 of 1868, 22nd September.

2. Letter to India on Finances, 1868-1870. cit. supra. Argyll to the G.G.-in-C. No.253 of 1868, 23rd December, pp.150.151.

3. Haines, C.R.: A vindication of England's policy with regard to the opium trade, 1884, pp.3-4.

Its supporters numbered by hundreds and among its active promoters were included eminent men like Lord Shaftesbury, Cardinal Manning, Sir J. W. Pease and Sir Wilfrid Lawson[1] and several Members of Parliament, officers and influential merchants.[2] The Church was solidly behind it. It had a large income, derived from voluntary subscriptions. With such powerful means at its disposal, it had flooded the country with anti-opium literature of all sorts, tracts, pamphlets, newspapers and magazines.[3] It had sent several deputations to successive Governments without any result ever since 1855, when Lord Shaftesbury first submitted a memorial to Lord Clarendon.[4] This controversy had on several occasions been carried to Parliament where it had formed the subject of many heated debates.[5]

Finally in pursuance of the Resolution of the House of Commons, adopted on the 30th June, 1893, after a long and a very keen debate, a "Royal Commission on Opium" was appointed

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1. Idem, p.4.
2. Christlieb, Theodore: The Indo-British opium trade, pp.4-5
3. Idem. p.5.
4. Haines, C.R. op. cit., p.61.
5. Hansard, Third Series, p.818., Gladstone's speech in 1840. Also see Hansard Vol.1 XVIII, 4th April, 1843, Lord Ashley's (later Earl of Shaftesbury) Resolution, urging the Government to abolish the opium trade. In the "Final Report" of the Royal Commission on opium, 1893, Vol. Memorandum VI, gives a summary of the debates on the subject of "opium" in Parliament, pp.163-171.

to inquire into all the aspects of the question and to report on the possibility of prohibiting its cultivation and sale except for medical purposes. It commenced its proceedings in London on the 8th September, 1893. In its report, it strongly disapproved any such prohibition which it feared would result in a serious loss to the Indian revenues. Moreover, as the existing opium trade was in accordance with the Treaty, the Commission felt no moral compunction in putting forward such views.[1]

In the meanwhile, an extensive cultivation and manufacture of opium had developed in China. The result was that during the last decade of the nineteenth century, the revenue derived from its export duties, began to decline, the average for these years being £4,750,000.[2] Its bulk exports to China were finally given up in 1908.[3]

Salt revenue also formed a major source of public income, and because of its incidence on the mass of the Indian populace, it later assumed a great importance. In 1858-59, its proceeds amounted to £2,602,670, out of a total revenue of £36,000,000.[4] In the year 1869-70 it had risen to £5,888,707, when the total revenue exceeded £50,000,000.[5] In the Government of India Bill, 1853, the House of Commons had inserted a clause which declared the manufacture and sale of

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1. Opium Commission Report, cit supra., p.96.
2. Thomas, P.J.: "The Growth of Federal Finance in India", 1939, p.135.
3. Collis, Maurice; "Foreign Mud", 1949, p. 309, see the "foot note".
4. P.P. 305, Vol.49, 1860, p.6.
5. P.P.10, Vol.49, 1871, p.6.

salt by or on account of the East India Company to be illegal. This clause which threatened to destroy an age-old monopoly of the Company was expunged in the House of Lords.[1]

The Court of Directors, having taken a warning from the proceedings in Parliament, asked the Government of India to appoint a Committee to enquire whether a system of excise on the Bombay plan could be substituted for the existing agency system in the Presidencies of Bengal and Madras. The Court of Directors were extremely desirous to get rid of the manufacturing system and favoured a further reduction of salt duty in Bengal.

The Government of India entrusted this inquiry to Plowden, then officiating Secretary in the Home Department. Plowden completed his report in 1856. Grant, the President-in-Council, and Canning, greatly admired the report, which was very ably and labouriously executed. Plowden came to the conclusion that a modified system of excise could advantageously be substituted gradually for the agency system in Bengal.[2] But for Madras he recommended the adoption of the Bombay system without any modification.[3]

With regard to the reduction of the salt duty in Bengal, Plowden stated that since 1844 it had been brought down from

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1. India. Collections to Separate Revenue Despatches, 1859, Vol.3: Collection No. 8 of 1859, G.G.-in-C. to the Court of Directors, No.5 of 1858, 4th June. This despatch forwarded Resolution No. 4 of 31st May, 1858.
2. Idem., Resolution No.4 of 31st May, 1858.
3. Ibid.

Rs. 3, As.4 per maund to Rs. 2 As. 8 per maund, with the result that during the same period the consumption of salt had risen from 55½ lacs of maunds to 64½ lacs of maunds.[1] But the net revenue had fallen off from Rs. 159 lacs to Rs. 145½ lacs. He, therefore, came to the conclusion that the reduction of duty by no means provided any guarantee for the increase of consumption.[2] He also maintained that on the whole the duty on salt had not pressed heavily on the people but recommended its further reduction. Canning refused to surrender any portion of Indian revenue in view of the deteriorating financial condition.[3]

Stanley on the basis of Plowden's investigations evolved those principles which formed the basis of the subsequent regulation of the salt duty. He maintained the existing salt duty of 12 annas per maund and, therefore, desired that any future reduction should be based on financial grounds.[4] He was not willing to allow any reduction in the duty, until it was certain that it would be followed by so large an increase in consumption that the total revenue would not be diminished.[5] At the same time he agreed with Canning that under the existing financial condition

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1. Ibid.
2. Ibid.
3. Ibid.
4. India. Separate Revenue Despatches, 1859-60, Vol.2: Stanley to the G.G.-in-C. No. 8 of 1859, 1st June pp.222-224.
5. Idem., p. 224.

of India, no reduction of revenue could be contemplated.[1] He therefore directed that the salt duty in Madras and Bombay should be raised to Re.1 per maund.[2]

Stanley also approved the duty imposed on home manufactured salt, issued from Government manufactories. This measure was recommended by the Committee of the House of Commons in 1853-54, in order to enable the salt imported from foreign countries to compete with Indian-produced salt on equal terms.[3] He favoured Plowden's suggestion that the manufacture of salt should be undertaken by private persons and that the Government should withdraw from the market gradually.[4] This practice already obtained in Bombay where the Government did not interfere at all in the manufacture of salt, but only imposed a duty.[5]

The Government of India accordingly resolved to increase the salt duty in Madras and Bombay to Rs.1-8-0 which was approximately the same as in Bengal.[6] Wood willingly

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1. Idem., p.263.
2. Idem., p.416.
3. Idem., pp.419-420. cf. H.of C. on Indian Territories, 1852-53, VolII, p.186.
4. India. Separate Revenue Despatches, 1859-60, Vol.2. Stanley to the G.G.-in-C. No. 8 of 1859, 1st January, pp.295-303.
5. Idem., p.308-309.
6. India. Collections to Separate Revenue Despatches, 1860, Vol.4: Collection No. 10 of 1860, Resolution of 15th May, 1859.

sanctioned it, as it was in keeping with the principles laid down by Stanley.[1] The Governments of Bombay and Madras remonstrated against this increase, declaring it to be heavy. Consequently the Government of India was obliged to fix it at Rs.1/4/-.[2] Wood considered this rate to be safe and as there was no danger of its causing any diminution of consumption, he approved it.[3] But again in 1865 the financial necessity forced the Government of India to raise it with the sanction of the home authorities to Rs.1/8/-.[4]

The most objectionable feature of the whole system was the great difference in the rates of duty that prevailed in several Presidencies of British India and the Indian States. For instance, in Bengal the duty was Rs.3/4/- per maund, which was from 15 to 20 times the prime cost of production, and to more than double the rate of the duty of Rs.1-8-0 per maund, levied in the Presidencies of Madras and Bombay.[5] In Bengal its heavy incidence fell on the mass of the people and caused not only a diminution in the consumption of salt, but also provided a great incentive to illicit manufacture. The

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1. India. Separate Revenue Despatches, 1859-60, Vol.2: Wood to the G.G.-in-C. No. 10 of 1860, 25th March.

2. India. Separate Revenue Letters, 1861-62, Vol.2: G.G.-in-C. to Wood, No. 11 of 1861, 26th April, p.21.

3. India. Separate Revenue Despatches, 1861-62, Vol.3: Wood to the G.G.-in-C. No. 39 of 1861, 9th December.

4. India. Separate Revenue Letters, 1863-67, Vol3: G.G.-in-C to Wood, No.5 of 1865, 31st Jan., Also India. Separate Revenue Despatches, 1863-67, Vol.4: Wood to the G.G.-in-C No. 9 of 1865, 31st May.

5. India. Separate Revenue Despatches, 1868-70, Vol.5 G.G.-in-C.

Northcote, 5 of 1868, September.

Government of India, therefore, proposed to make the prevailing rates, as far as possible, uniform by reducing the duty in Bengal to Rs.2/12/-; in the North-Western Provinces, Oudh, the Punjab and the Central Provinces from Rs.3/-/- to Rs.2/4/-,and by raising it in Bombay and Madras to Rs.2/-/-.[1] These changes involved a probable loss of £32,000 to the revenue, which it was hoped would be recouped by a probable increase in consumption, and the yield from the Certificate tax which had been made more productive. On the other hand, it was certain that a reduced rate of duty with the improvement of communications, specially the railways would ensure a cheap and better supply of salt to the mass of the people.

But such were not the unanimous views of the Government of India. Only the Governor-General, Lord Mayo, and Temple, the Financial Member, strongly adhered to them. The majority of the Governor-General's Council, including Mansfield, the Commander-in-Chief, Taylor, Durand, Maine, J. Strachey and Colonel Norman dissented from these proposals, although most of them favoured some reduction of salt duties in Bengal.[2]

The Duke of Argyll, favoured the principle underlying indirect taxation as it was less objectionable and also

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1. Ibid.

2. Ibid.

because no direct taxes could be imposed on the mass of the population.[1] But he was opposed to the proposal for the equalization of the salt duties all over India. The circumstances of the three Presidencies, he maintained, were so different that no uniform system of salt revenue could be devised.[2] The Government of Madras and Bombay had also remonstrated against these proposals, explaining that the last increase of duty had brought about a marked decline in the consumption of salt. He, however, agreed that the salt duty could advantageously be reduced in the Punjab, the North-Western Provinces, Central India and Oudh, to the level of Bombay and Madras rates. In those Provinces, Argyll remarked, as salt was the natural product of the soil, and easily accessible, the incentive to manufacture it illicitly would be greatly strengthened by a heavy duty. But the case of Bengal, he proceeded, was entirely different. There was no evidence that the high rate of the duty had caused any diminution in the consumption of salt, and therefore, he saw no necessity to sanction its reduction.[3]

Stamp duties which had risen from £593,214 in 1858-59[4] to £2,379,316 in 1869-70[5] also constituted an important item of

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1. India. Separate Revenue Despatches, 1868-1870: Argyll to the G.G.-in-C. No. 2 of 1869, January 21st.
2. Ibid.
3. Ibid.
4. P.P. 305, Vol.49, 1860, p.6.
5. P.P. 10, Vol.49, 1871, p.6.

Indian revenues. The Law Commission had seriously criticised them, but Stanley refused to give them up and directed the Government of India to enforce them.[1] A law was accordingly passed by the Indian Legislative Council.[2] Wood approved it, as it incorporated the principles laid down by Stanley.[3]

As the British Indian system of law became consolidated and litigation increased, the incidence of Stamp Duties fell on the mass of the people. In 1868 there were loud complaints against their excessiveness. It was alleged that heavy expenditure, involved by litigation, prevented the poorer classes from obtaining redress for their grievances. Northcote at once drew the attention of the Indian authorities to this deplorable state of affairs.[4] The scale of stamps existing at that time was adopted on the recommendations of a Committee of experienced judges and administrative officers, presided over by Justice Louis Jackson. These recommendations were incorporated in the Stamp Duties Act 1867.[5] Soon after, when the complaints regarding their heavy incidence reached the Government of India, it was decided to institute an

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1. India. Separate Revenue Despatches, 1859-60: Vol.2 Stanley to the G.G.-in-C. No.7 of 1859, p.185-205.
2. India. Collections to Separate Revenue Despatches, 1859: Vol.3 Collection No.12 of 1859. G.G.-in-C. to Stanley, Nos. 16 and 18 of 1859, 2nd and 16th July respectively.
3. India. Separate Revenue Despatches, 1859-60: Vol.2 Wood to the G.G.-in-C. No.12 of 1859, 30th September.
4. India. Separate Revenue Despatches, 1868-1870: Vol.5 Northcote to the G.G.-in-C. No.4 of 1868, 8th December.
5. India. Separate Revenue Letters, 1868-70: G.G.-in-C. to Argyll, No.13 of 1869 (Stamps), 12th August.

The information collected in the course of that inquiry was highly contradictory. The four High Courts of India were divided in their opinion as to the necessity for effecting a general reduction of stamp duties. The Government of India, however,[1] decided to amend the Law of 1867 in some particulars and subsequently Court Fees Act, No.VII of 1870 was passed.[2] It was a great improvement on the preceding legislation and afforded considerable relief by lowering the rates of certain classes of stamp duties.

The influence of the home Government is abundantly clear, not only in forming and evolving the principles of general policies, but also in their actual execution. After the Mutiny, the entire field of Indian administration was subjected to very close scrutiny and an effort had been made in concert with Indian authorities, to place it on a firm basis. Generally the policy of the Court of Directors, modified to a certain extent in accordance with the changed circumstances, was continued. The successive changes of Government at home, surprizingly enough, were not followed by any swift changes in the Indian policy. This element of stability was definitely provided by the Anglo-Indian bureaucracy and the Council of India.

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1. Ibid.

2. Idem., G.G.-in-C. to Wood, No. 4 of 1870, 18th January, and No. 29 of 1870, 4th October.

The home authorities also exercised a very important function of arbitrating between the Supreme and Subordinate Governments. They resisted the attempts of the Calcutta bureaucracy, as in the case of their proposal to equalize salt duties all over India, to enforce uniformity of administration without much regard to the difference in the circumstances of various parts of India.

The objectionable feature of this control from home was that the Secretary of State had to act quite often to promote the various English interests in their relations with India. In the forming of the commercial policy, as has been shown, these interests played a great part. The only powerful barrier against them was provided by the opposition of the Secretary of State, the Council of India and the Indian authorities. The result was that salt and stamp duties increased much more than the customs revenue, which was capable of great expansion. Had the Indian authorities been given a free hand, they would have afforded great relief to the common man by reducing other taxes and by increasing the yield from the customs.

CHAPTER IV

THE INTRODUCTION OF PAPER CURRENCY AND THE RELATIONSHIP BETWEEN THE GOVERNMENT AND THE PRESIDENCY BANKS

In 1858 the relationship of the Government of India with the Banks of Bengal, Madras and Bombay was one of partnership. The Bank of Bengal was incorporated in 1809 with a capital of Rs.50 lakhs,[1] which was raised in 1836 to Rs.75 lakhs. To this amount Government had contributed Rs.10 lakhs and, therefore, had reserved to itself considerable powers of supervision and control. It appointed from among its officers, three Directors and the Secretary-cum-Treasurer of the Bank. It could call for the papers of the Banks and inspect them.[2]

These powers were continued unimpaired by the Act of 1839 which renewed the charter of the Bank of Bengal. Under its provisions the Bank was given the power of buying and selling "the Bills of Exchange, payable in India", and was authorized to maintain a cash reserve of one-fourth of its liabilities, instead of one-third, as provided in the original charter.[3] The effect of the latter provision was that the Bank could not issue notes exceeding the amount of its capital.[4]

This restriction was relaxed in the case of the Banks of Bombay and Madras which were established in 1840 and 1843 respectively. The Bank of Bombay which had a capital of Rs.50

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1. Brunyate, J.B.: An Account of the Presidency Banks, 1900, p.2.
2. Idem. pp.3-4.
3. Idem., p.10.
4. Idem., p.3.

Rs.50 lakhs was authorized to issue notes to the amount of Rs.2 crores, while the powers of issue of the Bank of Madras, having a capital of Rs.30 lakhs, was limited to one crore. In other respects, the charters of these Banks were almost identical with that which the Bank of Bengal had obtained in 1839. The Government had subscribed Rs.3 lakhs to the capital of each of these Banks.[1]

By becoming a substantial shareholder in the capital of the Presidency Banks, the Government had considerably involved the public interests with the fortunes of the former. The Court of Directors had most reluctantly reversed its policy, laid down in 1787,[2] which strictly prohibited the Governments in India to give any monetary assistance or encouragement to any banking institution.[3] It was soon realised that in order to strengthen the position of a Bank it was necessary that Government should make the public credit its mainstay.

After 1858 the home authorities again tried to keep Indian finances clear of any entanglements with the operations of the Banks. But the mistaken policy of Laing, and to a certain extent the peculiar circumstances of India, gave a different turn to the course of events.

The main reason for bringing Government into closer

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1. Idem., pp.29-30

2. Rau, B.R.: Organized Banking in the Days of John Company, p.19, 1931.

3. Brunyate, op.cit. p.2. In 1806 the Government of India adopted the recommendation of Tucker, the Accountant-General at Fort William, and requested the Court of Directors to allow it to become a shareholder in the capital of the Bank of Bengal.

alliance with the Banks lay in the necessity of currency reform, and the growing activities of the State. It was generally admitted that a sound currency system was the sine qua non of a stable financial and commercial system. In order to provide the needs of the growing internal and external commerce and to finance the ambitious projects of public works, the expansion of Indian currency was indispensible.

The first attempt in this direction was the paper currency scheme drawn up by Lushington, the Financial Secretary and recommended by the Government of India to the home authorities for their approval.[1] The scheme contemplated the circulation of notes "receivable at the option of the public and convertible on demand"; and emphasized the advisability of keeping the issue under a Government Department, separate from the Banks. It envisaged the establishment of circles of issue with diametres of three hundred to four hundred miles all over the country. As a guarantee against an excessive run for coin on any one centre of issue, it provided that the notes issued within one circle would only be convertible there. Wood did not agree to the immediate introduction of the scheme. He was apprehensive that a precipitate introduction of it would increase the sensitiveness of the Indian money market

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1. Financial Letters and Enclosures from India, 1859, 1-69, Vol.44: G.G.-in-C. to Stanley No. 61 of 1859, 27th April. Enclosure to the above. Note by Lushington.

and would therefore jeopardize the progress of financial reform.[1]

In fact his reluctance to allow the Government of India to proceed with Lushington's plan was due to his distrust, which he never concealed, in the capacity of the Anglo-Indian bureaucracy to undertake successfully any complicated measures of financial or currency reform.[2] In the meantime, the appointment of Wilson, as the Financial Member of the Governor-General's Council, had also been settled and Wood was deliberating over the whole problem in conjunction with him and the Governor and Deputy Governor of the Bank of England.[3] Wilson had an intimate experience of the formation and working of the paper currency scheme in England, as laid down in the Acts of Parliament of 1844 and 1857. He had also served on the Parliamentary Committees that followed the two experiments and later, as Secretary of the Treasury, supervised the actual working of the scheme.[4] Wood had great confidence in the ability of Wilson successfully to introduce paper currency in India, as he himself wrote to Canning:

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1. Financial Letters to India, 8th September, 1859 to 30th December, 1859, Vol.11: Wood to the G.G.-in-C. No.109 of 1859, 4th November.

2. Halifax Papers. Wood to Canning, June 25th, 1859, I.O.C. L.B., Vol.I, p.2.

3. Letters on Finances to India, 1860, Vol.2. Wood to the G.G.-in-C. No. 47 of 1860, 26th March.

4. Ibid.

"Wilson is full of it and he would carry out his own and my ideas on the subject"[1]. But the events that followed soon proved that Wilson had not been sufficiently indoctrinated to accept a compromise between his views and those of the Secretary of State.

Soon after his arrival in India, Wilson wrote his famous minute, in which he outlined his scheme of a paper currency for India[2]. According to him the greatest advantage of a paper currency was that it tended to reduce the quantity of coin required for transacting the business of a country, with perfect security to the maintenance of the standard of the country and to that extent so much capital was released and returned into the channels of reproductive uses[3]. The reserve against which notes were to be issued, was to consist of not less than one-third in bullion and of the remaining two-thirds invested in Government securities. Wilson desired to make the execution of the scheme as independent of the Banks and the Executive Government as possible. He, therefore, proposed that the management of the issue should be entrusted to a Commission, composed of one Chief Commissioner, the Mint Master and some other officers, who would be removable only by the Secretary of State in Council[4].

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1. Halifax Papers. Wood to Canning, September 26th, 1859, pp.154-156. I.O.C., L.B., Vol.I, 1859.

2. Financial Letters and Enclosures Nos.144-235, Vol.49. Minute by Wilson. Enclosure to No. 2 of 1859, 29th December; G.G. to Wood.

3. Ibid.

4. Ibid.

The "Economist" considered the scheme to be "essentially sound" although it was different from the one adumbrated in the Act of 1844, and adopted in England, under the Chancellorship of Wood.[1] In fact the Secretary of State and Wilson belonged to two different schools of thought with regard to currency.

In England opinion on this important subject was divided into three schools. One which was called the Birmingham school and advocated an inconvertible paper currency, had since long dwindled into insignificance.[2] The other school comprised a vast majority of statesmen of the day, and most notable among them were Sir Robert Peel, Lord Overstone, Sir Charles Wood and Norman. They advocated a paper currency that would be convertible at all times; and therefore, tried to make all paper issues the representatives of actual coin or bullion beyond certain fixed issue, strictly limited to the bounds to which experience had shown that no conceivable contraction of currency could approach. The other school, to which Wilson and a minority of very able men belonged, considered this restriction to be unnecessary.[3] They maintained that the convertibility of the paper issue in itself was a sufficient guarantee against its becoming excessive; and that convertibility could always be secured by

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1. The "Economist", April 17th, 1860, pp.365-366.
2. Minute by Laing, Coll. No.35. India. Enclosures to Financial Letters, 1861, 1-69.
3. Ibid.

enacting that certain revenues in cash on good securities, should be held against issues either by the Bank which might be allowed to make them, or by the State which might assume the functions of a great national Bank of issue.[1]

Wood was not only convinced of the superior merits of his own ideas on the subject, but was extremely desirous to apply them in introducing a sound currency system in India, as he later confessed in a letter to Elgin.[2] The perusal of Wilson's minute disconcerted him a little, and he wrote to Canning, asking him not to hasten with the Bill until they had received his directions which he would send after consulting learned doctors on the subject".[3]

In a subsequent despatch, the Secretary of State directed that "the amount of notes issued on Government security would be maintained at a fixed sum within the limit of the smallest amount which experience has proved to be necessary for the monetary transactions of the country, and that any further amount should be issued on coin or bullion and should vary with the reserve of the specie in the Banks according to the wants and the demands of the public".[4]

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1. Ibid.

2. Halifax Papers. Wood to Elgin, 3rd July, 1862, I.O.C., L.B., Vol.10, 1862, p. 332

3. Idem. Wood to Canning, November 9th, 1862, p.62, I.O.C., L.B., Vol.5, 1860.

4. Letters on Finances to India, 1860, Vol.2: Wood to the G.G.-in-C. No.47 of 1860, 26th March.

This modification fundamentally altered Wilson's plan and made it less ambitious but more safe. It would provide a mixed currency of notes and coin, which should vary in quantity exactly as if it were wholly of coin.[1]

Wilson died soon after and was succeeded by Laing. In the meantime the Wilsonian scheme had been embodied in a Bill, which was introduced in the Legislative Council on the 3rd March,1860 and was under the deliberations of a Select Committee.[2] The Committee under inspiration from Laing accepted the wisdom of the alteration suggested by the Secretary of State and amended the Bill accordingly.[3] But they refused to follow Wood's instruction for making Rs.5/-/- the lowest denomination of notes, obstinately clinging to their original decision of keeping the lowest denomination at Rs.10/-/-.[4] These defiant proceedings of the Indian authorities, sufficiently compromised the objects held out by the Secretary of State of replacing the silver currency altogether by that of paper, but he had to acquiesce in them with a simple expression of regret.[5]

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1. Ibid.
2. India. Financial letters, 1861, 1-224, Vol.59: G.G.-in-C. to Wood No.35 of 1861, 8th March, also see Progs.of the I.L.C., VI, 1860, Wilson, pp.217-257 and p.1218.
3. Enclosures to Financial letters, 1861,1-69, Vol.60. Enclosure to No. 35 of 1861, 8th March, Report of the Select Committee, appointed to consider the Bill to provide for the paper currency, p.1.
4. I L.C. Progs., 1861, pp.764-776, only Napier and Frere voted for the amendment inserted at the instance of the Secretary of State; but the majority consisted of Seton-Karr, Jackson, Erskine, Forbes, Harrington and the Chairman, Sir Barnes Peacock, the Chief Justice of Bengal, voted against it, p.776.
5. Letters on Finances to India, 1861, Vol.3: Wood to the G. G.-in-C., No. 159 of 1861, 17th October.

The Government of India were, in fact, apprehensive that any further lowering of the denomination than Rs.10/-/- might shake the confidence of the public who were not used to such a medium, but ultimately they hoped to bring it down to Rs.5/-/-, when the masses were sufficiently made familiar with the advantages of this novel scheme.[1]

Thus, the greater part of the instructions of the home authorities had been carried out in remoulding the paper currency scheme, but personally Canning did not consider the cautious measures enjoined to be at all necessary under the Indian circumstances.[2]

With regard to the actual methods of working the scheme, Laing widely differed from both Wood and Wilson, although Wood had thoroughly explained to him his ideas on paper currency and his determination to apply them to India.[3] Laing intended to hand over the issue of notes to the agency of Banks, in preference to the "lumbering and expensive machinery" composed of Government Commissioners.[4] Wood did not accept Laing's

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1. Report of the Committee on paper currency, op. cit, p.3.
2. Halifax Papers: Canning to Wood, June 8th, 1861. There was a report in the "Friend of India" that Sir Charles Wood critisized the Wilsonian plan for paper currency in India, in a public Despatch, but in a private letter asked Wilson to carry it out as it stood. Wood denied the allegation as false and asked Canning in a private letter to correct such a false notion. The assertion of the "Friend of India" could not be true, as the Bill was subsequently amended in accordance with the wishes of the Secretary of State, see Halifax Papers, Wood to Canning, January 29th, 1861, I.O.C., L.B., Vol.6, 1861, p.126.
3. Idem., I.O.C., L.B., Vol.10, 1862: Wood to Elgin, June 9th, 1862, p.300.
4. India. Enclosures to Financial Letters, 1861, 1-69, Vol. 60: Coll. No.35 of 1861. Minute by Laing , Feb. 18th, 1861.

casuistry and communicated to Canning his decided opposition to any scheme which aimed at bringing the Government in too close a union with the Banks, so as to make them "Government machines".[1] But the agreement concluded with the Bank of Bengal, showed that the views of the Financial Member had prevailed. The Bank was authorized to take over the management of Government Treasuries and cash balances at Calcutta on payment of a sum of £43,606.[2] It was authorized to employ Government balances for ordinary banking purposes to the extent of £700,000; to invest all sums in excess of this amount in public securities and to appropriate the proceeds of interest, which would be realized on them, to its own accounts.[3] The Government on its part, had undertaken to pay interest on the difference if its balances fell below £500,000. The most favourable concession which the Bank of Bengal obtained was the management and issue of notes under the direct control of the Head Commissioner of Issue.[4] It was entitled to receive a commission of 3/4 per cent. per annum on the daily average amount of Government notes out-standing and in circulation through the agency of the Bank.[5]

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1. Halifax Papers, I.O.C., L.B., Vol.7, 1861. Wood to Canning, March 31st, 1861, p.84.

2. Englosures to Financial Letters, 1862, Nos. 1-168, Vol. 63: Enclosure to No. 19 of 1862, 10th February, G.G.-in-C. to Wood, India.

3. Ibid.

4. Ibid.

5. Ibid.

Wood was "altogether put out by the bargain with the Banks", and demanded its immediate modification in accordance with the instructions issued from home.[1] He remonstrated against it in most severe terms, indicting the Government of India of acting in excess of its constitutional powers, when it settled a question of principle without the previous sanction of the home authorities.[2]

He maintained that the interest realized by the Bank on the cash balances was a sufficient remuneration for any services it might render to the Government and therefore, any additional payment was objectionable.[3] He most emphatically insisted for the complete separation of the issue of notes from the Bank and desired that all bodies and persons should be placed on an equal footing as to the procuring of notes.[4]

Laing challenged the soundness of the allegations raised by Wood. He defended his action in employing the agency of the Bank on the ground of its comparative inexpensive character and a uniform, ready convertibility for notes afforded by it throughout the country.[5] The Government, he asserted, had to make good the loss incurred by the Bank when it was debarred from issuing its own notes which amounted to £1,500,000.

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1. Halifax Papers. Wood to Elgin, 12th March, 1862, I.O.C., L.B., Vol.10, 1862, p.80.
2. Ibid., Wood to Elgin 3rd April, 1862, Ibid., p.102. Also Wood to Elgin, 9th April, 1862, Ibid., p.162.
3. Letters to India on Finances, 1861-63, Vol.13: Wood to the G.G.-in-C., No.55 of 1862, 8th April.
4. Ibid.
5. India. Enclosures to Financial Letters from 1862, 1-168 Vol.63. Minute by Laing, 16th May, 1862, Coll. No.71 of 1862.

£1,500,000. Moreover, the stipulated payment to the Bank amounted to only half the amount, which Government was spending in managing its own treasuries and balances. Above all, he declared, the mercantile interests were persistently pressing the Government for such an arrangement.[1] He did not share the fears of Wood and expressed his confidence that the Bank of Bengal in which the Government owned considerable share capital and appointed some of its Directors, thus acquiring a stronghold over its administration, could not pursue policies that would be injurious to public interests.[2] He carried with him the whole of the Governor-General's Council who collectively supported his views and inculcated them in the engagements concluded with the Banks of Madras and Bombay.[3] But his misleading logic failed to convince Wood, who firmly adhered to the principle established by Parliamentary Committees in 1841 and subsequently embodied in the Act of 1844.[4] That principle had emphasized the importance of keeping the issue of notes separate from the functions of banking. The reason was that private Banks had several customers to serve besides the Government, and in order to guarantee the convertibility of notes, they could not maintain the required amount of cash reserve, which would be contrary to their own

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1. Ibid.
2. Ibid.
3. India. Financial Letters, 1862, 1-168, Vol.62: G.G.-in-C. to Wood, No.71 of 1862, 21st May;
4. Letters on Finances to India, 16th Oct. 1861 to 30th Sept. 1863, Vol.13. Wood to the G.G.-in-C. No.158 of 1862, 16th September.

interests as bankers and would be tantamount to a preferential treatment for one customer. In the case of the Bank of Bengal, he observed, the guarantee for the convertibility of notes had been considerably weakened, when it was under the agreement relieved of the obligation of keeping one-fourth of its liabilities in specie. But that sound principle, Wood proceeded to remark, had been deviated from when the issue of notes in England was continued in the Bank of England, under the compelling force of longstanding customs and firmly entrenched interests.[1] This deviation had brought embarrassing consequences in the form of excessive demands on the discount branch, and the Government had to come to the rescue of the Bank, authorizing the issue of notes considerably in excess of the amount of specie in reserve.[2]

The Secretary of State was anxious to follow the lessons of this experience in India where he saw no impediments in keeping the issue of notes, in its entirety, under a Government Department, preferably the Mint, where it could be combined with the issue of the metallic coin.[3] He was equally opposed to allow a Bank, entrusted with the management of Government balances, to deal in foreign exchanges. He was disappointed to find that the obduracy of Laing prevented him from applying those principles of a sound system of currency

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1. Ibid.
2. Ibid.
3. Ibid.

which he had worked out in conjunction with Peel, Norman and Lord Overstone.[1] He was surprized to find that the Government of India which had recommended the currency plans drawn up by Lushington and Wilson had taken a complete swing-round at the bidding of Laing.[2]

In reply to the Secretary of State the Government of India again tried to explain in more precise terms their position vis-a-vis the Bank, under the terms of the agreement.

The Bank, it was stated, obtained notes from the Currency Commissioner on the deposit of coin and circulated it. It had, therefore, assumed the role of an agent for circulating notes after issue, rather than that of one for issue.[3] Its privilege of dealing in foreign exchanges was strictly confined to remitting to its constituents the dividends received in the Agency Department of the Bank, which was quite separate from the Banking Department.[4]

At this stage of the controversy Trevelyan assumed the Financial Membership of the Government of India. His claim to that office was stated to be based primarily on his thorough acquaintance with the thorny problems of paper currency, which were at that time puzzling the home and Indian Governments. His ideas on the subject were also the same as

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1. Halifax Papers. Wood to Elgin, July 3rd, 1862, I.O.C., L.B., Vol.10, 1862, p.326.
2. Halifax Papers. Wood to Elgin, Sept.15th, 1862, I.O.C., L.B., Vol.11, 1862, p.132.
3. P.P. No.0.29, Vol.43, 1864, pp.61-65. G.G.-in-C. to Wood No. 1 of 1863, 2nd January.
4. Ibid. pp.61-65.

those of Wood and Wilson and no "Indian" could be found, who had the opportunity of doing "anything with it".[1] He firmly believed that an adequate guarantee for the convertibility of notes was essential for the success of the scheme. Such a guarantee could only be provided by making the monetary credit of the State its mainstay and keeping it separate from the mercantile operations of Banks,[2] which, as he declared, were subject to occasional commercial fluctuations and to serious revulsions caused by the stresses of internal exchange.[3]

To some extent the dangers, apprehended by Trevelyan and foretold by Wood, had appeared and seriously frustrated the hopes held out by Laing, of achieving a uniform currency. The Bank, as admitted by the Government of India, had failed to maintain sufficient cash reserve at a number of provincial cities, and had established within the Calcutta Government Circle its own subordinate circles, where the notes of the head office were only "charily" cashed.[4] But these events had failed to make the other members of the Indian Government realise the stupidity of the arrangement introduced by Laing with their active support. Elgin himself, Napier, Harrington and Grey were willing to accept the decision, hourly expected, from the Secretary of State, perhaps without any demur, but

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1. Halifax Papers. Wood to Elgin, July 16th, 1862, I.O.C. L.B., Vol. 11, 1862, pp.10-12. The term "Indian" here refers to those Europeans who had been in the service of the Government of India.
2. P.P. No.0.29, Vol.43, 1864. Minute by Trevelyan, 28th February, 1863, p.81.
3. Ibid.
4. Ibid., G.G.-in-C. to Wood, No. 1 of 1863, 2nd January. cit. supra.

could not see much benefit accruing to the public, from the changes outlined by Trevelyan.[1]

Their views as embodied into several separate minuted were transmitted to the Secretary of State.[2] He considered this unusual proceeding to be a serious contravention of the accepted constitutional practice, which required the interchange of communication to be conducted between the Secretary of State-in-Council and the Governor-General-in-Council.[3]

At that time such a confusion ruled in the counsels of the Indian Government that Elgin had felt himself obliged to complain to Wood privately of the disjointedness of its machinery", to which the latter replied insisting that it was Governor-General's duty to "put it straight".[4]

T Trevelyan's proposals, as was evident, met with ready and instant support from the home authorities, who dismissed the elucidation furnished before by the Government of India.[5] The latter failed to realize that the stipulated payment of 3/4 on the notes issued to the Bank, provided a great inducement for keeping as little coin as possible and as many notes as they could manage to withhold. Laing had himself admitted

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1. Ibid., Minutes by Elgin, Napier, Harrington, Grey, Maine and Trevelyan, pp. 83-87.
2. G.G.-in-C. toWood, No. 46 of 1863, 15th April, p.77.
3. Halifax papers. Wood to Elgin, July 3rd, 1863, I.O.C., L.B., Vol. 10, 1863, p.326.
4. Ibid. Wood to Elgin, September 15th, 1863, I.O.C., L.B., Vol.11, 1862, p. 134.
5. Letters on Finances to India, 16th October, 1861- 30th September, 1863, Vol.13: Wood to the G.G.-in-C., 10th June, No. 103 of 1863.

that the terms of the agreement did not bind the Bank with the obligation of cashing notes at its branches, and that it was only expected to do so as an accommodation to the public.[1]

These drawbacks, repeated the Secretary of State, made it necessary to remove the issue of notes from the Banks, and at the same time expressed his willingness to allow the Bank to take over the management of Government treasuries, both at its branches and the Head Office, provided it gave up its privilege of dealing in foreign exchanges, howsoever limited it might have been. He expressed his willingness to consider such other terms on which the Bank would be willing to relinquish its right of note issue.[2]

Trevelyan accordingly devised a plan which he hoped would bring the Bank round. He offered them a sum equal in amount to that which they would realize at the rate of 3/4 per cent. on the issue of notes till the end of the period of the agreement, the management of the Public Debt on payment of £400 per £1 million of debt, and also the custody of cash balances at the Head Office and branches.[3] The minimum balance at the Head Office was fixed at £700,000. The Bank, on its part, agreed to surrender its privilege of dealing in foreign exchanges. It did not rest content with these advantageous terms and finding itself in a strong bargaining position, tried

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1. Ibid.

2. Ibid.

3. India. Financial Letters, 1863, Vol.64. G.G.-in-C. to Wood, No.112 of 1863, 7th September.

to sequeeze a concession that would entitle it to invest in Government securities to the extent of one crore, any sums from the cash balances that might be in excess of that amount, under condition that it would not be compelled to realize them without sufficient cause and a reasonable notice. The Government refused to yield to such greedy higgling, as they were not willing to allow public balances to be locked up in securities.[1] Opinion in the Governor-General's Council was sharply divided and support for Trevelyan was by no means unanimous. Grey and Harrington, who had stood by Laing in his negotiations with the Bank of Bengal, were not willing to retrace their steps. The feeling at home was just the reverse. Wood himself, with Arbuthnot and Mills, Members of the Council of India, viewed Trevelyan's proposals with favour and promised support.[2]

The events that followed considerably weakened the position of the Bank, to persist any more for such concessions, and sufficiently demonstrated the justice of Trevelyan's refusal to its Shylockian demands. India, at that time, was passing through a monetary and commercial crisis, mainly brought about by the shortage of specie and ready money.[3] A substantial falling off in public revenues was being apprehended

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1. Ibid.

2. Halifax Papers. Wood to Lawrance, 4th January, 1864, I.O.C., L.B., Vol. 15, 1864, p.152.

3. The nature and extent of this crisis are explained in details in the latter portion of this Chapter, dealing with "Gold Currency".

especially due to the threatened failure of the opium revenue, which constituted the second largest item of public income. Trevelyan, therefore, asked the Banks of Bengal and Bombay to convert into money a great portion of the amount which they had invested in Government securities out of the Government balances. As there was the certain danger of depreciating those securities in the prevailing state of the Indian money market,[1] the Banks failed to sell them. The result was that the Government was placed in a seriously embarrassing situation and the money locked up in securities was as good as though it had never belonged to it.[2]

These events completed the breakdown of the system worked out by Laing. Wood had the temerity to pointedly draw the attention of Lawrence to the disasterous consequences of the policy pursued by the Government of India in direct opposition to the tenor of instructions from the home authorities who had clearly foreseen its evils.[3] He was extremely desirous to terminate the uneasy and inconvenient alliance between the Government and the Bank, and, therefore, wrote to Lawrence, asking him to bring the Bank into a position which would enable him to declare that they had forfeited any claim to the literal performance of the existing agreement.[4]

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1. P.P. No.0.29, Vol. 43, 1864; G.G.-in-C. to Wood, No. 160 of 1963, 18th December, pp. 103-104.
2. Ibid. Minute by Trevelyan 16th December, 1863, p.105. Also Minute by W. Denison, the Acting Governor-General, 18th December, 1963, p.108. The amount so invested amounted to £20 millions.
3. Halifax Paper. Wood to Lawrence, 26th February, 1864, I.O.C., L.B., Vol.15, 1864, pp. 252-254.
4. Ibid. Wood to Lawrence, 2nd Feb. 1864, I.O.C., L.B., Vol. 16, 1864, p.2.

He readily approved the terms offered by Trevelyan to the Bank in accordance with his instructions. He upheld the decision of the Indian authorities not to allow the large sums of Government balances to be invested by the Bank in securities and consented to the renewal of the agreement for a period of ten years, commencing from the date of the original one.[1] Ultimately, he hoped that under the proposed arrangements the position of the Bank of Bengal would be assimilated to that of the Bank of England.[2]

Trevelyan did not agree with Wood in the latter's analogy between the two Banks. The Bank of England, he declared, was essentially a Bank of reserve and support.[3] It often employed its resources to aid the general public, private bankers and the Government in the hour of their need. It had been enabled to perform such important functions, because it had a capital of £17,000,000 in all. The case of the Bank of Bengal, proceeded Trevelyan, was just the reverse.[4]

As its capital amounted to £1,100,000 the Bank of Bengal could not assume the performance of the functions, similar to those of the Bank of England. Trevelyan recalled how miserably it had failed to realize the money which had been invested in Government securities,

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1. P.P.No. 505, Vol.43 of 1864. Wood to the G.G.-in-C. No.1 of 1864, 4th January, pp. 111-114.
2. Ibid.
3. Ibid. G.G.-in-C. to Wood, No. 39 of 1864, 8th March, p.1 and Minute by Trevelyan, pp. 2-4.
4. Ibid. Trevelyan's Minute, pp. 2-4.

at a time when it was so urgently required by the Government. He, therefore, urged that until its capital stock had been sufficiently augmented, Government balances should not be transferred to its management, otherwise there would be the danger, as experienced before, of those balances being absorbed in the commercial transactions of the Bank.[1]

Wood realized the soundness of Trevelyan's proposition[2] but he still considered that if certain conditions which were adverted to by him earlier were fulfilled, ample guarantee for the safe management of Government balances would be provided. According to those conditions the Bank were to take over Government business on an understanding that a minimum balance shall be kept of £700,000, which should be shown in the Bank accounts as Government balance and would be liable to be withdrawn without any payment. It could employ Government balances left over with the express sanction of official Directors.[3]

In the meantime the Directors of the Bank of Bengal succeeded in raising their capital to £22,000,000. The amount was considered sufficient to enhance the credit of the Bank with the Government and an agreement, commencing from the date /of

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1. Ibid., pp.2-4.

2. P.P. No. 0.29, Vol. 43 of 1864. Wood to the G.G.-in-C. 16th February, 1864, p.115-116.

3. Ibid. Also, No. 1 of 1864, 4th January, Wood to the G.G.-in-C.

of the original arrangement, was concluded for a period of twelve years.[1] The terms of the new settlement remained the same in principle as had been agreed upon between the home and Indian authorities, but after prolonged negotiations with the Bank, their details were modified.[2] The Bank gave up note issue on payment by the Government of a sum of £18,750 annually to March, 1867, as compensation and also its privilege of dealing in foreign exchanges. It acquired the management of the Registered Public Debt on payment of £400 per £1,000,000 of Debt. It was also entrusted with the custody of Government cash balances at its Head Office and branches. The Government undertook to maintain its balances at a maximum of £700,000 at the Head Office and to pay an interest on the difference, if the amount fell below the minimum of £450,000. The Bank was further permitted to employ Government balances for ordinary banking purposes.[3] The Secretary of State was completely satisfied with the new arrangements.[4]

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1./ Financial Letters, 1865, Vol.69. G.G.-in-C. to Wood No.39 of 1865, 22nd February. ~~XXXX~~. Letters on Finances to India, 7th January, 1865-31st December, 1866, Vol.15: Wood to the G.G.-in-C. No.88 of 1865, 7th April:

2. India. Financial Letters, from 1865, Vol, 69. G.G.-in-C. to Wood No. 46 of 1865, 4th March. Letters on Finances to India 7th January, 1865 - 31st December, 1866, Vol.15. Wood to the G.G.-in-C., No.102 of 1865, 25th April.

3. Branyate, J.B.: An Account of Presidency Banks, 1900, pp. 89-90, Appendix B XII. The maximum and minimum amounts agreed upon with the Banks were as follows:-

	Lakhs Max.	Min.
Bank of Bengal	70	45 lakhs
Bank of Bombay	40	25 "
Bank of Madras	25	20 "

4. Halifax Papers. Wood to Lawrance, 3rd April, 1865, I.O.C. L.B., Vol.20, 1865, p.153.

An agreement on the same lines was also concluded with the Bank of Madras and was to remain in force till the 1st March, 1874.[1] The Bank of Bombay had first declined to enter into such an arrangement. But ultimately when it agreed to accept the terms offered by the Government, its condition had considerably deteriorated and therefore, the agreement concluded was only for a period of one year. The Bank was liquidated on the 1st November, 1867, and therefore, the agreement had to be executed by the New Bank of Bombay. Its financial position was so unsatisfactory that it was not allowed to take over the management of Government treasuries at its branches till 1871.[2]

No sooner the arrangements with the Bank of Bengal were complete and came into force on 2nd January, 1866, it began to press the Government of India for the restoration of its limited privilege of dealing in foreign exchanges.[3] Earl de Grey and Ripon adhered to the policy of his predecessor and refused to accede to the request of the Bank. But it still continued to persist in its endeavour with increased vigour until Lord Cranborne, on the recommendation of the Government of India, allowed it to revert to its transactions in foreign exchanges.[4] The permission given was considerably hedged in

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1. An Account of the Presidency Banks, p.91, op. cit.
2. Ibid., p.91.
3. Letters on Finances to India, 7th January, 1865 - 31st December, 1866, Vol.15. De Grey and Ripon to the G.G.-in-C., No. 127 of 1866, 4th June.
4. India. Financial Letters 1866, Vol.72: and Cranborne to the G.G.-in-C. No. 289 of 1866, 15th Dec. Letters on Finances to India, 7th Jan. 1865 - 31st Dec. 1866, Vol.15. G.G.-in-C. to Cranborne, No. 220 of 1866, 6th Oct.

by several conditions proposed by the Government of India. It could exercise its new privilege to the extent of remitting to its constituents in England, the dividends received in its Agency Department. The Government of India in making their recommendation were moved by the consideration of providing facilities for the retired members of the Indian Services who had deposited considerable sums in the Bank. Lord Cranborne had distinctly stated that the privilege would be withdrawn whenever it was found to be necessary.[1]

The weakness of the system under which the connexion of Government with Presidency Banks was maintained were manifested with greater force in the deteriorating condition of the Bank of Bombay, the affairs of which had since long been the subject of public scandal. It became deeply embroiled in the speculation mania that had seized Bombay during the eighteen sixties and frittered away its capital by making advances on doubtful securities to deceitful and designing people who were in league with its Secretary and other members of its staff.

It started making such advances on the shares of the Back Bay Reclamation Scheme which had acquired considerable notoriety. Under the terms of its charter, it was specifically prohibited to make any advances on the security of immovable property. When the information of these

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1. Ibid.

devious transactions reached Wood, he at once directed the Indian Government to prevent the Bank of Bombay from pursuing such a dangerous course.[1] The Government of India accordingly appointed Chapman and Norman, two recently nominated official Directors of the Bank of Bombay, to conduct an inquiry into the alleged dealings of that institution.[2] Their report established the mismanagement of the Bank during the years previous to April, 1865. It had given loans to mercantile firms and also to persons not engaged in any ostensible commercial pursuits. The money so advanced was mainly used for speculation purposes. It had often abrogated the rules of business imposed by former Boards of Directors. The total amount of loans outstanding on 30th December, 1865, was assessed at Rs.381 lakhs.[3]

Lord Cranborne, the Secretary of State, attributed these objectionable dealings of the Bank to the power it derived from clause 32 of Act 10 of 1863 of its Charter, in which the words "or other public companies" were inserted contrary to the intentions of the home authorities. He demanded an explanation for such an irregularity which had been committed in spite of the instructions from home, which specifically required the Charter of the Bank of Bombay to be drafted on the same lines as those of the other two Presidency Banks.[4]

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1. P.P. No.133, p.1, Vol.49, 1867-68; W. Balfour, the Agra and Masterman's Bank (Ltd), London, to Sir Charles Wood, 15th May, 1865, p.1. Also Wood to the G.G.-in-C. No.42 of 1865, 2nd June, p.1.
2. Ibid. Cranborne to the G.G.-in-C. No.290 of 1866, 7th Dec. p.46.
3. Ibid., p.47.
4. Ibid., p.4.

The Government of Bombay at once amended the Act, deleting the words referred to by the Secretary of State and appointed Robertson, one of its Secretaries, who had prepared the Bill and piloted it through the Legislative Council, to report on the circumstance that led to such a serious oversight. His investigations revealed that the words "or other public companies" had crept into the Bill, because in its preparation the phraseology of the English Joint Stock Company's Act had been followed.[1]

At the time when these precautionary and remedial measures were adopted, the position of the Bank had been damaged beyond any hope of resuscitation. Sometime before there had been a great run on it for the withdrawal of deposits. Its credit had gone down so low, that only a prompt declaration by Government to support it staved off the crisis.[2] Wood realizing that the course adopted by the Government was the only way of securing public interests, had sanctioned the promised aid to the Bank.[3] The effect of these measures was not more than temporary. It was not long before rumours of its impending liquidation were freely

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1. Ibid. G.-in-C., Bombay, to the Secretary of State No.3 of 1867, 1st March, pp.104-105 and Robertson to the Chief Secretary, Government of Bombay, 31st Jan., 1867, pp.104-105. Also Ibid. G.G.-in-C. to the Secretary of State, No.89 of 1867, 20th March, p.105.
2. Ibid. G.G.-in-C. to Wood, No.110 of 1865, 1st July.
3. Ibid. Wood to the G.G.-in-C. No.71 of 1865; 8th Sept. pp.6-8. Also Halifax Papers: Wood to Lawrence, 12th August, 1865, I.O.C., L.B., Vol.21, 1865, p.173.

circulating in London's commercial circles. The home authorities, who foolishly believed that the stability of the Bank had been restored, were alarmed and by telegraphic communication inquired from the Government of India the real situation. They boldly sanctioned any financial aid which might be considered necessary to sustain the credit of the Bank.[1] But its affairs due to continuous mismanagement had got into such a jeopardy, that no efforts could rescue it from the impending disaster. It was, however, decided to liquidate it on the 1st November, 1867, and to put an end to a state of things that was discreditable to all who were entrusted to supervise and conduct its affairs. The shareholders, who had lost more than three-fourths of their capital, forcefully requested the Government to institute an impartial inquiry into the causes which had brought about the fall of the Bank.[2] They were supported by the Presidency and Indian Government and the Secretary of State sanctioned the appointment of a Commission under the Chairmanship of Sir Charles Jackson, late puisne judge of the Bombay and Calcutta High Courts, to inquire into the causes of the failure of the Bank.[3]

At the same time the question of setting up a new Bank

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1. P.P. No.43 of 1864. Telegram from the Secretary of State to the G.G., 28th February, 1867, p.32.
2. Ibid. G.G.-in-C. to the Secretary of State, No.19 of 1867, 9th September, p.164.
3. Letters on Finance to India, 9th January, 1867 to 30th June, 1868, Vol.16. Northcote to the G.G.-in-C. No.203 of 1868, 1st May.

was also being considered. The thorniest problem which was agitating the minds of the home and Indian authorities was the mode in which the future relationship of the Government with Presidency Banks was to be regulated, with a view to prevent the recurrence of the past unhappy incidents. In the Governor-General's Council the preponderant opinion was in favour of Governments' having a substantial share capital in the New Bank, proposed to be set up in Bombay.[1] Sir William Mansfield, the Commander-in-Chief, was the strongest exponent of this view. In his opinion it was the only possible way of imparting credit to a Bank in a country like India where no capital, either European or Indian, would be invested without a guarantee from the Government. It was also necessary in order to acquire a sufficient control over the proceedings of a Bank which had been entrusted with the management of Government balances.[2] Mansfield's views were shared by Lawrence, the Governor-General and other Members of Council.[3] Massey, the Financial Member, was strongly opposed to Governments' holding any shares in the stock of Banks. He considered such a connexion anomalous. The reason was, as he stated, that under such circumstances the

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1. P.P. No. 133, Vol.49, 1867-68. G.G.-in-C. to Northcote No. 156 of 1867, 3rd July, p.119 and Minute by Sir W.R. Mansfield, 2nd July, 1867, pp. 119-123.

2. Ibid. Mansfield's Minute.

3. Ibid. No. 168 of 1867, 18th July, G.G.-in-C. to Northcote, p.141. Minutes by Lawrence, Durand, Grey and others. pp. 144-154.

Government assumes to guarantee the stock of the Bank and, therefore, becomes involved in the mercantile operations of the Bank. He cited the instance of the old Bank of Bombay in which Government was only a shareholder, but had to pledge its resources to save it from a threatened ruin. It could not escape by merely sacrificing its cash balances and assume the position of an ordinary shareholder on the basis of the principle of limited liability.[1] He declared, in refutation of Mansfield, that several Banks in which Government owned no share capital, were flourishing in India.[2]

In the Council of India, opinion was most decisively inclined in the same direction as that of Massey. By a majority of nine to three it was resolved that the Government of India should not hold any shares in the stock of the New Bank of Bombay.[3] Sir Stafford Northcote did not concur with the majority and reserved his judgment. But soon he changed over to the majority and the decision was communicated to the Government of India. The Government of India was

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1. Ibid., pp.141.

2. Ibid., p.142.

3. Minutes of the Council of India, July to December, 1867, Meeting of the 24th September, 1867, p.277. Arbuthnot, Clerk and Perry were dissentient. Also, Letters on Finances to India, 9th Jan., 1867 - 30th June, 1868, Vol.16: Northcote to the Governor-General-in-C. No.368 of 1867, 24th Oct; P.P. No.428, Vol.51, 1870; p.3. Minute by H.T. Prinsep. H.T. Prinsep, a Member of the Council of India was not content with the general tone of the despatch. He insisted that the Government of Bombay should be severely reprimanded as they had given legal powers to the Bank in excess of the authority allowed to them.

emphatically prohibited from subscribing to the share-capital of the New Bank of Bombay; and at the same time, the necessity to exercise a supervision over the proceedings of a Bank which was entrusted with Government business was also emphasized.[1]

The general principle so laid down, had to be deviated from when it was found that no capital could be subscribed unless Government contributed its share.[2] Although the Government was permitted to hold shares in the New Bank, but the aim set by the principle was reiterated. In fact, the home authorities were averse to enter into any commercial undertaking which was not of national importance and which could not be managed entirely as in the case of Posts and Telegraphs or virtually as in that of the Guaranteed Railways.[3]

The question of the failure of the Bank was also raised in Parliament by Dyce Nicols. He characterized it as the "grossest case of joint stock mismanagement on record".[4] He was opposed to Government holding any share in Banks. Ayrton fixed the responsibility on the Council of India, although without any evidence.[5] Northcote agreed with

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1. Letters on Finances to India, 1867-68, Vol.16: Northcote to the G.G.-in-C. No.348 of 1867, 24th October, 1867.
2. Ibid. Northcote to the G.G.-in-C. No.68 of 1868, 15th Feb.
3. Ibid. Northcote to the G.G.-in-C. No.368, 1867, 24th October.
4. Hansard CXCI, 1868, pp.426-427.
5. Ibid., p.427

Nicols in his opposition to Government holding any shares in the Banks, but stated that no Bank could be established in India without active support from the Government. He refused to enter into further discussion as the whole matter was under the inquiry of the Commission.[1]

The Commission under Sir Charles Jackson, took detailed evidence in India and England. It attributed the failure of the Bank to several causes. There was the extraordinary condition of the money market, the carelessness of the official Directors and specially the conduct of Blair, its former Secretary and Treasurer.[2] He advanced considerable sums of money to designing men specially to Deepchund Roychund and Premchund Roychund. When he retired, the total amount of advances made by the Bank and outstanding, amounted to £1,531,340.[3] He was stigmatized as one "who was dishonest and deceived those by whom he was trusted". He himself actively engaged in speculation and became indebted to Roychund Deepchund and Premchund Roychund to whom he mortgaged his shares at the time of his departure.[4]

The Commission on the whole was not favourably inclined to the Government becoming a shareholder in the Bank. It

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1. Ibid., pp. 482-485.
2. P.P. No. C4162, Vol.15, 1868-69. The Report of the Commission, appointed to inquire into the failure of the Bank of Bombay; p.22.
3. Ibid., p.22.
4. Ibid., p.22.

recommended that a close supervision of the affairs of a Bank conducting Government business was necessary in order to prevent the repetition of the past events.

When the Bank of Bombay was being liquidated, the Bank of Bengal requested the Government of India for permission to open an Agency in Bombay to look after their interests which were managed by the old Bank of that Presidency. The request was acceded but the Bank was definitely prohibited from accepting any deposits. When the New Bank of Bombay was reconstituted, the Government of India directed the withdrawal of the Agency from that city asserting that the sanction given was of a temporary character.[1] The Bank refuted the assertion of the Government declaring that the sanction contemplated the establishment of a permanent agency.[2] The real difficulty of the situation lay in the fact, that the Government happened to be a shareholder in both the Banks, which it had by its lack of foresight and exactitude brought into a position where they were forced to compete with each other on a commercial scale. Another irony of circumstances was that the Government was itself not certain as to the real nature of the sanction it had given. The matter was, therefore, referred to the Secretary of State, the Duke of Argyll, with a request that the highest

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1. India. Financial Letters from 1869, Vol.81. G.G.-in-C. to Argyll, No.263 of 1869, 25th October.

2. Ibid.

legal opinion should be taken on the merits of the conflicting views put forward by the Bank and the Government The Duke declared in favour of the Bank and refused to order the withdrawal of the Agency.[1]

The home authorities construed this incidence as a further evidence of the objectionable and inconvenient circumstances which resulted from the connection of the Government with the Banks, in the form in which it was maintained.[2] They impressed upon the Government of India, the urgent necessity of terminating such a connexion. The Duke of Argyll recalled that from the time when the question was first broached, the home authorities had expressed their decided opposition to Governments' becoming a shareholder in the stock of a Bank. They had,time and again,repeated the same opinion but it had to be relaxed in view of the peculiar Indian circumstances.[3]

The Government of India had to accept the justice of the views of the Secretary of State, although contrary to the policy it had consistently advocated and pursued. But its evil effects were now so palpably demonstrated that no arguments or casuistry could justify its continuance any more. Ultimately it agreed to sever its connexion in the

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1. Letters to India on Finances, 23rd July, 1868 - 23rd June, 1870, Vol.17. Argyll to the G.G.-in-C. No.32 of 1870, 27th January.

2. Ibid.

3. Ibid.

form in which it then existed, in 1874, when the existing contracts with the Presidency Banks would expire.[1]

Intimately connected with the question of introducing a paper currency was the problem of bringing gold into some form of circulation. Wilson was opposed to the introduction of gold in any form, either in that of a double standard, when it would be placed on the same footing with silver, or by substituting it for silver.[2] He firmly believed that the paper currency would suit the purposes of the Indian community better. He had known the ruinous consequences which the double standard had brought on the economy of several countries, as the U.S.A., Holland, France, Germany and England. The other alternative, the changeover from silver to gold was open to the danger of infringing the existing contracts and obligations which had been incurred in silver. Sir Charles Wood in the beginning was not against the substitution of silver standard by that of gold, but was definitely opposed to the adoption of a double standard.[3] Later on he fell in line with Wilson and considered that the advantages which the protagonists of gold currency aimed at, would be more successfully achieved by /the

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1. Ibid.
2. India. Letters on Finances, 1859, Vol.44; and Financial Letters and Enclosures from India, 1859, Vol. 49. G.G. to Wood No.3 of 29th December, 1859. Forwarding a Minute by Wilson on "Gold Currency".
3. Halifax Papers, Wood to Trevelyan, 25th August, 1859 I.O.C., L.B., Vol.1, 1859, p.26.

the introduction of paper currency.[1] The idea of introducing a gold currency, therefore, was shelved for the time being.

Laing who succeeded Wilson was more inclined to introduce a gold currency in preference to that of paper, because of the former's intrinsic value and power of uniform circulation.[2] Wood considered this preference was "wild".[3] But his disapproval only succeeded in modifying Laing's projects.

Laing, however, following the precedent of the Bank of England and the recommendation of George Arbuthnot of the Treasury, inserted a clause in the Paper Currency Act of 1861, providing that one-fourth of the bullion reserve against which notes were issued, would be kept in gold. In this way he hoped to bring gold into partial circulation and to open the way for its extended use.[4]

On the other hand, Wood could not see how Laing's scheme would achieve the results which it professed to aim at.[5] The practice of the Bank of England, he observed, which was a great trading establishment, could not be followed

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1. Letters on Finances to India, 1860, Vol.2. Wood to the G.G.-in-C. No. 86 of 1860, 26th May,
2. India. Enclosures to Financial Letters, 1861, 1-69, Vol.60. Minute by Laing February 18th, 1861, Collection No. 35.
3. Halifax Papers. Wood to Canning, March 31st, 1861, I.O.C., L.B., Vol.7, 1861, p.84.
4. Report of the Committee on Paper Currency Bill, 1861, op. cit.
5. Letters on Finances to India, 1861, Vol.3. Wood to the G.G.-in-C. No. 75 of 1861, 2nd May.

by a Government. It had to provide silver bullion which, at the time of the passing of the Act of 1844, happened to be the standard coin of nearly every country in the world with which Britain had commercial relations. Nor in the way adopted by Laing could gold be brought into partial circulation. It would remain deposited until taken out for export, and in that case notes to that extent would be withdrawn.[1] The desired object would be attained by making sovereign a current coin. But such a proposition was beset with the difficulty that no combination of Indian coins could express its value and, therefore, it would only be taken at its value in gold. This value, proceeded the Secretary of State, was liable to fluctuate from time to time according to the demand for the metal, and would be determined by traders in whose transactions no State could interfere without serious embarrassment to itself. He, however, did not disallow this clause of the Act, but desired that the powers given by it should only be very sparingly used in the Presidency towns.

The same question was again forced upon the attention of the Government of India as a result of the commercial crisis of 1863-64. The crisis was primarily due to the shortage of ready money. The hardship felt by the commercial circles was so acute that the demand for bringing gold into some form of effective circulation became almost universal. The Chambers of Commerce of

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1. Letters on Finances to India, 16th October, 1861 - 30th September, 1863, Vol.13. Wood to the G.G.-in-C., No.158 of 1862, 16th September.

Calcutta, Bombay and Madras submitted Memorials to the Government of India. Sir Bartle Frere, the Governor of Bombay and Sir William Mansfield, the Commander-in-Chief, gave their strong support to this move.[1]

The case for ~~the~~ introducing a gold currency was admirably expressed by Trevelyan in his Minute. He showed that the monetary crisis of 1865-64 was due to several factors which had been accumulating undetected and were generating a demand for greater and greater quantities of ready money. These factors were the direct result of the great economic changes which India had been going through for some time past. Her external trade had also been revolutionized, because of the increasing demand for her raw produce. The manufacturing countries of Europe, which exported them could not pay back to India in the form of their own industrial manufactures. For example England had been exporting considerable quantities of cotton, which could not be exchanged for her manufactured cloth. In 1863 the export of Indian merchandize amounted to £67,459,795, while the imports were valued at £37,074,967 only.[2] The balance could only be paid in silver bullion which was getting scarce. It was estimated that during the last ten years, the silver imported into India alone, after deducting re-exports amounted to £89,633,792, or within half a million of the entire estimated production of the whole world for the

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1. India. Enclosures to Financial Letters from 1864, 1-99, Vol.67. Minute by Trevelyan, Collection No.89 of 1864.

2. Ibid.

same period. The result was that the great silver reserves of the U.S.A. and France were exhausted.[1] Australia which had a gold standard felt the acuteness more than any other country. In order to pay for Indian produce, it had to export gold bullion to London to be sold for silver, which was again exported to India. These circuitous transactions had considerably deranged the European and American economies. The difficulties were further aggravated by the fact that these countries had also to pay China for her exports in silver, which was the standard there[2].

In India the vast schemes of public works had brought about the employment of labour on an unprecedented scale. Considerable acreage of land had been diverted from the production of grain to that of cotton which was in great demand in Britain.[3] The price of grain had, therefore, risen. These developments had given impetus to the rising cost of living and produced a widespread demand for ready money. The capacity of Indian Mints was limited and they could not cope with it.[4] People had perforce to resort to the use of gold,

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1. Ibid.

2. Ibid.

3. Ibid.

4. Ibid. The average of the money coined during the five months from December, 1862 to April, 1863, was £4,770,467 and even after the powers of the Bombay Mint upon which the chief strain fell, had been greatly increased the average arrear of uncoined silver bullion in the same months in 1863-4 was £3,035,092.

the supply of which in the markets of the world had been increased to £ twenty-five million sterling a year, while that of silver had remained stationary at £ ten million sterling per annum. Thus the assertion of Lord Liverpool had come to be true that sooner or later in a country with expanding commerce, gold would become the principal measure of property and the instrument of commerce with the general consent of the people, in spite of almost any law enacted to the contrary.[1]

On the basis of this elaborate analysis of the difficulties, Trevelyan proposed that by introducing gold considerable relief would be brought to commerce and general public. The proposal envisaged a scheme which provided that British and Australian Sovereigns and half sovereigns should be declared legal tender asequal to Rs. 10/-/-. The Mints were to be declared open to receive gold bullion at the rate so fixed.[2]

The strong feeling in favour of gold was not only confined to India. As has been shown the Indian currency system, based on silver standard, had occasioned much inconvenience to British manufacturing and commercial classes. The question was raised in Parliament by Smith.[3] His arguments were the same as those of Trevelyan. Wood ultimately agreed to

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1. Ibid. In 1860-1, the value of gold introduced in India by sea was £4,242,441, in 1863-4 it had risen to £8,819,765. During the same period silver was re-exported in the proportion of 1 to 4 and gold in that of 1 to 23.
2. Ibid.
3. Hansard CLXXV, 1864, pp. 1578-81.

authorise the Indian Mints to receive sovereigns.[1]

The decision as communicated to the Government of India, eschewed the proposals of Trevelyan. The Government were authorized to revert to the arrangements which were in force up to 1858. Gold Mohurs were then received at Government treasuries on rates fixed by Government. In fact the principle of introducing a double standard had now been conceded.[2]

The demand for gold currency had, in the meantime, become more persistent in India. The Chambers of Commerce had again memorialized the Government on the same subject. The Government agreed to appoint a Commission under the Chairmanship of Mansfield, the Commander-in-Chief, to inquire into the working of the Paper Currency Act of 1861, and to recommend on the feasibility and the manner in which to introduce gold currency in India.[3]

The Commission reported that paper currency had not expanded as was expected, the main reason being the general ignorance of the masses.[4] It endorsed the preponderant

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1. Ibid. pp.1587-88. Also see the "Economist", June 1864, p.802. In an article the "Political Economist" advocated the gold should be placed side by side with silver, without demonetizing the latter.
2. Letters on Finances to India, 30th September, 1863 - 31st December, 1864, Vol.14. Wood to the G.G.-in-C. No.224 of 1864, 26th September.
3. India. Enclosures to Letters from 1867, 1-160, Vol.76. Resolution in the Financial Deptt. by the G.G.-in-C. 3rd February, 1866, Enclosure No.29 of 1867.
4. India. Enclosures to Financial Letters from 1867, 1-160, Vol.76. Report of the Paper Currency Commission 1866, p.7; Enclosure to Letter 29 of 1867, 22nd June. G.G.-in-C. to Wood. Also Halifax Papers. Lawrence to Lord Halifax, 21st April, 1866.

opinion in favour of a "universal note" if necessary precautions against excessive demand on Local Treasuries were taken. It was opposed to reducing the denomination of note to Rs.5/-/- although a vast majority of witnesses had urged its usefulness.[1] It clearly foresaw that the half measures adopted to introduce gold, would ultimately bring it to the position of a legal tender. This process would be accompanied by partial exclusion of silver. It recommended that at that stage by Legislative enactment gold coinage should be fixed on a single standard, reducing silver to tokens of small sums, according to the measures carried out in the U.S.A. in 1853.[2]

The Commission being too official "overshot the mark by an excess of caution".[3] Its recommendations conclusively proved that it designedly subordinated the necessity for a good coinage to a reform of the paper currency, "but it should alarm the currency doctors of the India Office".[4] In fact, the report was as weak as the evidence submitted to it was strong.[5]

Massey, the Financial Member, in a separate memorandum had come to similar conclusions. He had shown that the

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1. Report of the Paper Currency Commission, 1866, p.9, cit. supra.
2. Idem. p.10.
3. The "Friend of India", July 23rd, 1868, p.845.
4. Idem., p.845.
5. Ibid.

circulation of Paper Currency never exceeded £8,000,000 and always bore a small proportion of the total metallic coin. It never formed the medium for the daily transactions of the vast masses. It was in the interior quite often cashed at a discount and failed to fulfil its function as a substitute for and an auxiliary to the metallic circulation.[1]

He was opposed to the half measures adopted on the advice of Trevelyan in 1864, which declared the Mints open to receive Sovereigns at Rs.10/-/-, in payment of public revenue. The result was that gold coins had accumulated in considerable numbers, for which there was no demand. He advocated, as did the Paper Currency Commission that gold coin should be recognized as a legal tender which would ultimately lead to the establishment of the more precious metal as the ruling standard.[2]

The matter still dragged on and no final decision was taken by the home authorities on the recommendations of the Currency Commission in spite of the anxiety of Cranborne and Northcote as "new grooms" to take credit to their party for a reform "so long dawdled over", by their predecessors.[3]

The reason for this unwarranted postponement of an urgently needed measure lay in the methods of the slow-moving machinery of the Indian Government. When the Duke of Argyll became the Secretary of State

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1. India. Enclosures to Letters, 1867, 1-160. Vol. Memorandum by Massey., 2nd February, 1866, p.1. Enclosure to No.29 of 1867, 22nd June, G.G.-in-C. to the Secretary of State.

2. Idem., pp. 2-3.

3. The "Friend of India", July 23rd, 1868, p. 845.

it decided on the basis of the recommendations, to increase the value of Sovereign to Rs.10/4/- hoping to bring Sovereigns into active circulation, with the ultimate object of making gold the standard.[1] The Duke heartily consented to the proposal as it was only experimental.[2]

The progress of the currency reform in India had shown the deplorable lack of the necessary knowledge within the Government of India. It was in its entirety carried out under the guidance which was always detailed from home. The great experience of Sir Charles Wood acquired during the period of his Chancellorship of the Exchequer was the real basis on which the whole scheme was carried out. The Indian authorities while acting on the advice of a Wilson or a Trevelyan proceeded straight, but when got under the grip of an unscrupulous Financial Member like Laing, they blundered.

The real difficulty lay in the difference between the English and Indian conditions. The orthodox rules of Political Economy, in which the British statesmen were educated, tried to confine the operation of the State authority to the minimum in relation to the commercial activity of the community. In India that initiative which had characterized the economic development of Britain was not forthcoming.

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1. India. Financial Letters from 1868, Vol.78: G.G.-in-C. to Argyll No.333 of 1868, 3rd December.

2. Letters to India on Finances, 3rd July, 1868 - 23rd June 1870. Argyll to the G.G.-in-C. No.123 of 24th March, 1869.

Therefore, when the Indian authorities, time and again, insisted to undertake upon themselves, what the home authorities considered to be beyond the legitimate limits of their functions the real difficulty arose. These limits could not be defined exactly, nor much social and economic improvement be made without the active interference of the State. The result was confusion and embarrassment to the State as was witnessed in the failure of the Bank of Bombay. The conclusion remains that the Indian Government left to itself could not successfully undertake the problems of high finance. Its bureaucracy had been trained in the simpler problems of an agricultural economy. The irritating interference of the home authorities with their superior knowledge and experience was more beneficial than has been realized.

CHAPTER V

THE DEVELOPMENT OF EDUCATION.

The control and supervision of the home Government in the field of education was as close and detailed as in other branches of administration. Argyll on one occasion, went to the extent of asserting that "on the subject of education, not only the general principles to be followed, but the outline at least of the measures by which those principles are to be carried into effect, have been the subject of direct instruction from England".[1] At the same time, it is interesting to observe that the principles of the educational policy which were for the first time embodied in a comprehensive and coherent manner, in the despatch of 1854, and formed the basis of the subsequent educational development in India, had been either already practised in India or were worked out by Indian administrators, such as Munro, Elphinstone, Thomason, and several others.

The attitude of the home authorities had also undergone several changes before 1854. The Court of Directors actively encouraged Schwartz, who had started elementary vernacular schools, by sanctioning financial aid.[2] The same policy was continued towards his successors, specially, Sullivan, / the Resident in Tanjal, who had introduced the teaching of English in the higher classes of those schools, in order to create better understanding between the rulers and the ruled. This policy was reversed

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1. Educational Despatches to India, 1869-73, Vol.5: Argyll to the G.G.-in-C. No. 6 of 1870, 26th May, p. 147.
2. Meston, W.: Indian Educational Policy, 1936, p.7. Christian F. Schwartz was a missionary, and had arrived in India in 1749. He died in 1798.

in 1828, because the Court considered it better to encourage higher education.[1]

In the meantime Munro, in his minute of 10th March, 1826,[2] and Elphinstone in his Minute of 1824, emphasized the importance of State aid as an indispensible means for disseminating education among the masses. The latter went much further and stated that English should be the medium for the teaching of European Sciences and in strong terms declared in favour of religious neutrality. He was also opposed to the abandonment of the indigenous system.[3]

In 1813, these sporadic efforts of the home and Indian authorities in the matter of education acquired a more definite shape. The Charter Act provided for a sum of "not less than hundred thousand rupees" for educational purposes.[4] Accordingly in 1823, the Committee of Public Instruction was set up,[5] which came to the conclusion that the amount sanctioned could only be advantageously devoted to the developing of higher education.

This decision set the scene ready for the Anglicist and Orientalist controversy which was ended by Macaulay's Minute of 2nd February, 1835, recommending English to be the medium of instruction.[6] It was accepted by the Government of Lord

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1. Idem., p.10; The Government grant was actually discontinued in 1842.
2. Sharp, H.: Selections from Educational Records, pt.I, 1781-1839, p.74, 1920.
3. Forrest, W.G.:- Mountstuart Elphinstone: Official writings, pp. 79-116, 1884.
4. Philips, C.H.: The East India Company, 1784-1834, p.246, 1940.
5. Idem., p. 246. 6. Sharp, H.: Selections from

William Bentinck.[1]

The Directors, time and again, warned the Indian Government against such a short-sighted policy, stating that the knowledge of European sciences could only be imparted to Indians in their own languages. But financial difficulties forced them to employ the cheaper agency of Indians, who were, therefore, required to be educated in English. The Directors accordingly desired: "the first object of improved education should be to prepare a body of individuals for discharging public duties".[2] Here were some apparent contradictions of policy. Lord Auckland in his Minute of 24th Nov. 1939, tried to strike a balance between the vernacular and English education but he too held that the Government of India could not undertake the elementary education of the masses immediately.[3]

In spite of such difficulties, great efforts were made in the direction of improvising means for a wide-spread elementary education. The most notable was the system, devised by Thomason, the Lieutenant-Governor of the North-Western Provinces. It provided a chain of Schools in the rural areas, initially at an expense of Rs. 36,000.[4] It was approved by the home authorities in 1849 and began to be

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1. Idem. p. 117.
2. Philips, C.H.: op. cit., p. 248.
3. Sharp. H.: op. cit., p. 155.
4. Richey: Selections from Educational Records, 1840-1859, pp. 241 - 242, 1922.

Cameron who had been a Member of the Governor-General's Council and Chairman of the Council of Public Instruction, also submitted an extremely well-marshalled address to the House of Lords. He based his strong arguments for spreading English education on a very detailed evidence, mainly derived from the Roman History.[6]

6. Cameron, C.H.: An Address to Parliament on the Duties of Great Britain to India in respect of Education of the Natives and their Employment, p. 115, 1853.

implemented in 1851.[1] Similar recommendations were also made by Adam in Bengal.[2]

All these efforts, however, remained limited. In 1850, the number of students in the schools and colleges of the three Presidencies did not exceed 23,163. The Lower Provinces had the largest number which amounted to 8,572.[3]

It is, therefore, not surprizing to find that one of the main charges of the opponents of the Company was that it had failed to provide sufficient means for the education of its subjects.[4] Bright repeatedly attacked it on this ground. The same shortcoming was emphatically mentioned in several petitions that were submitted to Parliament in 1852-53, and the necessity for removing the ignorance of Indians was forcefully urged.[5] ✱

The subject of education, among others, was inquired into by the Parliamentary Committees of 1852-53. Several prominent witnesses, such as Marshman, Halliday and Rev. Tucker, gave extremely illuminating evidence and made important proposals which considerably influenced the subsequent educational policy of the home Government.[7]

Marshman and Halliday acknowledged the high character of the instruction imparted in Government Schools and Colleges.

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1. Idem., p. 248. Court to the G.G.-in-C., 3rd Oct., 1849.
2. Richey, J.A.: Selections from Educational Records, Pt.II 1840-1859. 1922
3. P.P. 361, Vol. No. 36, 1852, pp. 3-4.
4. Hansard, Vol.127, 1853, Bright's Speech, June 3rd, 1953, p. 1185.
5. P.P. No. 768, Vol.28, 1852-53, H. of C.C. 5th Report, (1853, (p. 34 Gladstone's evidence, Petition from Manchester, 4th July,/
7. P.P. No. 556, Vol.28 H. of C.C. III Report, 1852-53: Halliday's evidence, 25th July, 1853, pp.54-55; and Marshman's evidence 18th July, 1955, p.25 & pp. 32-33.

The latter also declared that the Government had done their best under the prevailing conditions in India. But both of them urged the necessity of expanding the educational institutions as much as possible. He laid greater emphasis on vernacular education, because, as he stated, the masses could not derive any benefit from higher education. Both of them strongly recommended the adoption of the system of grants-in-aid as practised in England.[1] Halliday also emphasized from the Indian point of view the importance of establishing more institutions on the lines of the College of Civil Engineering started by Thomason in Roorkee.[2] He assured the Committee that no danger, as to the stability of British rule in India, would be caused by the spread of education, because "popular knowledge is safer than popular ignorance."[3]

The most difficult question which had been vexing the home and Indian authorities was the problem of maintaining their policy of religious neutrality, by confining the teaching in Government Schools to purely secular subjects. The missionaries had been continuously agitating in England for the introduction of the Bible in educational curriculum and with the approach of the time for the renewal of the Charter of the East India Company in 1852-53, had redoubled their efforts.

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1. Ibid.
2. Idem. Halliday's evidence, p.65.
3. Idem. , page. 59.

Some missionaries like Tucker, Reverend T. Carr, among others, forcefully urged upon the House of Commons Committee, 1852-53 that the attendance in the Bible class should be made voluntary.[1] The missionaries stated that in their schools they had been following this principle, and that they had not found any visible disinclination on the part of students to keep away from those classes. Nor had the instruction in the Bible proved to be a hindrance in the way of teaching other subjects. On the other hand, Marshman insisted on the continuance of the policy of religious neutrality in Government educational institutions.

These views considerably influenced the subsequent educational policy of the home Government. It was embodied in the Court's Despatch No. 49 of the 17th July, 1854,[3] which together with Lord Stanley's Despatch of 7th April, 1859, formed what has been generally termed, the Indian Educational Code. The objects set forth by the Court were stated to be "not only to produce a higher degree of intellectual fitness, but to raise the moral character of those who partake in its advantages, and so to supply you with servants to whose probity, you may with increased confidence commit offices of

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1. Idem. Halliday's evidence, p.54 and Rev. Tucker's evidence, 28th July, 1853, p.96

2. Idem. Marsham's evidence, p.26, cit. supra.

3. P.P. No. 393, Vol. 47, H. of C. 1854. Court to the G. G.-in-C., No. 49 of 1854, 19th July, p.1.

trust."[1] More important still was the emphasis laid upon the close connexion between the material interests of England and the spread of European knowledge in India, because it was believed that the resultant Europeanization of tastes and manners would create a widespread demand for English manufactures and would lead to the development of the vast resources of the country, so urgently required for the industries of Britain.[2]

These conceptions reflected a marked change which the educational policy of the home Government had gone through under the impact of the rapidly changing social and economic conditions. Provision was made for the establishment of Universities in the Presidency towns / on the model of the University of London. The teaching of Eastern sciences and philosophy was contemptuously set aside, as it "abounded with errors", and also because Eastern literature was very deficient with regard to works on modern scientific discoveries and improvements.[3] They, however, did not desire to diminish the facilities provided for the study of Sanskrit, Arabic and Persian, because these languages were considered useful for carrying on research in the historical and antiquarian subjects and for the study of the Hindu and Muslim Law.[4] At the same

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1. Idem. p.1.
2. Ibid.
3. Idem, p.2.
4. Idem, p.2.

time, the necessity to improve vernacular languages and to teach them side by side with English, was wisely stressed, although the latter was declared to be the medium of instruction and learning.[1] But it was admitted that the vast masses could only acquire knowledge through the medium of vernaculars, which had already been substituted for Persian in the administration of justice and official intercourse.[2] The Court, therefore, directed the Government of India to encourage and aid the indigenous schools, on the lines adopted by the late Lieutenant-Governor Thomason in the North-Western Provinces. In order to facilitate the execution of this ambitious project they sanctioned the system of grants-in-aid.[3] The aim set forth was to have one vernacular school in every district, as was originally proposed by Halliday.

The home authorities were not unmindful of the importance of technical education, specially of the kind which might improve agriculture. They insisted that Professorships of Civil Engineering should be provided in the Universities, which were proposed to be established as the apex of the new educational system, on the lines of the University of London. They highly appreciated the results of the experiments of Thomason who had founded the College of Civil Engineering at Roorkee. They further stated that

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1. Idem., p.2.
2. Idem., p.3.
3. Idem., pp. 8-9.

institutions like the School of Design and Industry, started by Dr. Hunter in Madras, must be established so as to enable the "natives" to lead more useful professions in life.[1]

Muslims, for several reasons, had not so far shared the benefits of the new system of education. But in the later nineteenth century their attitude had changed and they were demanding facilities for their education. The Court welcomed this change and directed the Indian authorities to devise measures to educate the Muslims and assured them to sanction the necessary expenditure.[2]

The important subject of female education was also included in this all-embracing scheme of education. The Court emphasized its encouragement in every form, because they hoped that by this means "a far greater proportional impulse is imparted to the educational and moral tone of the people than by the education of men".[3]

The policy of religious neutrality in education, to which the home and Indian Governments had most determinedly adhered, was firmly reiterated.[4] The Bible, as before, was permitted to be placed in the schools and colleges and the students were left free to consult it. But any explanations asked by them were to be given only outside school hours and the inspectors of schools were to be instructed not to take any notice /

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1. Idem., p. 6 and p. 15.
2. Idem., p. 15.
3. Idem., p. 16.
4. Idem., p. 6.

notice of this aspect of educational activity in schools.[1]

The Government of India immediately took steps to implement these orders, but their progress was considerably limited by the financial difficulties and the reluctance of the home authorities to sanction except what they considered to be extremely essential. Besides, the outbreak of the Mutiny in 1857 also put a brake on the educational development, as Reid, the Director of Public Instruction in the North-Western Provinces, remarked: "The terrible convulsions of 1857 have inflicted on the educational prospects of these provinces an extent of injury which it may take years to restore".[2]

Again, on the assumption of the Government of India by the Crown, when the entire field of Indian administrative policy was reviewed, the subject of education was also re-examined. Lord Stanley, in his famous Despatch of 1859, noted with satisfaction the educational progress made in India, specially the establishment of Universities in the Presidency towns, consequent on the orders of 1854.[3] At the same time, he pointed out that there had been no marked increase in the number of vernacular schools, although the home authorities had laid great emphasis on the promotion of that branch of education.[4] He also regretted that Indians

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1. Idem., p.16.
2. Educational Despatches to India, 1859-60, Vol.1: Stanley to the G.G.-in-C., No.26 of 1859, 15th December, p.348.
3. Educational Despatches to India, 1859-60, Vol.1: Stanley to the G.G.-in-C., No. 4 of 1859, 7th April, pp. 2-3.
4. Idem., p.8.

had not taken advantage of the system of grants-in-aid, with the result that the missionary High Schools continued to be its sole recipients.[1]

With regard to the future course of policy, he desired that expenditure should be reasonably well-proportioned between the charges on controlling establishment and direct measures of instruction.[2] The controlling officer was to act as a channel between the community at large and the Government, in order to promote and encourage the measures of education.[3] The educational appointments were strictly reserved to academic men.[4] Nor was any person destitute of elementary education was to be appointed to a post carrying a salary of more than Rs.6/-/- per month.[5] In the end he reiterated the policy of religious neutrality, and desired that an inquiry should be instituted in order to find the truth or otherwise of the alleged connection between the Mutiny and the educational policy.[6] These instructions of the Secretary of State were promptly embodied in the resolution of the 15th July, 1859, which was communicated to the several Local Governments and Administration for immediate implementation. The latter were also directed to

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1. Idem., p.13.
2. Idem., p.15.
3. Ibid.
4. Idem., p.15.
5. Idem., p.21.
6. Idem., p.22.

report on the educational progress which had been made within their respective jurisdictions, consequent on the orders of the Court of Directors of 1854.[1]

It is difficult to say how far the educational measures of the Government of India provided some of the contributory causes for the outbreak of Mutiny. But Khan Bahadur Khan, the rebel leader of Bareilly, in common with the rebels in Delhi regarded the knowledge of the English language as a tie to the British Government and, therefore, harshly treated several students of English.[2]

It is interesting to note that in the Bareilly College, oriental teachers and students showed more insubordination, while English scholars maintained "their conduct of wonted respect". The Head Moulvie was directed to retire from that city, because his influence among the Muslims was great.[3] At Agra and Delhi Colleges also similar reactions occurred. In the former, of the six Arabic teachers, four deserted after the battle of the 5th July, 1857. One of them proceeded to Delhi and assisted the Mutineers throughout the siege. A second resided with his brother who was detected to be actively engaged in a treasonable correspondence. The fate of the third could not be ascertained, while the fourth went to his home and never reported till

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1. Collections to Educational Despatches to India, 1859, Vol. 1: Coll. No. 21 of 1859, Resolution, 15th July, 1859 and G.G.-in-C. to the Secretary of State No.23 of 1859.
2. Collections to Educational Despatches to India, 1859. Vol. 1: Collection No. 3 of 1859, Report of the Director of Public Instruction (D.P.I.) N.W.P. 1856-57. p.6.
3. Idem., P.5.

after the fall of Delhi, and consequently was not allowed to return to his appointment.[1]

The Benares College, because of the arrangements made by the British troops, was spared from such a fate. After the Mutiny, its Persian and Arabic Departments were cleared of the bigots and were not allowed "to foster Mussalman fanaticism".[2]

The experience of Fallon, the Superintendent of Education of /Ajmere -Merwara, also confirmed the same conclusion. He stated: "Students and teachers, unacquainted with English books were tainted. They were told that/the English Raj was doomed; but our better English students of the senior classes, who certainly possessed, because of their better knowledge more opportunities of discovering the truth, showed proportionate confidence in British supremacy".[3]

These happenings proved that the English language and English education were sufficiently strong ties of loyalty to the British rule. Reid, the Director of Public Instruction, therefore, remarked: "The experience gained in 1857 doubtless proves the expediency of placing within the reach of the natives of India, the means of and the opportunities for, acquiring the knowledge of English language."[4]

In 1862, as directed by Stanley, the Government of India

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1. Idem., p.8.
2. Idem., p.12.
3. Idem., p.13.
4. Idem., p.4.

carried out a comprehensive survey of the state of education in India. It revealed that as the result of the efforts of the Government, considerable progress had been made but, it was admitted, that more emphasis was laid on consolidating the results so far achieved.[1]

The Universities at the three Presidency Towns were established in 1857 and were imparting education in the faculties of Arts, Law, Medicine and Civil Engineering. In the Presidency of Bengal, there were fifteen colleges, five being in the North-Western Provinces and one in the Punjab.[2] But the total number of institutions attached to it was twenty-two. The Madras University had the affiliation of nineteen institutions while to that of Bombay, the only institutions attached were the Elphinstone and Poona Colleges of Arts, the Government Law School and the Grant Medical College.[3]

In all there were thirteen colleges for general education and ten for special education. The average number of attendance in the former was 1,824 and in the latter 888.[4] The total Government grant to these colleges amounted to £8,07,689, and was fairly equally distributed

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1. Collections to Educational Despatches, 1862-64, Vol.10. Collection No. 21 of 1862; A Note on the State of Education by Monteath, Under-Secretary, in the Home Department; p.12.
2. Idem., p. 7 and p.12.
3. Idem., p. 10.
4. Idem., p.11.

between the two, the general and special education.[1]

While considerable attention of the Government was concentrated on higher instruction, education in its lower stages, the importance of which had been repeatedly emphasized by the home authorities, was not neglected. The total number of schools, comprising those of higher, middle and lower classes, and normal schools for special education was 6,166. The largest number, 3,105, of these schools, was in the North-Western Provinces and the lowest being 203, was in Madras, while Bombay had 233 schools, Bengal 270 and the Punjab 1,952. The number of normal schools did not exceed 28 and of those imparting special education only seven. The total number of students in all these institutions was 178,768 and the aggregate cost incurred amounted to Rs.14,34,722.[2]

These schools were designed for the education of the masses. The upper and lower grade schools were situated in villages while those of the higher class were in towns.[3] They were more numerous in the North-Western Provinces, as the result of the admirable efforts of and the highly organized system devised by Lieutenant-Governor Thomason. It was partly self-supporting and partly based on Government

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1. Ibid.
2. Idem., p.28.
3. Idem., p.35.

grants.[1] Commenting on the effects of the Thomasonian system, Reid, the Director of Public Instruction in the North-Western Provinces, stated that it had revolutionized the elementary education.[2]

In 1870 the Government of India again reviewed, on an all India basis, the growth of education in order to find out how far the principles, laid down by the home authorities, had been implemented. The results of the inquiry were not encouraging. The number of students in the colleges both Government and aided, had risen to 2768, and in all the educational institutions, put together, it had increased to 621,332. In Bengal there was one student out of every 328 people and in Madras one in 578.[3] This deplorable state of education was generally recognized and so also the need for greater efforts. At a meeting of the East India Society in London, Dadabhoy Naoraji, expressed most serious dissatisfaction with the slow progress of education in India. He stated that it was necessary to educate the people in order to acquaint them with the advantages of British rule in India.[4]

In fact, the growth of education had been retarded by the financial difficulties of the Government of India. In their Despatch No. 86 of June 22nd, 1858, the Court of

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1. Idem., p.38.
2. Ibid.
3. P.P. No.397, Vol.52, 1870, p.5.
4. Journal of the East India Association, 1867-68, Vol.II, p.298.

Directors had prohibited any increase of expenditure for educational purposes, without their previous sanction. In 1859, when the Government of Bombay submitted the proposal, among others, for strengthening the staff of the Elphinstone Institution, at an expense of Rs.1250/-/-, Stanley withheld his sanction and referring to the Court's Despatch, stated that any new expenditure should only be incurred "in cases, if not of absolute necessity, at least of very exceptional interest and importance".[1] This policy was consistently followed, although the expenditure on Education, Arts and Sciences, had increased from £195,494 in 1856-57, when the Imperial Revenues were £29,702,854 to £763,230 in 1866-67, when the revenues were estimated at £46,752,800.[2]

The home authorities had declared in 1854, that as a Government they could do no more than to aid and direct the efforts of the people. It was realized that the masses, predominantly composed of the agricultural classes, were "utterly incapable of obtaining an education worthy of the name by their own unaided efforts".[3] The Court, therefore, provided for the institution of the system of grants-in-aid.

In addition to this in 1859, Stanley recommended to the Government the Thomasonian plan which had been successfully worked in the North-Western Provinces and had been ~~so~~ duly

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1. Educational Despatches to India, 1859-60, Vol.1: Stanley to the G.G.-in-C., Bombay, No. 8 of 1859, 12th May.
2. P.P. No. 397, Vol.52, 1870, p.9.
3. Idem, p.9.

sanctioned by the home authorities in 1856.[1] That plan envisaged the levying of a compulsory cess amounting to one per cent. of the land revenue. The system of the elementary schools built up from the funds so realized was called the "Mulkabundee or Circle System". Under it, several villages were grouped together, and at a central situation, which was not to be more than two miles distant from every village, a school was set up.

This principle was adopted by the Presidencies of Bombay and Madras, and also by other Provinces. In Bombay, the rate of the cess was fixed at one anna in the rupee, which amounted to 6¼ per cent. and was being levied since 1863-64.[2] Unfortunately in Madras, the operation of the Act of 1863 which provided for such a cess, was not much successful.[3] In Bengal no such cess was imposed, because of the difficulties created by the terms of the Permanent Settlement, but elementary education was being carried on.[4]

In 1854 the Court of Directors had clearly stated that they aimed at substituting the system of the grants-in-aid for any general system of education entirely financed by the Government. This principle was reiterated time and again by the successive Secretaries of State.[5] The Government of

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1. Educational Despatches to India, 1859-60, Vol.1: Stanley to the G.G.-in-C. No. 4 of 1859, 7th April, p.7.
2. P.P. No. 397, Vol.52, 1870, p.17.
3. Idem. p. 16.
4. Idem., pp.17-18.
5. Idem., p.9; quoted from the Despatch No. 12 of 31st Mar. 1864, by Howell, in his "Note on the State of Education

866-67', p.9.

India, accordingly adopted a Resolution in 1869, in which a gradual withdrawal of the entire financial help from the public funds to the higher education was decided upon, "not merely for financial but for political administrative reasons"[1]. It was also proposed to levy a cess in Lower Bengal, as had already been done in other Provinces, for the purposes of primary education.[2]

This Resolution was communicated by telegraph to the Secretary of State. The latter deprecated this method stating that it was couched in such general terms that he could not give his opinion.[3] In reply, the Government of India explained the provisions of the Resolution in great detail and politely protested against the remarks of the Secretary of State. It was stated that the preparation of the detailed instructions was the duty of the Government of India, otherwise most serious and dangerous delay would be occasioned in executing important matters of policy.[4]

Argyll approved the policy laid down in the Resolution, but with regard to the remonstrance of the Indian authorities, he remarked: "But I must remind you, that on the subject of education, not only the general principles to be followed, but

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1. P.P. No. 397, Vol. 52, 1870. Enclosure to No. 14 of 1869, 18th Oct., G.G.-in-C., to Argyll, p.467.
2. Idem., G.G.-in-C. to Northcolt, No.8 of 1868, 9th June, 1818, p.290.
3. Idem. Argyll to the G.G.-in-C., No. 12 of 1869, 14th December, pp.472-473.
4. Idem. G.G.-in-C. to Argyll, No. 3 of 1870, 8th February, pp.473-474.

the outline at least of the measures by which those principles are to be carried into effect, have been the subject of direct instructions from England."[1]

The execution of these measures was considerably delayed by the opposition of the Lieutenant-Governor of Bengal, who declared that the levying of the proposed cess would be contrary to the terms of the Permanent Settlement, although he had raised no such objections to a similar impost which was levied for the purposes of constructing local roads.[2] The Government of India did not accept his views and considering themselves in the right, referred the matter to the Secretary of State. The latter concurred with the views expressed by the Government of India, stating that general measure of taxation could in no way be contrary to the terms of the Permanent Settlement.[3] He, however, failed to carry with him a strong section of his Council, among whom were included Macnaghten, Perry, Prinsep, Halliday, Currie and Mangles. They supported the view of Grey, the Lieutenant-Governor of Bengal.[4]

The decision of the Secretary of State failed to put an end to the controversy. Grey maintained that the aim of the

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1. Educational Despatches to India, 1869-73, Vol.5: Argyll to the G.G.-in-C. No. 6 of 1870, 26th May, p.147.
2. P.P. No. 397, Vol.52, H. of C., 1870, G.G.-in-C. to Argyll, No. 17 of 1867, 31st December, pp.481.
3. Educational Despatches to India, 1869-73, Argyll to the G.G.-in-C., No. 5 of 1870, 12th May, p.121.
4. P.P. No. 397, Vol.52, H. of C., 1870; Minutes of Dissent, pp.554-556.

Government of India was to withdraw all support from English education and to make it self-supporting.[1] The Director of Public Instruction[2] and Justice Markby[3] of the Calcutta High Court also held similar views. The Government of India was already extremely irritated by the obduracy of the Government of Bengal and therefore decided not to enter into any further discussion with them.

The opposition of the Provincial Government was not the only one which the Supreme Government had to encounter. There was a widespread resentment among the public and several big meetings were held, among others, in the Presidency Division, the Twenty-Four Pergunnas, Pubna, Rajshahye Division, Dacca Division and Moorshedabad.[4] The most important meeting was, however, held in the Calcutta Town Hall on the 2nd July, 1870. It declared its unanimous support for the stand taken by Grey.[5] It considered the new policy harmful, because it would discourage English education, which was extremely useful for the public services. It was also asserted that the spread of vernacular / education was mainly the result of the efforts of those who had

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1. Collections to Educational Despatches, 1870-71, Vol.13. Collection No. 1 of 1871, G.G.-in-C. to Argyll, No.11 of 1870, 25th October, 1871, pp. 1-2.

2. Idem. See the D.P.I. to the Secretary of the Government of Bengal, No. 2553, 10th June, 1870.

3. Idem. Justice Markby to the D.P.I., 23rd May, 1870.

4. Idem., p. 24.

5. Idem., pp. 4-5.

acquired English education.[1]

The "Bengalee", criticising the new policy wrote: "Reduction! Reduction! Reduction! Like the Saracen's age, it spares neither the heathen idols, nor the Greek learning noble Viceroy seems to carry reduction to vengeance".[2]

While this storm of opposition was raging against the policy of the Government of India, Argyll sustained its authority by strongly approving its policy. He accepted the explanation given by it and hoped that the misapprehensions created would be dispelled.[3]

Even this prompt intervention of the Secretary of State in support of the Government of India could not put an end immediately to the opposition in the public, although it was sufficiently toned down. From June to December, 1872, many public meetings were held in the Lower Provinces of Bengal. Finally a petition was submitted by the Rajshahye Association on the 23rd December, 1872, in which serious objections were raised against the reduction in certain colleges for general education.[4]

The Government of India assured the memorialists that their apprehensions were without any foundation and that the

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1. Ibid.
2. Idem. The "Bengalee" June 18th, 1870, p. 197.
3. Educational Despatches to India, 1869-73, Vol.5: Argyll to the G.G.-in-C., No. 1 of 1871, 9th March, p.202.
4. Collections to Educational Despatches to India, 1872-76, Vol.14: Collection No. 3 of 1873; G.G.-in-C. to Argyll No. 1 of 1873, 14th February.

sum of Rs.20,000 saved by the new measures of economy would be allotted for instruction in physical sciences, surveying, drawing and other useful arts. Moreover, it was also stated that the Government had no desire to discourage English education.[1]

No sooner had the Government of India freed itself from the tedious controversies with the Government of Bengal than it took up another important matter to which the home authorities had repeatedly invited its attention. On the 7th August, 1871, it adopted a Resolution, which proposed to provide schooling facilities for Muslims, by encouraging their vernaculars and classics and by employing Muslim teachers in Government schools.[2] It was primarily based upon the recommendations of the Committee which had been appointed in 1858 to inquire into the condition of the Muslim institution; the Calcutta Madrissah. It had been founded by Warren Hastings in 1781, in order to obtain Mohammedan officers for the public services. Its usefulness had been greatly curtailed when English became the official language and Government employment was thrown open to those who had a knowledge of that language.[3] That Committee consisted of Maulvie Abdul Lateef, C. H. Campbell and J. Sutcliffe. It

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1. Idem. Resolution of the Government of India, in the Home Deptt., (Education), 31st January, 1873.
2. Collections to Educational Despatches to India, 1870-71, Vol. 13: Coll. No. 12 of 1871, G.G.-in-C. to Argyll, No 10 of 1871, 17th Aug.; and Resolution in the Home Deptt. (Education) Simla, the 7th Aug., 1871.
3. Idem., D.P.I. to the Government of India, No.185, 11th May, 1858.

came to the same conclusions as the Director of Public Instruction, and recommended that the Madrissah should be maintained and its teaching should be modernized.[1]

The Director of Public Instruction and the Lieutenant-Governor considered that instruction in Arabic and Persian alone would encourage Muslim hostility to British rule, as had recently been witnessed in the course of the Mutiny. They, therefore, recommended that English should also form part of the instruction to be given at the Madrissah.[2]

In 1868, the Government of India had adopted very important measures which, although limited in its effect, considerably widened the scope of its educational policy. Its origin could be traced to a remark which Davies, the Financial Commissioner of Oudh, had made in his Report for the year 1865-66. He repeated the objections which had been time and again emphasized by St. George Tucker, against the policy of shutting out "Native officers" of ability from high administrative preferment. The Government, thereon, inquired from Davies if he could suggest any remedy.[3] Northcote, the Secretary of State, also enjoined upon the

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1. Idem. Report of the Committee, forwarded with No.632 of 28th February, 1871, Government of Bengal to the Government of India, pp. 1-8.

2. Idem., Minute by the Lt-Governor of Bengal, 15th Sept., 1858, p.16.

3. India. Collections to Revenue Despatches, 1867, Vol.18: Collection No. 33 of 1867: J.W. Wylie, Secretary to the Government of India (Foreign Deptt.), to the Chief Commissioner of Ough, No. 2, 4th January, 1867. Tucker, was an Indian civilian and subsequently rose to be the Chairman of the Court of Directors. He died on the 14th June, 1851, D.I.B.S.V. Tucker, Henry St. George 1906.

* India. Revenue Despatches, 1868, vol. 16: Northcote to the G.G.-in-C., No. 10 of 1868, 8th Feb.

former to consider the subject carefully.[1] The Government of India accordingly passed a resolution on the 19th August, 1867, in which the eligibility of "Indians" for high administrative posts was recognised.[2]

Sir Stafford Northcote, highly commended this measure, declaring that Indians had a preferential claim to several jobs which were conferred upon Europeans.[x] Soon after the Government of India instituted a scheme which provided for nine scholarships to be awarded for higher education in England. It was intended to enable Indians to compete at the Examinations which were held in London for recruitment to the Indian Civil Service. Three of these scholarships were to be given by competition, but six were specially earmarked for being awarded by nomination to "sons of native gentlemen".[3]

Argyll recognized the necessity of these measures, because the regulations which required that the competitive examinations for the recruitment to the Covenanted Civil Service should be held in England, had resulted in the complete exclusion of Indians from that Service. He also welcomed the allotment of the greater number of scholarships to persons of rank and social position, whose influence he considered to be very strong in India.[4] But he desired that

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1. India. Revenue Despatches, 1858-1867, Vol.4: Northcote to the G.G.-in-C., No. 33 of 1867, 31st May.
2. India. Educational Despatches, 1869-73, Vol.5: Argyll to the G.G.-in-C., No.4 of 1870, 31st March, p.98, gives the brief history of the case.
3. Educational Letters, received from India, 1861-70, Vol.2: G.G.-in-C. to Argyll No.9 of 1868, 7th July, p.34. Also Collections to Despatches to India 1868-69, Vol.12: Collection No.20 of 1868 contains the Resolution.
4. Educational Despatches to India, 1869-73, Vol.5: Argyll to the G.G.-in-C. No. 3 of 1869, 8th April, pp.4-5.

the scheme should remain of an experimental character, because a Bill was going through Parliament, in order to empower the Government of India to appoint Indians to high offices according to their qualifications.[1] That Bill was passed on the 25th March, 1870[2] and, therefore, the scheme providing scholarships for higher studies in England was terminated.[3]

One of the important features of the educational policy of the East India Company was its insistence on religious neutrality in Government institutions. In 1842 the Court of Directors had peremptorily set aside the appointment of two clergymen to the Local Committees of Public Instruction in Bengal and had in unequivocal terms declared against the employment of men of that calling in the Educational Department.[4] In 1857, the Government of Bengal tried to obtain a relaxation of this order on the basis of certain known instances, where the Court of Directors had sanctioned the appointment to educational posts of two missionaries in the Presidency of Bombay. The Court reiterated their policy of

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1. Idem., p.6.
2. Mukerjee, P.: Indian Constitutional Documents, Vol.I, pp.225-226.
3. Educational Despatches to India, 1869-73, Vol.5: Argyll to the G.G.-in-C. No. 4 of 1870, 31st March, p.98.
4. Collections to Educational Despatches, 1860, Vol.6: Collection No.21 of 1860, G.G.-in-C. to Wood, No. 9 of 1860, 8th May; and the Enclosed Resolution of the 7th January, 1860.

religious neutrality and stated that the instances referred to by the Government of Bengal were only exceptional.

On the assumption of the Government of India, by the Crown, Lord Stanley confirmed the same policy in his despatch of 1859. It aroused the deepest indignation among some of the religious Societies, and an association, the "Bible Education Committee for India" was organized under Lord Shaftesbury, for agitating the question in Parliament.[2]

When Wood became the Secretary of State, he had to face a storm of opposition from the missionaries. Several deputations sponsored and led by eminent personalities, like the Duke of Marlborough, Lord Shaftesbury and the Archbishop of Canterbury waited on Wood and strongly urged for the introduction of the Bible in Government schools.[3] Wood personally believed that Christianity could best be promoted by voluntary efforts and was, therefore, opposed to their proposal.[4] He, however, told them that students were free to study the Bible outside school hours and also to consult the teachers on their own accord.[5] The deputations seemed to be satisfied with this reply, but insisted that the Government of India should be officially informed accordingly. Wood refused to do so, stating that he was awaiting the opinions of the Governor-General and other high officers in India on the whole policy to be pursued with regard to Government education.[6]

The missionaries remained dissatisfied and continued /their

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1. Ibid.
2. The "Economist", 1859, p. 646.
3. Halifax Papers: I.O.C., L.B., Vol.1, 1859, Wood to Canning, 26th August, 1859, p.90.
4. Idem. Wood to Trevelyan, 11th July, 1859, p.36.
5. Idem. Wood to Canning, 26th Aug. 1859, p.90. 6. Ibid.

their agitation. Lawrance encouraged them, but Halliday, another member, a former Lieutenant-Governor of Bengal, and Gordon and Pratt, two retired Bengal civilians, were openly opposed to any departure from the principle of religious neutrality.[1]

The matter was ultimately brought to a head when the Government of Bengal in 1859 again urged the removal of the ban placed upon the employment of clergymen in the Educational Department.[2] Wood took a more favourable view of the question and stated that the disability attached to the clergymen was incompatible with the general principle on which the Government of India had been and ought to be conducted.[3] But cautiously added that before making any such appointment the character of the individual and probable effect, it was likely to create among the peoples, must be taken into careful consideration.[4]

In a separate despatch to the Government of Madras, he reiterated the same views, and sanctioned the appointment of the Reverend Perceval, as a teacher in a Government school, but disallowed that of Dr. Gundert, as an Inspector of Schools, fearing that Indians could have no confidence in

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1. Ibid.
2. Collections to Educational Despatches, 1859, Vol.3: Collection No. 15 of 1859: Buckland to Beadon, No.722 April 7th, 1858, and Memorandum by the D.P.I., May 14th 1858.
3. Educational Despatches to India, 1859-60, Vol.2: Wood to the G.G.-in-C. No. 15 of 14th Oct., 1859, p.288-291.
4. Ibid.

him, because he had recently been engaged in proselytizing activities.[1]

The principles thus evolved were subsequently embodied by the Government of India in a notification. It removed the ban which had been placed by the Court of Directors, on the employment of Clergymen in the Educational Department. But unwisely it was also added that "no one who is or has recently been engaged as a missionary is eligible for such employment and that no Clergyman or Minister can be employed in the office of the Inspector of Schools."[2]

Wood approved the general tenor of the notification, as it was in accordance with his orders.[3] He, however, raised most serious objections against its last provision, explaining that he had intended to close only the Educational Inspectorate to missionaries, because in several instances they had failed to conform to the principle of non-interference in the religious affairs of the Indians.[4]

These measures caused a great stir in Parliamentary circles and Wood was exasperated. He wrote to Canning: "I have great difficulty in holding my position and you have made it more difficult. I approve what you did, but do not give your opponents an advantage over you.[5] Missionaries

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1. Educational Despatches to Madras, 1859-60, Vol.1: Wood to the G.G.-in-C. No. 7 of 1859, 14th Oct., p.83-87.
2. Collections to Educational Despatches, 1860, Vol.6: Notification No.86, the 30th March, 1860.
3. Educational Despatches to India, 1859-60, Vol.2: Wood to the G.G.-in-C. No. 21 of 1860, 9th Aug., p.495.
4. Ibid.
5. Halifax Papers: I.O.C., L.B., Vol.3, 1860: Wood to Canning, June 27th, 1860.

After this controversy the missionaries did not stir up any further agitation, and the home and Indian authorities successfully adhered to their traditional policy of religious neutrality in Government institutions. Although it had been relaxed in some of its important features by throwing open educational employment to the missionaries, yet in its general tone, it still remained its original characteristics.

are calling your Government un-Christian. I said that natives have no confidence in an Inspector of Schools, who was engaged in proselytizing. You say that 'one engaged as a missionary would not be employed in the Educational Department'".[1]

He was, however, not well-disposed towards the missionaries, as he himself resentfully wrote to Canning: "Missionaries are mischievous enough. I do not want to provoke them, because they can get up a cry here, which people unacquainted with India think very fine and harmless".[2]

Canning expressed his regret, stating that the instructions from home were not clearly understood.[3] Wood was thus sufficiently soothed down and in reply remarked: "I do not want to give fanatical people an opportunity here. Last summer everybody at the elections was attacked about our placing a ban on the Bible. Candidates pledge themselves so readily that they might commit any folly".[4] *

With regard to the educational policy, it can safely be said that on the whole it was comprehensive and ambitious; and accordingly laid emphasis on all sides and aspects of education. The main hindrance in its successful

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1. Ibid.
2. Idem. I.O.C., L.B., Vol.4, 1860, Wood to Canning, Aug. 10th, 1860, p.14.
3. Idem. Canning to Wood, August 6th, 1860.
4. Idem. I.O.C., L.B., Vol.4, 1860, Wood to Canning, September 14, 1860, p.152.

execution were the financial difficulties of the Government of India and the immense extent of the territory and the population. Some of the important features of this policy and the methods for executing it, such as the system of grants-in-aid and the Educational Inspectorate, were mainly borrowed from the English pattern and were remodelled to suit the peculiar circumstances of India, in accordance with the suggestions of experienced British Indian officers.

In fact the greater part of the Indian educational system, the principles of which were embodied in the two Despatches of 1854 and 1859, was the synthesis of the several sporadic schemes that had been worked out and executed in India during the period from 1783 to 1850. At its apex were constituted the three Universities, which were modelled in accordance with the English practice and experience. In this process of the systematization of educational administration and policy the home Government played the leading role. Moreover, the close control of the Secretary of State was a source of considerable strength to the Government of India. It was the prompt and determined intervention of Argyll, in the teeth of the opposition of a strong section of his Council, that enabled the Supreme Government successfully to encounter the obstinate opposition of the Lieutenant-Governor of Bengal, whose hands had been sufficiently strengthened by the support he was receiving from the peoples of his Province.

Another important development took place during this period in [illegible] the relationship between the Government and

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the Press. The story of this relationship is an extremely interesting one in the British Indian history. Before 1858, Government was content by making censorship laws and regulations which were sometimes relaxed and sometimes were made more rigorous. During the sixties this policy underwent a gradual change and the Government began contemplating to organize its own publicity services in order to counteract the anti-Government propaganda of the Press.

As early as April 1860, while reviewing the quarterly Educational Narrative of the North-Western Provinces, Wood had made some interesting comments on Lieutenant Fuller's Report on the Indian Press. He had directed the Indian authorities to make a report, dealing with the policy and the degree of popularity of publications.[1] He had also emphasized the importance of giving encouragement to liberal papers, by allowing them subscriptions and to afford them correct information of public affairs.[2] In the following years, it became the usual practice for the Directors of Public Instruction in the several Provinces and Presidencies to prepare annual reports on the Presses and publications for submission to the Secretary of State.[3]

It was, however, soon realized that some more elaborate

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1. Educational Despatches to India, 1859-60, Vol.1: Wood to the G.G.-in-C. No. 11 of 1860, 24th April, p.447.

2. Ibid.

3. For instance see India Public, Post Office, Letters received for 1868, Vol.10: G.G.-in-C. to Earl De Grey & Ripon No.30 of 1866, 7th June, p.249, forwarding a Report from the D.P.I., N.W.P., on the Indian Presses for the year 1865.

and direct measures were necessary in order to protect the Government against the misrepresentation and the malicious attacks of the Press. Elgin on his arrival in India, noticed this markedly hostile attitude of the Press towards the Government and complained to Wood. The latter only replied stating: "Press in England has supported our measures, unlike the one in India".[1] The matter was, however, allowed to lie dormant for two years.

In 1864, during the Governor-Generalship of Lawrence, a more positive step was taken, and with the full concurrence of the home authorities, an "Editors Room" was opened, where papers considered most useful to public were placed, side by side with the details and the defence of Government policies, as published in the "Supplements" of the Government Gazette.[2]

The working of this scheme during the next four years conclusively demonstrated its inadequacy in proportion to the task, which it avowed to accomplish. Lawrance was extremely annoyed by some remarks which the Indian Press made against the Government.[3] In order to counteract such malicious representation of Government policies by the Press, he proposed to start a Government newspaper.[4] Mansfield, the

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1. Halifax Papers: I.O.C., L.B., Vol.11, 1862, Wood to Elgin, October 9th, 1862, p.180.
2. India. Public, Post Office (P.O.) and Ecclesiastical Letters Received, 1867, Vol.11: G.G.-in-C. to Northcote, No.147 of 1868, 2nd October, p.309.
3. Barns, Margarita: The Indian Press, p.262., 1940.
4. Ibid.

Commander-in-Chief, accordingly prepared a Memorandum in which he successfully made out a case for a Government organ. It was endorsed by Lawrance who privately forwarded it to Wood.[1] The latter declared that in England such a proposal could not be worked out, but admitted that Indian circumstances were altogether different.[2]

In 1868 the Government of India formally submitted to the Secretary of State, their plan for the establishment of a Government newspaper. Although the latter had no objection, the scheme fell through owing to the financial embarrassment.[3] Lord Mayo's Government had, therefore, to content itself with less ambitious measures. It decided to appoint one special clerk in each of its important Departments for preparing daily for the Press a precis of intelligence, which was to be given after approval of the Secretary and the Member in Charge.[4] The Secretary of State most willingly accorded his sanction to this measure.[5] So was laid the foundation of what in course of time developed into a highly organized Government publicity service.

From the point of view of historical and cultural interest, the formation of the Department of Archaeology constitutes

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1. Halifax Papers. Lawrance to Wood, Oct. 21st, 1865.
2. Idem. I.O.C., L.B., Vol.22, 1865-66, Wood to Lawrance, February 3rd, 1866, pp.161-163.
3. Barns, Margarita: Press in India, p.262, 1940.
4. India. Collections to Public Despatches, 1869, Vol.50, Collection No. 25 of 1869, G.G.-in-C. to Argyll, No.192 of 1868, 31st December.
5. India. Public Despatches, 1869, Vol.12: Argyll to the G.G.-in-C. No. 25 of 1869, 25th February, p.49.

constitutes an important event of the early post-Mutiny period. In 1863 General Cunningham's report on Magadha and some other Buddistic site and remains was forwarded to Wood.[1] He greatly admired it and encouraged the Government of India to discover historical facts. It also excited great interest among several orientalists.

But no further steps were taken till 1867, when the Government of India issued a circular to all the subordinate Governments and Administrations on the subject of conserving and photographing ancient architectural structures or their remains, and other works of art".[3] Northcote warmly approved this measure and desired that copies of all such photographs should be sent to the India Office in London. The Lords of the Committee of the Council of Education, in England, became greatly interested in these schemes and placed at the disposal of the Secretary of State the "Casts of parts of various buildings, calculated to exemplify the different styles of Indian architecture", for the guidance of the Government of India in the preparation of various models and photographs.[4]

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1. P.W.D. Letters received from India, 1863-64: Vol.11: G.G. -in C. to Wood, No. 11 of January 17th, 1863.
2. P.W.D. Despatches to India, 1863-64, Vol.5: Wood to the G.G.-in-C., No. 11 of 1863, 30th March.
3. India, Public, Post Office and Ecclesiastical Letters received from 1867, Vol.11: G.G.-in-C. to Northcote, No. 163 of 1867, 6th September, p.340. Also see India. Collections to Public Despatches, 1868; Collection No.92 of 1868, Extract from the Proceedings of the Government of India, in the Home Department (Public), 24th Feb. 1868
4. India. Public Despatches, 1867, Vol.10: Northcote to the G.G.-in-C., No.165 of 1867, 9th December, p.485.

Henceforth some appreciable progress was made and several important historical buildings and other monuments in Northern and Central India were photographed and surveyed. The results of these operations were regularly transmitted to the Secretary of State.[1]

As these archaeological activities began to expand, Argyll urged upon the Government of India the necessity to concentrate their supervision in one Department "with due regard to economy".[2] He warned them not to remove the monuments from their sites, nor to cause any wilful injury to them. He strongly disapproved the proposal of the military authorities to pull down a large part of Akbar's palace in the Fort of Agra, which they considered to be "unsuited for magazine purposes".[3]

The Government of India accordingly constituted a "Central Agency" at a cost of £5,000 a year to supervise and direct the work of archaeological operations.[4] It appointed General Cunningham of the Public Works Department, the Archaeologist as he was carrying on these operations for a long time. Argyll

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1. India. Public, Post Office and Ecclesiastical Letters, 1869, Vol.13: G.G.-in-C. to Argyll, No. 5 and 15 of 1869, of 8th Jan., and 1st Feb. respectively.
2. India. Public Despatches, 1870, Vol.13: Argyll to the G.G.-in-C. No. 4 of 1870, 11th January, p.25.
3. Idem., pp. 26-28.
4. India. Public, Post Office, and Ecclesiastical Letters from 1870, Vol.14: G.G.-in-C. to Argyll, No. 84 of 1870, 29th July, pp.206-207.

formally sanctioned the scheme, but increased the proposed salary of Cunningham from Rs.1000/-/- to Rs.2000/-/- a year in addition to his pension.[1]

These measures were extremely limited in their scope, but their importance cannot be minimized. The home authorities in sanctioning them at a time of financial difficulties displayed a broader outlook. Although the initiative came from the Government of India, the successive Secretaries of State were by no means lacking in their zeal to preserve the cultural heritage of India.

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1. India. Public Despatches, 1870, Vol.13: Argyll to the G.G.-in-C., No.111 of 1870, 24th November, p.322.

CHAPTER VI

THE SYSTEM OF LAND TENURE AND GENERAL SETTLEMENT

The Indian land settlement policy was determined by several considerations. The experience of the Mutiny had convinced the home and the Indian authorities that the system of land tenure should be so regulated as to ensure the attachment of the landed classes to the cause of the British rule. It had also to be adapted to the requirements of British capitalists, who were applying in large numbers for the grant of unoccupied lands, for producing cotton and other exportable products which were needed by the industries in England.

With these objects in view, Stanley proposed to the Government of India that the waste land under its absolute possession be granted to Europeans on easy terms, and they, as well as the Indian landed classes, should be permitted to redeem their revenue by a fixed payment. He hoped that by this measure, the interests of the landowning classes would be identified with the stability of the British rule, just as in a European State, a fundholder, became its supporter.[1] The sums so realized were to be applied for the extinction of the Public Debt, with the result that the Government would precisely remain in the same financial position.[2]

Lord Canning's Government carefully considered these proposals and after consulting the subordinate Governments,

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1. India. Revenue Despatches, 1858-59, Vol. 7 : Stanley to the G.G.-in-C., No. 2 of 1858, 31st December, p.29.

2. Idem., pp. 22-27.

decided to create absolute ownership in land, free from all fiscal demand on the part of the Government.[1] The proposals of Stanley were embodied in a Resolution, which provided for the sale of waste lands to capitalists on easy terms and allowed them, as well as the Indian Zemindars, to redeem the revenue of their estates by one fixed payment of twenty years purchase. In the case of the latter, permission for redemption was strictly limited to ten per cent. of the total land tax of a district.[2] These provisions were carefully studied and revised by Ritchie, the Law Member, who was set "to pick holes in it, (the Resolution) and it came out very little the worse."[3]

Although Canning had acted promptly on the instructions from home, he entertained serious doubts as to whether Europeans or Indians would take much advantage of this scheme.[4] He rightly thought that capital would be more preferably invested in other enterprizes which promised better returns.[5]

The Resolution was soon incorporated in a Bill, which was circulated to the Local Governments and Administrations for eliciting their opinions.[6]

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1. India. Revenue Letters, 1861, Vol. 4 : G.G.-in-C. to Wood, No. 18 of 1861, 21st October; For the Resolution, 17th October, 1861, see Collections to Revenue Despatches, 1862, Collection No. 14 of 1862.
2. Ibid.
3. Halifax Papers: Canning to Wood, October 8th, 1861.
4. Halifax Papers: Canning to Wood, July 22nd, 1861.
5. India. Revenue Letters, 1861, Vol. 4 : G.G.-in-C. to Wood, No. 18 of 1861, 21st October.
6. P.P. 164, Vol. 43, 1863, H. of C. pp. 17-18.

While these measures were being worked out an unwise declaration by Peacock, the Chief Justice of the Calcutta High Court placed the Government of India in a difficult situation. He declared that the grant of waste lands in the North-Western Provinces for the loyal services rendered during the Mutiny was illegal. Canning at once called him and seriously questioned the propriety of his conduct. Peacock felt sorry and stated that he did not intend to cause any embarrasment.[1]

On the other hand, Ritchie, the Law Member, assured Canning that the grant of waste lands under the terms of the Resolution of 1861 was lawful.[2] The matter was, however, referred to Wood.

Wood was extremely annoyed at Peacock's behaviour and remarked: "He is a mischievous man. There is no ready way of stopping him".[3] In a subsequent letter to Canning, he again gave vent to bitter feelings against Peacock, and said: "He should be whipped for the inconsiderate folly of what he has done..... our Chancellor says he ought to be recalled".[4]

But when he took legal opinion, he found it to be very unsatisfactory, and consequently was placed in a predicament.

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1. Halifax Papers: Canning to Wood, May 4th, 1861
2. Ibid.
3. Idem. I.O.C., L.B., Vol. 8, 1861, Wood to Canning, May 27th, 1861, p. 24.
4. Idem. Wood to Canning, June 10th, 1861, p. 44.

He, therefore, informed Canning that the case was badly made out, but expressed his willingness "to state the case better and to obtain a better opinion"[1], if it was still required. No such necessity arose. Peacock had already been silenced by Canning and the question of the grant of lands was placed in an entirely new perspective by the decision of the home authorities.

On these questions Wood held very different views than those of his predecessor. He declared that Canning's Resolution was improvident, especially because it had fixed one uniform price for land throughout India. He held that it should vary from locality to locality in accordance with the peculiar circumstances, otherwise the State would suffer considerable losses[2]; and further pointed out that only those landholders whose assessments were low, would avail themselves of Canning's measures, with the result that the State would be the loser.[3]

In the meanwhile Colonel Baird Smith had submitted his valuable report on the Famine of 1860-1, which had caused wide-spread devastations in the North-Western Provinces. In strong terms he recommended that a permanent settlement should be effected in those Provinces and works of irrigation should /be

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1. Idem. Wood to Canning, 18th October, 1861, p.34.

2. Idem. I.O.C., L.B. Vol. 10, 1862, Wood to Canning, February 10th, 1862, p.

3. Ibid.

be constructed, in order to improve the social and economic condition of the agricultural population. He declared that only by adopting such constructive measures would the recurrence of famine be effectively prevented.[1]

Canning was deeply impressed by these recommendations and decided to apply them to the whole of India, hoping that a permanent settlement would be as effective a means of binding the landed classes to the British Government as his "Adoption measure" had proved to be in conciliating the ruling chiefs.[2]

Wood also appreciated the remarkable report of Baird Smi but did not concur with all his conclusions. He remarked: "T

but did not concur with all his conclusions. He remarked: "The

doctrine will startle our old Indian notions, which always run on the possibility of improved land revenue".[3] He, however, agreed that the social condition of the cultivator might be bettered if Government demand was fixed, but did not think that it would bring about any marked increase in the produce of their land within any reasonable limit of time.[4]

He also warned Canning not to declare permanent settlement in the North Western Provinces without the sanction from home. He wrote: "Lord Cornwallis had first obtained such a sanction and Pitt and Dundas had sat over it for a week".[5] He /feared

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1. P.P. No. 29, Vol. 40, 1862. H. of C., pp. 71-72.
2. Halifax Papers: Canning to Wood, October 8th, 1861.
3. Idem. I.O.C., L.B., Vol.9, 1861, Wood to Canning, 18th November, 1861, p. 100.
4. Ibid.
5. Halifax Papers: I.O.C., L.B., Vol. 9, 1861: Wood to Canning, 3rd December, 1861, p.3d.

feared considerable diminution in the public revenue as a result of the permanent settlement.

Canning tried to disarm Wood's apprehensions by explaining that a comparison between the prevailing rent rolls and those of Akbar's showed little difference.[1] He cited the instance of Bombay, where the land revenue had been greatly increased as a result of Elphinstone's measures allowing considerable relief to the cultivators.[2]

These questions were still unsettled when Canning left India and was succeeded by Elgin. Wood lost no time in informing the latter that Canning's resolution, mainly inspired by Baird Smith's conclusions, would have to be altered;[3] and told him "not to make any commitments on its basis".[4] He made it clear that he did not believe in permanent settlement to such an extent that the agricultural masses would be able to consume taxable articles so as to make up the loss of revenue.[5] But he and most of his "best Councillors" were inclined to favour Canning's measures tending to permanent settlement.[6] He also expressed great annoyance at the latter's

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1. Idem. Canning to Wood, January 3rd, 1862.
2. Ibid.
3. Idem. I.O.C., L.B., Vol.10, 1862, Wood to Elgin, 10th February, 1862, p.28.
4. Idem. Wood to Elgin, 18th February.
5. Idem. Wood to Elgin, 10th February, 1862, p.28.
6. Idem. Wood to Elgin, 19th March, 1862, p.162.

publishing that Resolution, before obtaining the consent of the home authorities.[1]

In the Council of India, opinion as to the alternative course to be adopted in case of superseding Canning's resolution was not unanimous. A draft despatch was, however, drawn up and sent by Wood privately to Elgin, stating: "it is intended for your eye only". But the difference among the Members of Council was so great, that he was not sure that it would be passed in that shape.[2] Anyhow, he hoped that its content would show "the direction in which our ideas are running". He was also waiting to discuss the matter with Canning.[3]

The despatch was, however, passed in the Council of India, after a long and heated discussion, by nine votes to four. Macnaghten, Mangles, Sir H. Montgomery and Colonel Baker were dissentients.[4] The main emphasis was shifted from the sale of waste lands and the redemption of land revenue to making a gradual permanent settlement of the land revenue. It was believed that this would achieve the main objects aimed at by Stanley, and at the same time would be free from the

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1. Idem., p.104. Also see India, Revenue Despatches, 1862, Vol.10, Despatch No.15 of 1862, 9th July.
2. Idem. I.O.C., L.B., Vol.10, 1862, Wood to Elgin, May 3rd, 1862, p.214.
3. Ibid.
4. Minutes of the Council of India, June to December, 1862, Vol. . Meeting of the 3rd May, 1862, pp.32-33.

objectionable features of Canning's measures.[1] Under the latter it was feared the land revenue would be capitalized without there being any scope for its investment, and hence the security for the Public Debt would be destroyed. Provision was made for the sale of waste lands by auction and for the redemption of land revenue, in special cases, such as the land, intended for houses, factories and plantations.[2]

Macnaghten, one of the dissentient Members of the Council, chatacterized the policy, adumbrated in the despatch, as a "retrograde and an unwise departure from the views expressed in Lord Stanley's despatch". He did not agree with the view that the Government would be embarrassed by an overflow of capital, as there was not sufficient capital available in India to redeem the entire land revenue.[3] Moreover, he proceeded to remark, that as an extremely favourable rate of interest was prevailing people would be unwilling to invest their capital for the redemption of land revenue. Mangles, Colonel Baker, and Robert Montgomery agreed with him. On the other hand, Lawrence feared that if the land revenue was limited for good, the State would be obliged to impose additional taxes in order to make up the loss.[4] Trevelyan strongly favoured a permanent settlement, which he considered would create a feeling of

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1. India. Revenue Despatches, 1862, Vol.5 : Wood to the G.G.-in-C. No. 14 of 1862, 9th July, p. 19.
2. Ibid. Also see Halifax Papers: I.O.C., L.B., Vol. 10, 1862, Wood to Elgin, 19th May, 1862, p. 256.
3. India. Revenue Despatches, 1862, Vol. 5 : Minutes of dissents by Macnaghten, Mangles, Montgomery, Barker and Lawrence, pp. 3-15.
4. Idem. Minute by Lawrence, pp. 11-15.

security among the agricultural masses.[1]

In India, foremost among the supporters of Wood's land revenue policy was Frere, although other members of his Government were opposed to it.[2] But when Elgin received this despatch he found himself placed in an "awkward position". He wrote to Wood: "Canning's resolution was a grand measure of my predecessor, flung out with the Contract Law to propitiate the British community in India and their abettors at home".[3] He feared that such a sudden reversal of policy would not be conducive to his influence, nor would it be advisable that he should "hang fire and await instructions from England in dealing with a question of this nature".[4] In support of his argument, he also enclosed a cutting from the Friend of India, "a great backer of Laing and the go-ahead section of Canning's Government".[5] That paper was reviling Wood for unduly withholding Canning's measure of land reform, and stigmatized him for despotic conduct and Elgin for his timidity in looking to London for orders.

Wood agreed with Elgin and cautioned him,[6] saying "Calcutta papers are trying to bring about a jealousy between you and me"[7]

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1. Idem. Trevelyan to Wood, 30th March, 1862, London.
2. Halifax Papers: I.O.C., L.B., Vol.10, 1862; Wood to Elgin, 19th May, 1862, p.256.
3. Idem. Elgin to Wood, July 22nd, 1862.
4. Ibid.
5. Ibid. cf. The Friend of India, July 17th, 1862; pp.786-787.
6. Idem. I.O.C., L.B., Vol.12, 1862, Wood to Elgin, 10th February, 1863, p.72.
7. Idem. Wood to Elgin, 17th February, 1863, p.88.

Elgin's apprehensions soon proved to be true. The Government of India communicated the despatch to the Local Governments and Administrations, directing them to alter the rules for the sale of waste lands, in conformity with its provisions.[1] Those rules had been framed earlier, in accordance with the principles of Canning's Resolution of 1861. The Bill which incorporated the terms of that Resolution was also recast.[2]

These proceedings called forth a downright protest from the Landholders and Commercial Association of London, an organization which represented the vested interests of European capitalists, who were trying to acquire land in India.[3] The main objection, among others, was directed against the sale of waste lands by auction and the proposal to fix the prices of land according to the circumstances of different localities, instead of one uniform price, as fixed in the Resolution of 1861. The proposal regarding the permanent settlement of the land revenue was, however, received with favour.[4]

The Government of India assured the Committee's branch in India that the contemplated changes would in no way effect

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1. P.P. 164, Vol.43, H. of C., 1863, Bayley to the Governments of Bengal, the N.W.P., the Punjab, No.4206, 15th August, 1862, pp.14-15. Also see to the Governments of Madras and Bombay, Nos. 4242 and 4245, 15th Aug., 1862, pp.15-16.
2. Ibid.
3. Idem. Ferguson, Secretary to the Landholders and Commercial Association, London to the Secretary of State for India dated the 1st August, 1862, p.177-178.
4. Ibid.

the arrangement which had already been made, and with the full support of the home authorities, they proceeded to carry out the measures laid down in Wood's despatch.[1]

When Wood's despatch was received, the proposals of Colonel Baird Smith were being considered by the several Local Governments. The Government of Madras had strongly opposed the application of those recommendations, if it implied the alienation of waste lands from the State, because in that case considerable loss of revenue would be incurred by the State.[2] With this exception, Governor Denison and Members of his Council, Maltby and Morehead, agreed that the land tax be fixed in perpetuity once for all. The former desired a permanent grain-rent, the money value of which would be periodically determined, while his Councillors preferred that a permanent money assessment should be declared, instead of one to be revised after thirty or fifty years.[3]

The Government of Bombay was entirely opposed to Baird Smith's proposals and considered them to be unsuited to the peculiar circumstances of their Presidency. Reeves, a member /of

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1. Idem. Bayley to Beckwith, Secretary to the Landholders and Commercial Association, Calcutta, 26th Sept., 1862, p. 26-27.

2. P.P. No. 164, Vol. 43, H. of C. 1863, Secretary to the Government of Madras to Grey, Secretary to the Government of India, No. 241, 8th February, 1862, p. 112.

3. Idem., p. 114. Also see Minutes by Denison, Maltby and Morehead, dated the 12th November, 24th December, 1861, and 5th January, 1863, respectively, pp. 118-119.

7. Idem. Capt. H. Mackenzie, Secretary to the Chief Commissioner (C.C.), C.P. to E.C. Bayley, Secretary to the Government of India, No. 532, 22nd July, 1862, p.125.

of the Bombay Council, angrily remarked: "There has always been a tendency to conclude that any measure considered good and applicable in Bengal and the North Western Provinces, must be the same in Bombay".[2] That Government preferred its own ryotwary settlement, which had been made at a minimum for a period of thirty years.[3] The Chief Commissioner of the Punjab also declared that Baird-Smith's proposals could not be applied in his Province without causing a great loss to public revenues, as nearly half of the land was still uncultivated.[4]

On the other hand the Government of Bengal expressed its strong support for Baird-Smith's proposals.[5] The Government of the North Western Provinces[6] and the Chief Commissioner Temple of the Central Provinces[7] also followed suit. The latter stated that the extensive waste lands in his Province

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1. Idem. Peile, Actg. Under Secy. to the Government of Bombay to Grey, Secretary to the Government of India, No. 1627, 23rd April, 1862, p.141. Governor Clerk's minute, pp.141-142.
2. Idem. H. W. Reeves Minute, 7th March, 1862, p.143. Also W. E. Frere's minute, 31st March, 1862, p.144.
3. Ibid.
4. Idem. Kirk, Assistant Secretary, C.C. Punjab to Bayley, Secretary to the Government of India, No.339, 25th April, 1862, p.126.
5. Idem. Gordon, officiating Junior Secretary to the Government of Bengal to E.C. Bayley, Secretary to the Government of India, No. 863, 25th June, 1862, p.170.
6. Idem. Sir George Couper, Secy. to the Govt. of the N.W.P. to E.C. Bayley, Secy. to the Govt. of India, No.578A, 27th May, 1862, p.149. See Minutes by Muir and Money, the Members of the Board of Revenue, and Lt.-Gov. Edmonstone, dated the 5th and the 21st December, 1861, and the 27th May, 1862, pp.

should be reserved for future assessment and that only those areas three-fourths of which was under cultivation should be permanently settled.[1]

Therefore when the despatch of 9th July, 1862, was received, sufficient ground had been prepared for the application of the ~~usual~~ principles which it embodied. It was at once communicated to the several local Governments and administrations,[2] in order to elicit their respective opinions. The prospective field for the application of those principles had also been narrowed down as a result of the discussion on Baird Smith's proposals. The Chief Commissioner of the Central Provinces was the first to propose that the Nerbudda and the Saugor territories which had passed through a twenty years' settlement that expired in 1855-56, should be permanently settled, and in accordance with the principles recommended earlier by him.[3] His proposals were promptly turned down by the Government of India, on the advice of the Government of the North-Western Provinces, which had administered the Nerbudda and Saugor territories for a long time. The latter stated that the settlement, expired in 1855-56, was of a summary character and, therefore could not form any reasonable basis

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1. Idem. p.176.

2. Idem. Bayley to the Governments of the N.W.P., Bengal, and the Punjab, No.4206, 15th August, 1862, p.14; and No. 4244, 15th August, to the Governments of Bombay and Madras, pp.15-16.

3. Idem. Capt. Mackenzie to H.M. Durand, Secretary to the Government of India No. 38 of 8th Oct., 1862, pp.180-181.

for a permanent settlement.[1] They recommended that a settlement should be concluded for a period of thirty years and be revised after ten years, with a view to being made permanent.

The subsequent instructions to the Chief Commissioner were accordingly framed.[2] As suggested by Muir, the Senior Revenue Member of the Board of Revenue, in the North-Western Provinces, he was directed to make the settlement for specific periods and to fix a minimum rate below which no assessment should be made, so as to check the deliberate attempts to deteriorate the conditions of the land.[3] Wood approved these proceedings stating that the Central Provinces did not fulfil the conditions laid down by him.[4]

When the question of effecting a permanent settlement in the North-Western Provinces was taken up, Lawrence had assumed the Governor-Generalship of India. He wrote to Wood: "Until I came nothing had been done. I have been in consultation with Drummond and the Members of the Board of Revenue at Allahabad".[5] The matter was also debated in the Governor-

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1. India. Collections to Revenue Despatches, 1863, Vol. 11, Collection No. 24, Sandford to Durand, No.305A of 1863, 4th March, 1863.
2. Idem. G.G.-in-C. to Wood, No. 3 of 1863, 18th April.
3. Idem. G.G.-in-C. to Wood, No.7 of 1864, 14th April, and also Durand to the C.C., Central Provinces, No.46 of 4th February, 1864.
4. India. Revenue Despatches, 1857-67, Vol. 4 : Wood to the G.G.-in-C. No. 24 of 1863, 15th August.
5. Halifax Papers. Lawrence to Wood, June 14th, 1864.

General's Council. At these discussions Lawrence put forward his scheme to make "a permanent settlement in the North-Western Provinces with prospective loss of revenue".[1] With slight modifications it was ultimately adopted and submitted to the Secretary of State for consideration.[2]

According to this scheme, undeveloped areas were to be granted a settlement for thirty years on the basis of the existing assets, while the deteriorated estates were to be given a graduated and progressive settlement. The latter was to be realized within five, ten or fifteen years. The maximum assets were fixed between twenty-five to fifty per cent of the initial assets. The landholders were left free either to accept a permanent or a temporary settlement.[3]

Lawrence assured Wood that he would not "hurry up the permanent settlement in the North-Western Provinces", and added: "I feel sure the State will not lose much revenue, perhaps none, and the effects will do much to enlist the great mass of the people on our side".[4]

/Wood

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1. Ibid.

2. India. Revenue Letters, 1864, Vol. 7 : G.G.-in-C. to Wood No. 12 of 1864, 8th June.

3. Collections to Revenue Despatches, 1865, Vol. 13: Coll. No. 11 of 1865, contains the Minutes of the Members of the Board of Revenue, Muir and Money and Lt.-Governor Drummond, and also of Lawrence and Members of his Council. In these minutes the question of making permanent settlement in the N.W.P. is discussed. Also see Bayley to Simson, Secretary to the Government of the N.W.P., No.544, 8th June, 1864.

4. Halifax Papers: Lawrence to Wood, 15th September, 1864.

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Wood promptly rejected these proposals, stating "no such measure was contemplated in my despatch of the 9th July, 1862".[1] He, however, authorized an immediate settlement in perpetuity of the estates, in which cultivation amounted to 80 per cent. of the cultivable area.[2] The Government of the North-Western Provinces was accordingly directed to carry out these instructions.[3]

Although the decision of the Secretary of State had considerably simplified the question of permanent settlement, when viewed in its relation to canal irrigation, it still presented several complicated issues. This problem had been agitating the minds of revenue officers for some time. The Board of Revenue proposed that by enhancing the water rates from time to time, the State could take its share in the increased productivity brought about by canal irrigation.[4] Drummond set aside these views, and stated that the State should confine its demand only to the ordinary value of the water supplied, otherwise the principle of permanent settlement would be vitiated and the advantages held out by it would be considerably compromised.[5]

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1. India. Revenue Despatches, 2nd September, 1858-1868, Vol. 4 : Wood to the G.G.-in-C., No.12 of 1864, 8th June.
2. Ibid.
3. P.P. No.450, Vol.50, 1867, H.of C., Bayley to Simson, 19th June, 1865, pp.135-136.
4. P.P. No. 450, Vol.50, 1865, H. of C. Resolution (No.645A), 30th June, 1865, pp.57-58.
5. Idem, p.58.

The Government of India concurred in the opinion of the Lieutenant-Governor and referred it to the home authorities.[1] The latter also upheld it, but in order to clarify the position still further, ruled that permanent settlement should not be extended to those estates, whose assets were likely to be increased by twenty per cent. after canal irrigation. Such estates were to be settled for a period not exceeding thirty years.[2]

Sir John Lawrence's Government, considered this ruling of the Secretary of State to be vague.[3] The Government of the North-Western Provinces tried to enlarge its scope so as to include all possible means of improving cultivation. The former disagreed with this proposal and suggested that only those cases where canal irrigation is bound to be extended within a definite period, should be excluded from the operation of permanent settlement.[4]

Northcote reviewed these proceedings in great detail. He stated that the Government were making great sacrifices of revenue "in consideration of the great importance of connecting the interests of the proprietors of the land with the stabilit

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1. Idem. G.G.-in-C. to Wood, No. 25 of 1865, 3rd August, p.55.
2. India. Revenue Despatches, 1858-1867, Vol. 4 : De Grey and Ripon to the G.G.-in-C., No.17 of 1866, 17th March.
3. India. Revenue Letters, 1866, Vol. 9 : G.G.-in-C. to Cranborne, No. 29 of 1866, 20th November, pp. 2-3.
4. Ibid.

of the British Government".[1] Following the suggestion of the Government of India, he decided that the lands capable of profitable irrigation must be excluded from permanent settlement for a period not less than twenty years. For the rest he confirmed the principles, laid down by Wood.[2] This decision formed the basis of the instructions subsequently issued to the Government of the North-Western Provinces,[3] and approved by the Secretary of State.[4]

Although this ambitious project of introducing a permanent settlement in India could not be carried into effect,[5] the manner in which it had been evolved, throws considerable light on the working of the home and Indian Governments in their mutual relationship. Not only the general policy, but also the actual measures for its execution were subjected to most searching scrutiny and were often altered, even when the faith of the Government had been pledged, as in the case of Canning's Resolution of 1861. In this process the Council of India played a leading role and provided the Secretary of State with an expert knowledge of Indian revenue affairs.

Wood, therefore, asserted to Elgin , "The Secretary of /State

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1. India. Revenue Despatches, 1858-1867, Vol. 4 : Northcote to the G.G.-in-C. No. 15 of 1867, 23rd March.
2. Ibid.
3. India. Collections to Revenue Despatches, 1867, Vol.18, Coll. No. 44, G.G.-in-C. to Northcote, No. 23 of 1867, 8th June.
4. India. Revenue Despatches, 1858-1867, Vol. 4 : Northcote to the G.G.-in-C. No. 44 of 1867, 16th August.
5. Hansard, CXCVIII, 1869, Grant-Duff, Parliamentary Secretary of State August 3rd 1869, p. 1150.

State is in a better position to form an opinion on land questions. Canning had two men in Council who knew something about land tenure in Upper India - I had four such men in Council and three from other Provinces who were well-conversant with land questions. So the home Government is a useful check on the Governor-General".[1]

The exercise of all constitutional checks, he proceeded to explain, was rough, but their existence should be sufficient to prevent "their appearance before the world". He cited the example of the Board and the Court which, he declared, were "antagonistic bodies", but by the device of "previous communications", were able to smooth each others views, and enjoined that a similar relationship should exist between the Supreme and Local Governments.[2]

These discussions on the question of the permanent settlement, had also revealed not only the difficulty but the impossibility of enforcing a uniform system of land tenure all over India. It differed from Province to Province and in course of time had become closely linked with peculiar social and economic conditions, which it would have been dangerous to change.

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1. Halifax Papers: I.O.C., L.B., Vol. 11, 1862, Wood to Elgin, 10th September, 1862, p. 126.

2. Ibid.

Another important feature of this scheme was that for the first time the influence of British capitalists on the Indian Land tenure policy was being exerted. It became more marked during the cotton crisis brought about by the American civil war. Its worst effects were manifested in the troubles with the Indigo Planters.

The influence of the Mutiny was more marked in the land revenue system which was introduced in Oude after its re-occupation in 1858, and in the Punjab in 1859. The former was the hotbed and nursery of the revolt, while the latter had provided the forces for the final overthrow of the rebels in Delhi.

After the annexation of Oude in 1856, a summary settlement of the land revenue had been carried out in accordance with the principles of Thomason the late Lieutenant Governor of the North-Western Provinces.[1] The result was that the claims of the Talookdars were ruthlessly set aside, and the actual occupants of the soil and the village

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1. P.P. No. 426, Vol. 46, 1861, Forsyth, Secretary to the Chief Commissioner (C.C.), Oude, to the Secretary to the Government of India, No. 2350, 17th October, 1859, pp. 16-17.

proprietors were confirmed in their possessions.[1]

When the Mutiny broke out, the tenants rose en masse against the British Government under the dispossessed Talookdar.[2] These occurrences not unnaturally induced a belief that one of the potent causes for the outbreak of the Mutiny was provided by the expropriation of the Talookdars. Canning, therefore, came to the conclusion that a reversal of this policy was essential in order to reconcile the influential classes to the British rule.[3]

Therefore, in the Proclamation issued by the Governor-General on the 30th April, 1858, all rights in the land were declared to be confiscated to the British Government, and the right of the latter to dispose of them as in the way it liked was specifically stressed.[4]

On the 24th and the 28th October, 1858, Canning held two durbars "with as much military show as could be brought together".[5] The members of the Royal Family of Oude and the Talookdars were invited separately.[6] It was extremely successful and "no such assemblage had ever been held before".

/Canning

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1. Ibid.
2. Hansard, Vol. 160, 1860, Wood's Speech, August 13th, 1860, p. 1196.
3. Halifax Papers: Canning to Wood, December 2nd, 1859.
4. India. Collections to Revenue Despatches, 1868, Vol. 19, Coll. No. 12, see the "Proclamation, Foreign Department, 30th April, 1858".
5. Halifax Papers: Canning to Wood, November 12th, 1859.
6. P.P. 426, Vol.46, H. of C. Canning to the Secretary of State, Pol. No.1 of 1859, 29th Oct., pp. 26-27.

Canning found the Talookdars a "coarse-looking lot, except Maun Singh - thoroughbred and full of intelligence, but not prepossessing".[1]

He restored the Talookdars to their former Talookas, on the latter's promises of loyalty to the British Government. The power to make rules for the protection of the under-proprietors and tenants was reserved.[2] The Talookdars were not, however, satisfied with this settlement and considered their position to be extremely uncertain. Canning, therefore, on the recommendation of Wingfield, declared their rights to be permanent, hereditary and transferable.[3] Stanley approved these measures, hoping that they would bring the Talookdars into allegiance with the British Government.[4] Soon after, Canning, as a further measure to conciliate the Talookdars, conferred upon them revenue and magisterial powers.[5] He considered "the opportunity/golden one to change the former policy with dignity like offended but forgiving masters, and accompanying our concessions with sterner warning".[6]

Canning also carried this policy to the Punjab, where he /was

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1. Ibid. Also see Halifax Papers: Canning to Wood, November 12th, 1859.
2. P.P. No. 426, Vol.46, H. of C. 1861, Canning to the Secretary of State, Pol. No.1 of 1859, 29th October, p.27; also No. 2 of 29th October, 1859, p. 27.
3. Idem. Secretary to the Government of India to the C.C., Oude, 10th October, 1859, p. 31.
4. Idem. Stanley to the G.G.-in-C., No.4 of 1858, 13th October, p. 13.
5. Idem. Canning to the Secretary of State, Foreign, No. 8 of 18th November, 1859, p. 33.
6. Halifax Papers: Canning to Wood, December 2nd, 1859.

was extremely anxious to devise means of averting the decadence of the great families, which had gone on silently, but rapidly.[1] He therefore decided to apply his Oude experience there and to reverse the former policy.[2] Accordingly he held a grand durbar at Lahore.

It was highly successful - "The masses were as cordial as the Chiefs. There was no display of the passiveness of Lucknow, even when women came to make their 'salaams'".[3] In strong terms, he explained to Wood that it was necessary to consolidate the aristocracy and to give it, "recognized power, because in idleness, it would be dangerous". With these objects in view, Canning decided to confirm the Sirdars, in the possession of their large estates, and to invest them with magisterial powers.[4] As a further measure to strengthen and continue the system, so laboriously built up, he provided that succession to the titles and estates of the Sirdars would be regulated by primogeniture, and declared this act to be a "useful stroke and a finishing touch".[5]

The experience of the Mutiny had convinced him of the military potentialities of the Punjab, which could safely be drawn upon in time of peril. But, as a result of its

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1. Halifax Papers: Canning to Wood, December 2nd, 1859.
2. Idem. Canning to Wood, February 27th, 1860.
3. Idem. Canning to Wood, February 2nd, 1860.
4. Ibid.
5. Idem. Canning to Wood, July 22nd, 1861.

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contiguity to the North-Western Frontier and the presence of war-like tribes within its own territories, that Province had maintained an uneasy peace, which had been too dearly bought by maintaining heavy garrisons of European and Indian troops.[1] After the Mutiny the deteriorating condition of Indian finances had rendered it necessary to reduce the military expenditure as much as it could be done safely.

Canning believed, perhaps rightly, that without first gaining the support of the Chiefs and the Sirdars, the military forces in the Punjab could not be reduced to the desired proportions.[2]

He carried out this policy in Oude and the Punjab boldly but swiftly, and presented the home authorities with a fait accompli. He also succeeded in obtaining their approval for his acts, but not without some serious difficulties.[3] The latter, however, declared that it would have been better if some inquiry as to the existence of the under-tenures were carried out before the restitution of the Talookdars. The provision for guarding any intermediary interests at a future settlement was, however, considered sufficiently reassuring. At the same time the Government of India was directed to keep a strict vigilance over the Talookdars while they exercised their revenue and magisterial powers.[4]

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1. Idem. Canning to Wood, February 27th, 1860. Before the Mutiny, in the Punjab, there was one European soldier to every 900 person, and to every 5½ square miles in the North-Western Provinces and to every 50 square miles in Bengal.
2. Ibid.
3. P.P. No. 426, Vol. 46, 1861, H. of C. Wood to the G.G.-in-C.(Pol.) No. 33 of 1860, 24th Apl. pp.42-45.
4. Ibid.

In the beginning Wood had expressed some doubts as to the compatibility of the terms of the Oude Proclamation and the mode in which it had been implemented.[1] But on being reassured by Canning,[2] he not only gave his approval readily, but denied to have entertained any intention of doing otherwise.[3]

He concurred in Canning's opinion[4] that the middle and lower classes, consisting of traders and money lenders "are of no use to us" and therefore the system of law, unaugurated in Oude after the annexation which favoured them, should be reversed.[5] Canning, however, continued to strengthen Wood's views by citing the authority of Wingfield and Montgomery, who had been keeping him informed of the good effects of his policy.[6] In the meanwhile, the two Chief Commissioners also visited England and personally informed Wood of the great success of Canning's measures in Oude and the Pubjab.[7]

The real opposition to Canning's policy came from the Political Committee of the Council of India, which consisted of Currie, Lawrence, Willoughby, Prinsep and Eastwick. / Both Currie and Lawrence had a long experience of Oude and the Punjab. They /considered

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1. Halifax Papers: I.O.C., L.B., Vol.1, 1859, Wood to Canning, 16th October, 1859, pp. 124-126.
2. Idem. Canning to Wood, December 2nd, 1859.
3. Idem. I.O.C., L.B., Vol. 2, 1859-60, Wood to Canning, 18th January, 1860, p. 84.
4. Idem. I.O.C., L.B., Vol.3, 1860; Wood to Canning, 18th April, 1860, p. 28. Also see Canning to Wood, February 27th, 1860.
5. Idem. I.O.C., L.B., Vol. II, 1859-60, 13th January, 1860, p. 60.
6. Idem. Canning to Wood, July 22nd, 1861.
7. Idem. I.O.C., L.B., Vol.8, 1861, Wood to Canning 18th June, 1861, p. 66.

considered that by indiscriminately reinstating the Talookdars and investing them with magisterial and revenue powers, much injustice had been sanctioned.[1] Lawrence was also extremely critical of what had been done in the Punjab, because he could not trust the Sirdars. Even Ranjit Singh, he stated, had no confidence in them, and in order to weaken them had scattered their estates. He, however, failed to carry the Committee with him. Wood also disagreed with him and approved Canning's Punjab settlement[2] in spite of his respect for Lawrence's great experience of that Province and his practical talents.[3] But he did not consider him to be far-sighted.[4]

Most of the despatches on Oude were written by Currie. When the first despatch, approving Canning's Oude measures was being drafted, Lawrence submitted a detailed memorandum. Several portions of it were cut out by Wood, but some were incorporated in the despatch,[5] with the result that the tone of the despatch was not very encouraging. Wood, who supported Canning, had to encounter considerable opposition from the Political Committee. He wrote to /Canning:

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1. Idem. I.O.C., L.B., Vol.3, 1860; Wood to Canning, 18th April, 1860, p. 28

2. Idem. Wood to Canning, 18th April, 1860, p. 28.

3. Idem. L.B., Vol.4, 1860; Wood to Canning, Aug. 10th, 1860, p. 10. Sir Frederick Currie had served in several high offices in India. In 1842 he was appointed Foreign Secretary and in 1848, succeeded Sir Henry Lawrence as Resident at Lahore in 1848. In the following year, he rose to be a Member of the Governor-General's Council. See Buckland's D.I.B., S.V. "Sir Frederick Currie".

4. Idem. Lawrence to Wood, March 8th, 1865.

5. Ibid. Also cf. L.B., Vol. 18, 1864; Wood to Lawrence, 17th August, 1864, p. 40.

Canning: "My Political Committee and indeed of the Indian Members of my Council, Lawrence, Willoughly, Prinsep and Currie, are a good deal of the old school of the strong hand against the Native Chiefs and gentlemen. They are four of five in the Committee, though I can correct and keep straight the general policy. It is very difficult work to keep the detailed parts of the despatches, what they should be".[1]

At these remarks Canning was extremely annoyed and retorted: "Do not, however, dignify the school of Willoughby, Prinsep, Currie and John Lawrence, by calling it the 'Old school'. Its views are as opposite to those of Munro, Metcalfe, Elphinstone, as is possible to conceive..... If these opportunities were there Metcalfe and Elphinstone's policy in Oude and the Punjab would not have met the views of the Political Committee".[2]

The results of Canning's policy as embodied in the Administration Report of Oude for the year 1859-60, were again critically examined by the home authorities in 1861.[3] The defects revealed by its actual working played into the hands of the Political Committee. Although Wood successfully resisted the downright onslaught on Canning by his "Politicals, (Members of the Political Committee) like

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1. Idem., I.O.C., L.B., Vol.8, 1861, Wood to Canning, 18th January, 1861, p.64.

2. Idem. Canning to Wood, 18th July, 1861.

3. P.P. 426, Vol.46, 1861. H. of C. See "The Annual Report of the Province of Oude, for the year 1859-60", pp. 110-139.

Lawrence, brought up under Thomason, the founder of the "knock-me-down school", it was only with the help of Wingfield that he ultimately succeeded "in putting the despatch in a decent language".[1] When it finally emerged from the Council it still remained a very skilfully disguised censure on Canning's Oude system, and therefore sought modifications in some of its important features.[2]

The most disconcerting revelation was that the Talookdars had shown a marked tendency to evade their magisterial duties, while they greedily grabbed their revenue powers. At the same time the number of appeals from their courts was much smaller than those preferred from other courts, apparently because, as was frankly stated in the Report, the litigants happened to live within the jurisdiction of these Talookdars.[3] It was therefore desired that the cases in which the latter happened to be a party should be excluded from their jurisdiction.[4]

The importance of protecting the rights of the under-proprietors, specially of those who, in 1856, were admitted to direct settlement with the Government, but had since been placed in subordination to the Talookdars, was also emphasized.[5]

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1. Halifax Papers: I.O.C., L.B., Vol.8, 1861, Wood to Canning, August 31st, 1861, p.242.
2. P.P. 426, cit. supra. See Despatch Pol. No.105, 17th August, 1861, pp.146-.49.
3. Idem. pp.146-147.
4. Idem. p.147.
5. Ibid.

The opposition of the Political Committee could neither deter Canning nor could modify his views. With firm determination, he continued to develop his policy of conciliating the influential classes.[1] He held ceremonial durbars at Lucknow,[2] Allahabad and Agra,[3] which were attended in large numbers by prominent Talookdars, landowners, and other influential persons. They were assured of the benefits of British rule, provided they continued to be loyal. At Agra he also distributed some titles of honour, which at his instance, had lately been sanctioned by the home Government.[4]

So great was his popularity with these classes, that once a group of Talookdars travelled to Calcutta to present him with an address of thanks and desired to secure an extension of his term of office, to which his reply was "God forbid".[5] At Benares, on the 7th November, the "Maharaja, Rajas, Raises, Baboos and others", numbering one thousand, gave him an address of welcome, in which they assured him of their loyal support for the Government and acknowledged his great services to their country.[6]

At these proceedings which were "spontaneous, sincere and earnest", and bore ample testimony of the success of his policy,

/Canning

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1. Idem. Canning to Wood, Dec. 3rd, 1861. Also see P.P.62, Vol.40, 1865, H. of C. pp.6-14.
2. Idem. I.O.C., L.B., Vol.9, 1861, Wood to Canning, 25th December, 1861, pp.174-176.
3. Idem. Canning to Wood, July 31st, 1861.
4. Ibid.
5. Idem. Canning to Wood, April 10th, 1861.
6. Ibid. Also see P.P.62, Vol.40, 1865, H. of C. pp.13-14.

Canning was overjoyed, and flattered himself with the hope that his opponents would be considerably discouraged.[1] He specially asked Wood to recognize this spirit of loyalty in a despatch and also to mention it in Parliament.[2] The latter was only too willing to do so. In glowing terms he communicated to the Governor-General the gratification of Her Majesty's Government at the sincere expression of the feelings of loyalty by the inhabitants of Lucknow and Benares.[3] Similarly he applauded the success of Canning's measures in Parliament.[4]

Personally, Wood deprecated the system under which the change in the Governor-Generalship took place.[5] He thought that it would have been better if Canning could have stayed longer to complete his "handiwork", otherwise, he feared, it might be destroyed by the "luke-warmness of the agents",[6] a probability of which Canning had warned him.[7] At the same time, he assured Canning that Elgin would carry on his policy and that there would be "no change towards the natives". He /also

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1. Halifax Papers: Canning to Wood, December 3rd, 1861.
2. Ibid.
3. P.P. 62, Vol.40, H. of C. 1865, Wood to the G.G.-in-C. (Pol) No. 7 of 1862, 23rd January, p.15.
4. Hansard, CXLIV, 1861, Wood, July 25th, 1861, p.1520, and Vol.168, 1762, July 17, 1862, pp.453-458.
5. Halifax Papers: I.O.C., L.B., Vol.9, 1861-62, Wood to Canning, 25th December, 1861, pp. 174-176.
6. Idem. Wood to Canning, 10th Jan. 1862, p.186.
7. Idem. Canning to Wood, December 3rd, 1861.

also informed him that Lawrence and Currie had professed their concurrence with his Oude measures "except the grant of revenue jurisdiction, in which, they say, the Talookdars may have their own interests". But he himself hoped that it would not be so.[1]

In his last letter he paid great tributes to Canning for the success of his career and added: "Those who differed approve your wise policy. I never doubted it for a moment and avowed it in public and private society".[2]

In spite of such warm feelings of admiration and appreciation no sooner had Canning left India, than Wood committed a complete volte face. He wrote to Elgin: "I supported him, because he had nearly carried his policy, which, I think, was absurd".[3] He severely criticized Canning, and rightly so, for confiscating the rights of the ryots, because, he considered, they never had any. The Talookdars, he stated, were the only persons who had any rights before the annexation of Oude, and admitted: "We were proceeding to create rights which nobody considered to exist".[4]

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1. Idem. I.O.C., L.B., Vol.9, 1861-62, Wood to Canning 10th January, 1862, p.188.

2. Idem. Wood to Canning, January 26th, 1862, pp.232-234.

3. Idem. I.O.C., L.B., Vol.11, 1862, Wood to Elgin, 7th December, 1862, p.342.

4. Idem., p.341.

But when Elgin declared Canning's policy "rather crude", and stated that more inquiry was necessary before it was confirmed by law,[1] Wood sternly warned him not to upset it. He, however, admitted that some modification was necessary and added: "I do not like sudden changes in the policy. It gives an appearance of uncertainty in our course which is never to our advantage".[2]

Elgin died soon after and was succeeded by Lawrence, who as a member of the Political Committee had most seriously opposed "Canning's edict".[3] It could, therefore, be reasonably expected that he would try to modify, if not to overthrow, Canning's policy. The course of events, as it followed, played into his hands.

Wingfield, by declaring that all the rights in the soil which were confiscated were conferred on the Talookdars alone, had made matters more complicated.[4] Lord Canning's Government had promptly repudiated this statement, reiterating their original pledge to protect all subordinate rights in accordance with the terms of the Proclamation and the orders of the home Government.[5] The latter had upheld this decision and had directed that at the future settlement all intermediate

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1. Idem. Elgin to Wood, January 5th, 1863.
2. Idem., I.O.C., L.B., Vol.13, 1863, Wood to Elgin, July 18th, 1863, p. 158.
3. Halifax Papers: Lawrence to Wood, June 28th, 1864.
4. P.P. 62, Vol.40, 1865, H. of C., offg. Secretary to the C.C., Oude, to the Commissioner, Lucknow, No. 1852, 14th May, 1860, p.25.
5. Idem. Young, acting Secretary to the Government of India (Foreign Deptt) to the C.C., Oude, No. 4060, 2nd September, 1860, p. 28.

and sub-proprietary rights should be fixed.[1]

Up to this stage, the question was hinging only on the "intermediate holders" or the "Sub-proprietors". But the circular issued by the Chief Commissioner to the Settlement Officers introduced another controversial element, and hence "began the real mischief". It stated that only the Sub-proprietary rights, as they existed in 1855, before the annexation, should be recorded, and that no distinction should be made between the cultivators at will and the cultivators at fixed rates.[2] These instructions were approved by the Government of India.[3]

Campbell, the Judicial Commissioner, in his reports for 1861, challenged the latter part of this provision, declaring that the occupancy rights at a fixed proportion exist all over India, and hence it must be so in Oude.[4] The Chief Commissioner, after an elaborate inquiry into the alleged existence of such rights, refuted this assertion.[5] At the same time the home authorities also drew the attention of the Government of India to Campbell's remarks.[6]

Lawrence, finding the moment opportune, insisted that

/Wingfield

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1. P.P. No. 426, Vol. 46, 1861, H. de Wood to the G.G.-in-C., No. 33 of 1860, 24th April, p. 44.
2. P.P. 62, cit. supra., Record of Rights, No. 2, 29th January, 1861, p. 35 and pp. 38-39.
3. Idem. Young to the C.C., Oude, 8th January, 1861, No. 74, pp. 39-40.
4. Idem. Campbell to the Secretary to the C.C., 28th April, No. 3407, 1862, pp. 56-57.
5. Idem. Lt. de Montgomery, Assistt. Secy. to the C.C., Oude, to the Secy. to the Govt. of India, No. 3136, 15th December, 1862, p. 58.
6. Idem. Wood to the G.G.-in-C., No. 12 (Revenue) 9th June 1860, p. 60.

Wingfield should record occupancy rights also. The latter an the Talookdars declared that as no such rights existed, they could not be recorded. Having failed to carry Wingfield with him Lawrence, as he had already explained to him, relieved the latter of the financial branch of the administration and appointed Davies, a capable Punjab Civilian, as the Financial Commissioner. He directed Davies to decide by judicial process any claims that might be preferred by ryots to a permanent beneficial interest in the soil.[1] Among the members of his Council, Maine, Taylor and Trevelyan supported him, but Grey was opposed.[2] These proceedings, as usual, were duly forwarded home.

Lawrence's methods and intentions caused serious consternation at home,[3] especially the appointment of Davies, because he was considered to have been trained in the "levelling school of the Punjab".[4] Lawrence continuously tried to reassure Wood that he was doing nothing either to overthrow Canning's settlement[5] or in excess of the instruction from home.[6] He declared that the "Punjab School" could not be called the "levelling school", and that Davies was recommended by Montgomery, then Chief Commissioner of the Punjab, who had also held the same Office in Oude, and was the first to deal with the Talookdaree system.[7]

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1. Halifax Papers: Lawrence to Wood, 15th Sept., 1864.
2. Idem. Lawrence to Wood, October 6th, 1864. Also see P.P. No.62, Vol.40, 1865, H. of C., Minutes by Maine, Taylor, Trevelyan and Grey of July 10th, August 19th, August 23rd and September 23rd, 1864, pp. 170-184.
3. Halifax Papers I.O.C., L.B., Vol.19, 1864-65, Wood to Lawrence, January 18th, 1865, p. 240.
4. Idem. Wood to Lawrence, February 3rd, 1865, p. 304.
5. Idem. Lawrence to Wood, 21st March, 1864, also letters of 15th September, 1864, and 6th October, 1864.
6. Idem. Lawrence to Wood, October 2nd, 1864.
7. Idem. Lawrence to Wood, March 8th, 1865.

Lord Stanley, also, whose interest in India had survived his Secretaryship, was also perturbed when his Indian correspondents informed him that Lawrence was intending to reverse Canning's policy.[1] Wood had to reassure him, and later gave him all the private letters received from Lawrence.[2] In Parliamentary circles, too, there was a strong feeling on the subject and Wood had to take "a good deal of pains" to silence the probable assailants.[3]

Wood, however, advised Lawrence to carry Wingfield and the Talookdars with him.[4] For his own part, he admitted that in 1860, he was not "so much alive to the tenant question",[5] and declared that even in 1864, he would have been "too indisposed to meddle",[6] if the controversy had not arisen. He also began to entertain apprehensions lest Canning's Oude settlement might "share the fate of its predecessors", the settlements of the North-Western Provinces, and those made by Cornwallis and Munro, which were considered to be "models of wisdom", but had "failed to stand the test of experience".[7] The reason for this, he declared, was that

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1. Idem. L.B., Vol. 19, 1864-65, Wood to Lawrence, November 8th, 1864, pp. 2-4.
2. Idem. L.B., Vol. 20, 1865, Wood to Lawrence, April 15th 1865, p. 181.
3. Idem. Wood to Lawrence, March 27th, 1865, p. 133.
4. Idem. I.O.C., L.B., Vol. 20, 1865, Wood to Lawrence, February 10th, 1865, pp. 9-11.
5. Idem. Wood to Lawrence, April 15th, 1865, p. 183.
6. Idem. Wood to Lawrence, March 16th, 1865, p. 93.
7. Idem. L.B., Vol. 19, 1864-65, Wood to Lawrence, December 31st, 1864, p. 152.

"we go to extremes and do not sufficiently make our system agree with the habits and feelings of the natives".[1]

In an atmosphere of such misgivings and doubts, the question of Oude land tenures was being considered at home. Wood discussed it informally with Currie, Willoughby, Prinsep, Clerk and Eastwick, the members of the Political Committee, and also with Kaye and Hawkins, the Political and Judicial Secretaries at the India Office respectively, who were known to have strong sympathies for the ryots.[2] It was generally agreed that whether rightly or wrongly, in approving Canning's measures, t interest of the village communities had been sacrified. Curri who had written the greater part of the despatches on Oude, declared that he had in his mind only the rights of the "intermediate holders" and the under-proprietors.[3] Lawrence, o the other hand, insisted that he and Currie had stipulated for the protection of tenant rights.[4] The latter, however, refused to accept this point of view.[5]

In the meantime the draft of the despatch, containing the decision of the home authorities had been completed and was submitted to the Council. Wood had prepared himself for the battle, which he was expecting to rage in his Council, because the views of its members were not only different,

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1. Idem. L.B. Vol.20, 1865, Wood to Lawrence, March 10th, 1865, p. 85.
2. Idem. L.B. Vol. 19, 1864-65, Wood to Lawrence, 18th January, 1865, pp. 242-244; also letter of January 25th and February 3rd, 1865, pp. 260, 264 and 294-298.
3. Idem. Wood to Lawrence, February 3rd 1865, p. 294.
4. Idem. Lawrence to Wood, June 28th, 1864 and of March 8th 1865.
5. Idem. I.O.C., L.B., Vol.19, 1864-65, Wood to Lawrence, January 25th, 1865, p. 260.

but almost irreconciliable. After a long and heated discussion it was passed.[1] In a most ingenious manner it had placed the whole issue in a new perspective. It took an alternative view of the case which Wood suspected to be "the truth, i.e. that Lord Canning never contemplated the occupancy rights, either in the confiscation or the Sunnuds and that they were left on whatever footing they stood on before.....[2] But the end was not yet. When it came before the Council in the form of a despatch, three members voted against it and three declined to vote. Consequently Wood was obliged "to put it into shape myself, with a good deal of care, in order to carry the nine with me, so you may suppose, I was not easy as to what might happen".[3]

The policy of Lawrence in its general features was approved, but its scope was narrowed. It was decided that a general inquiry should be conducted in order to find out the alleged existence of tenant rights, before determining any claims to them judicially.

The dissentient members were Hogg, Perry and Macnaghten. Their arguments were more true to the facts than those of the Political Committee. They rightly maintained that the evidence gathered by Wingfield had conclusively proved that no occupancy rights had ever existed in Oude, previous to its

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1. Idem. L.B., Vol.20, 1865, Wood to Lawrence, February 10t 1865, p.5.

2. Ibid.

3. Idem. Wood to Lawrence, March 27th, 1865, p.133.

annexation by the British.[1] Hogg recalled that Canning, as stated in his despatches to the Court of Directors, had deliberately intended to overthrow the system under which tenants were given the rights of occupancy.[2]

As a rejoinder to these dissents, Currie and Eastwick also wrote long minutes.[3] Lawrence greatly admired Eastwick's minute and hoped that it would "produce an effect".[4] To the former Lawrence had specially appealed for help.[5]

Shortly after, Davies submitted his elaborate report,[6] which seriously disappointed Lawrence and confirmed the conclusion of Wingfield. But Lawrence still obstinately adhered to his opinion and tried, rather unjustly, to fix the blame on Wood, alleging that under his orders "the inquiry was narrowed, and so no case was made out for the tenant".[7] He again tried to come to a compromise with Wingfield through Grey,[8] proposing that all tenant rights which might be proved

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1. P.P. No. 62, Vol.40, 1865, H. of C., Minutes of Dissent by Hogg, Perry, Macnaghten, of 21st and 22nd February, 1865, respectively, pp.249-256.
2. Idem. Canning's despatch to the Court, 18th October, 185 para. 34, quoted by Hogg in his Minute, cit. supra., p.25
3. Idem. pp.256-265.
4. Bosworth-Smith, R: Life of Lawrence, Vol.II, p.560, 1883. See Lawrence to Eastwick, May 1st, 1865.
5. Idem. p.557. Currie and Eastwick were great friends of Lawrence and maintained a regular correspondence with hi
6. P.P. No.290, Vol.13, 1866, H.ofL., R.H. Davies to the Secretary to the C.C., Oude, No.1293, 19th June, 1865, p.181.
7. Halifax Papers: Lawrence to Wood, February 8th, 1866.
8. Idem. Lawrence to Lord Halifax, April 21st, 1866. By this time Wood had resigned and was created the first Lord Halifax.

from time to time to exist, should be recorded, and also those derived from the reclamation of land and the sinking of wells.[1] Lawrence had definitely lost his case, and was apparently trying to satisfy his injured vanity, but the Talookdars who were then in a stronger position, firmly refused to agree to his proposals. He, however, found John Strachey who had succeeded Wingfield as Chief Commissioner, more amenable and came to some settlement with him and the Talookdars.[2] According to one of its terms, no rent could be raised except by application to a Court of law.[3]

After these almost interminable discussions between the home and Indian authorities, the settlement operations were allowed to continue, as was originally decided by Wingfield.[4] Provision was, however, made for protecting the rights of the under-proprietors, which were never disputed by any party, and the existence of which had been reaffirmed by the investigation of Davies.[5] These arrangements were confirmed by the Oude Rent Act of 1868, which did not recognize any occupancy rights on the part of tenants.[6]

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1. Idem. Lawrence to Wood, February 8th, 1866.
2. Idem. Lawrence to Lord Halifax, April 21st, 1866.
3. Bosworth-Smith: op. cit, p.561.
4. Report on the Revenue Administration of the Province of Oude, May to September, 1866, Part II Settlement, Lucknow 1867, p. 9 also letter to the C.C. Oude, from the Foreign Secretary No. 376, 7th December, 1867.
5. Report by Davies, op. cit., p.180.
6. Baden-Powell, B.H.: Land systems of British India, Vol. I. p.246, 1892.

The principle, established by Canning of maintaining a landed aristocracy as a pillar of British rule, was consistently followed. In 1866 the Government of India sanctioned the proposal of Wingfield to take under direct management the estates of certain involved Talookdars, in order "to preserve them from extinction" on political ground.[1]

Cranborne, while approving the measure, recognized "the advantage of maintaining the ancient hereditary Talookdars in their position by any measures, not otherwise objectionable".[2]

Lawrence having failed to modify Canning's Oude system according to his ideas, turned his attention to the Punjab, where he found a ready opportunity to retrieve his prestige. In that Province, at the first settlement of 1853, all the existing rights in land were recorded[3] and tenants were given the rights of occupancy on a previous holding of twelve years.[4] These arrangements continued in the Punjab because it had escaped the grip of the Mutiny, and therefore had not shared the fate of the Oude Settlement of 1856. When the second settlement was being made under Prinsep, the superior landowners began to assert their claims against the tenants. Lawrence, finding the moment opportune, intervened with great

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1. India. Collections to Revenue Despatches, 1868, Vol. Coll. No. 51: G.G.-in-C. to Cranborne No. 8 of 1866, 17th May, (Foreign Deptt.) also see Secretary to the C.C. Oude No. 254, 17th January, 1866.
2. India. Revenue Despatches, 2nd Sept., 1858-1867, Vol.4; Cranborne to the G.G.-in-C., No.51 of 1866, 8th August.
3. Bosworth-Smith: op. cit., p.561.
4. India. Collections to Revenue Despatches 1869, Vol. Coll. No. 80., Memo. by MacLeod.

firmness and resolution. In the teeth of the strong opposition of Mansfield, Durand and Grey, he succeeded in getting through the Legislative Council the Punjab Tenancy Act of 1868.[1]

It set aside the Record of Rights contained in the Revised Settlement of Prinsep and confirmed that of 1853.[2] The cultivators accordingly acquired, among others, hereditary rights, and could not be evicted without a regular suit of law. These provisions called forth a strong protest from the big land-holders, who declared that their rights, which were guaranteed by the Queen's Proclamation, had been violated. Accordingly they submitted a memorial to the Secretary of State, requesting for the withdrawal of the Act.[3] Lieutenant-Governor MacLeod supported them.[4]

Argyll did not accede to this request, and upheld the Act.[5] He himself wrote the despatch, and then submitted it to the Council, where he had to encounter severe opposition, and ultimately, it was found that votes were equally divided. It was only by giving his casting vote that he succeeded in carrying the despatch through.[6] It has been related by

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1. Bosworth-Smith: op. cit. p.563.cf. I.L.C. Progs of the L.C., 1868, pp. 479-481.
2. India. Collections to Revenue Despatches, 1869, Vol. Coll. No. 80, Memorandum by MacLeod.
3. Idem. Memorial, Lahore, February, 1869.
4. Idem. Memo. cit. supra.
5. Idem. Argyll to the G.G.-in-C., No.80, of 1869, 28th Oct
6. Minutes of the Council of India, July to December, 1869, Meeting of the 28th Oct., 1869, p.441. Perry, Halliday, Macnaghten, Prinsep, Mangles, Frere and Sir Robert Montgomery were dissentient.

Strachey, that it was primarily the result of the efforts of John Stuart Mill, that the opposition to the Act collapsed.[1]

Among the opponents of Argyll's decision, Macnaghten, Mangles, Halliday and Perry were most ~~in~~ inveterate. Their main objection, among others, was that the old settlement which had formed the basis of the Punjab Tenancy Act, was extremely perfunctory.[2] Perry was also critical of the mode, which he considered to be unusual, in which the draft had emanated from the Secretary of State.[3] The latter defended his conduct, as being in conformity with the practice, declaring that the views of the Political Committee were taken into consideration.[4]

Argyll's argument was well-grounded on the legal and constitutional provisions. There had been, no doubt, instances when the draft of a despatch was written by a member of a Committee, who was well-acquainted with the subject, although after consultation with the Secretary of State and the other members. It has been shown above that most of the despatches on Oude were written by Currie, who had a good knowledge of its affairs.

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1. Bosworth-Smith: op. cit. The author has quoted a letter addressed to himself by John Strachey, who had been the Chief Commissioner of Oude.

2. India. Collections to Revenue Despatches, 1869, Vol. Coll. No. 80. Minute by Macnaghten, Mangles and Halliday 4th November, 1869, and also by Perry, 30th October, 1869.

3. Idem. Perry's Minute, cit. supra.

4. Idem. Argyll's Minute. ~~cit. supra.~~

In dealing with revenue questions, the home Government showed greater restraint and moderation than did the Indian authorities either under Canning or Lawrence. Just as Canning, in the turmoil and distraction that followed the termination of the Mutiny, had succeeded in undoing the work of his predecessors, so Lawrence would have subverted Canning's settlements, if he had been allowed to have his own way. The result of such somersaults in Indian policy was bound to be detrimental to British authority. Wood, therefore, remained vigilant and repeatedly warned the Indian authorities against the evil consequences of swinging from one extreme to the other.

The influence of the Council of India over the Indian policy was also considerable. Unfortunately, its dominant opinion happened to be opposed to the views held by both Canning and Lawrence, under whom revenue measures of far-reaching importance were undertaken. It was definitely opposed to Canning's unwise predilections in favour of creating an aristocracy on the English model. During Lawrence's Governor-Generalship, it was most decidedly unwilling to retrace its steps by sanctioning any serious modification in Canning's system, which had been approved by the home Government. Moreover it did not share Lawrence's extreme views. In such a situation the Secretary of State had to perform the arduous task of "keeping straight the general policy"[1], or he had

1. Halifax Papers: I.O.C., L.B., Vol.8, 1861, Wood to Canning, 18th June, 1861, p.66.

had to take a bolder course, as was done by Argyll.

The land settlement policy in itself was shortsighted. The home and Indian authorities, in spite of their knowledge that neither the Talookdars, nor the tenants had any hereditary or transferable rights in the land, made the former the absolute[1] owners of the soil. The report of Davies had left no doubt on this point. The same authority also stated that as there were no rights in Land, there was "an entire absence of contention or litigation on the subject during the native rule", and also that the right of eviction, if it ever remained with the Zemindars, was rarely exercised.[2] Under Canning's settlement litigation increased by leaps and bounds, and Wingfield was soon complaining of the burden of work.[3]

Davies also showed that the Talookdars were not land-owners during the Muslim rule. The Government claimed the whole rent, except so much as was assigned to the landholders in

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1. Halifax Papers: I.O.C., L.B., Vol.1862, Wood to Elgin, 27th December, 1862, p.341. Referring to the summary settlement of 1856, Wood wrote: "We were proceeding to create rights, which nobody considered to exist". cf. P.P. No. 426, Vol.46, H. of C., 1861, Forsyth to Secy. to the C.C., Oude to Beadon, Foreign Secretary, 17th October 1859, para. 17.

2. P.P. No. 290, Vol. 13, H. of L., Davies, R.H. Financial Commissioner, Oude, to the Secretary to the C.C., Oude, No. 1293, 19th June, 1865, p. 181.

3. P.P. No. 62, Vol.40, 1865, H. of C., Wingfield to Lawrence, 6th June, 1864, p.170. In 1863, he had to decide three hundred appeals in regular suits for rights in land, besides two hundred in summary boundary and miscellaneous cases.

commutation of all proprietary and administrative rights, and frequently[1] it collected rent direct from the tenantry. But under the settlement of Canning the Talookdars acquired complete ownership in land, while the cultivators were reduced to the position of mere tenants-at-will, although some protection was afforded to them by the measures of Lawrence.

Canning's Oude settlement might have helped in the pacification of the Province, but it is questionable whether a landed aristocracy, which he actually created in Oude and intended to create throughout India, could strengthen the British rule. Financial Commissioner Davies entertained serious doubts as to the political advantages of the Talookdaree system. He wrote to the Chief Commissioner: "All our measures - educational, judicial and locomotive - aid the development of individualism ..... In the next emeute, which will probably be popular, not military, we may lean on a broken reed, if we trust too much to the influence of a hereditary aristocracy".[2] These words, when viewed from this distance of time, and in the light of all that has happened since, seem to be grimly prophetic.

By creating transferable proprietary rights in land and

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1. Report by Davies, R.H., cit. supra, p.181. cf. C.C. Davies: "Warren Hastings and Oude", 1939. The author states that the Nawabs of Oude, frequently removed the Talookdars, p.120. Also see Baden-Powell: Land-Systems of British India, Vol. II, 1892, p.210. The author has stated that in the time of Saadat Ali Khan, 1798-1814, and also during other periods State collected the rent direct from the tenantry, p.210.

2. India. Revenue, Collections to Despatches 1866, Vol. 16: Coll. No.51, Financial Commissioner, R.H. Davies to the Secretary to the C.C., Oude. No. 1. 2nd Jan.. 1866. p. 12.

converting
/the land tax into a money payment, a vast field for the activities of money-lenders was opened. The effects of such a system were manifested in the North-Western Provinces, before the Mutiny, when the property of the landowners was sold out to the money-lenders. During the Mutiny, as Wood stated in Parliament, the latter were turned out by the tenants and the former owners were reinstalled.[1] When Baird Smith, in his report on the Famine of the North Western Provinces, pointed out that the same tendency was still persisting, and declared it to be inevitable, neither Wood nor Indian authorities did anything to arrest it. On the other hand, Wood
/he welcomed it as he wrote to Canning: "It should be slower, otherwise there would be great danger. I am not inclined to look at it but favourably. It is a complete and radical change in the condition of the people".[2]

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1. Hansard, Vol.160, 1860, Wood's Speech, August 13th, 1860, pp. 1195-1196.

2. Halifax Papers: I.O.C., L.B., Vol.9, 1861, Wood to Canning, 18th November, 1861, p. 100.

CHAPTER VII

The Government of India and the British Laissez-Faire Policy

The political subjugation of India by Britain threw India open to the full blast of the latter's rapidly growing industrialism. Even if India had been free, it could not have escaped from the effects of the Industrial Revolution, but being a dependency of Britain, it had to conform, to a certain extent, to the pattern of the nineteenth century Empire. The statesmen of that age were struggling painfully to control the economic life of the Colonies. Although by 1846 Free Trade had been generally adopted, Earl Grey had made it clear that the British Government still reserved to itself "the duty and power of regulating the commercial policy, not only of the United Kingdom but of the British Empire".[1]

These attempts to control the economic life of the Empire failed, but the division of labour "between the colonies and England" was maintained, "though by forces les directly under human control than the tariff policy".[2] By 1850 the Empire had developed a kind of harmony. Its various parts were producing the raw materials for the industries of Britain and served as markets for its manufactures.[3] The former condition was what Pares has called one of the secondary consequences of capitalist imperialism, which tends to replace the self-sufficient economy and subsistence agriculture of the colonial lands by production for world markets.[4] India, although not a colony, nevertheless

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1. The Cambridge History of the British Empire, Vol.11, 1783-1870, Chap.XXI, by H.J. Habakkuk, p.754, quoted from Lord Grey. "The Colonial Policy of Lord John Russell's Administration", I,p.281.
2. Ibid.
3. Ibid.
4. The Economic History Review, Vol.VIII, No.2: Pares, Robert, "The Economic Factors in the History of the Empire", May, 1937, p.140.

as a result of her political bondage to England, was at one time threatened with such "consequences". When the prospect of the American Civil War, 1861-1865, became almost certain, the Lancashire manufacturers became apprehensive of a serious diminution of their cotton supplies. As usual they turned their attention towards India, and stirred up a powerful agitation to whip up the home and India Governments in order to accelerate the production of cotton in India. As a means to achieve this object, they contemplated an attack on the whole system of land-holding in India.

The Government of the day could not remain oblivious to the empending dangers with which the most important English industry was faced. Wood therefore made it clear to Canning that in the present anxiety about cotton he would "not delay anything, which opens a cotton field".[1] He, however, hoped that the development of cotton trade between India and England would be beneficial to the former.[2] The cotton manufacturers ultimately took the question to Parliament, when on the 31st May, 1861, Marquess Tweedale, a former Governor of Madras, presented a petition to the House of Lords on behal of the Cotton Supply Association of Manchester.[3] The latter were extremely critical of the Indian system of land tenure, which they stated had resulted in the fragmentation of

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1. Halifax Papers: I.O.C., L.B. Vol.7, 1861, Wood to Canning, March 6th, 1861, p. 36.

2. Ibid.

3. Hansard, CXLIII, 1861, Tweedale, H. of L., May 31st, 1861, p. 350-352.

the land into small holdings. They forcefully urged the necessity to adopt measures for the sale of waste lands fee simple, the settlement of land revenue in perpetuity, the establishment of an efficient system of law courts, and the speedy construction of the means of communications. These measures, they declared, would lead to the extension of cotton cultivation.

Tweedale, on his part, made ~~it~~ clear, what the home and Indian authorities had time and again stated, that unless the manufacturers set up their own organizations in India for purchasing and exporting cotton, they would not succeed in making their industry independent of American cotton supply.

Lord Harris and Lord Broughm[a] agreed with Tweedale.[1] Ellenbourogh strongly declared against any proposals tending tEllenbourogh strongly declared against any proposals tending to violate the existing rights in land, although he acknowcotton industry.[2]

The Lancashire manufacturers did not remain content with hollow agitation, but as Wood had earlier informed Canning, they were "disposed to do something real after all".[3] As a first step in this direction the Manchester Cotton Supply Association sent their Secretary, Haywood, to India, with a

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1. Idem. p.350.
2. Idem. pp. 365-366.
3. Halifax Papers: I.O.C., L.B., Vol.7, 1861, Wood to Canning, March 26th, 1861.

view to finding out what parts of the country were most suited for cotton cultivation and to recommend the best methods for increasing its supply. The home authorities instructed the Government of India "to help him in the furtherance of the very important objects he has in view".[1] The same organization also set up a branch at Calcutta and appointed Moseley and Hurst as their agents. The latter interviewed Canning and placed before him the same proposals which had been submitted to the House of Lords. They also told him plainly that the ryots should be compelled "to change their condition of pauper occupiers of the soil to that of well-paid labourers, and that this should be done by law and by the active influence of the Government".[2] They further desired that adequate facilities should be provided for the investment of British capital by abolishing the Stamp Tax, and by enacting a suitable law for the speedy enforcement of contracts.[3]

They were informed that the Government were doing their best to provide favourable conditions for the European capitalist. The system of land tenure, it was stated, had grown out of religious and social usages of the people, therefore, any interference with it would not only be

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1. India. Revenue Despatches, 1861, Vol. 9: Wood to the G.G.-in-C., No. 17 of 1861, 8th July.
2. Halifax Papers: Canning to Wood, September 2nd, 1861.
3. India. Collections to Revenue Despatches, 1861, Vol.8 Coll. No. 10, and Messrs. Moseley and Hurst to W. Grey, Secretary to the Government of India, 27th July, 1861.

dangerous to peace but also economically ruinous.[1] These replies were considered sufficiently reassuring by the Cotton Supply Association,[2] and were also approved by Wood.[3]

Canning was alarmed at these outspoken statements. He at once warned Wood: "Manchester people and even Parliament clamour for a change in land tenure, which would be full of evil more than religion. It should be gradual and cautious, so am doing all I can do before the cry is raised".[4]

Under the spur of this clamour from Manchester, the Government of India was goaded into action, and adopted a series of measures. The Provincial Government were instructed to do their best, short of any direct commercial activities, to increase the cotton exports to England.[5] Three prizes of ten thousand rupees each were also announced to be awarded for the largest and the best quantity of cotton produced on one estate.[6] Canning specially deputed Temple to make investigations in Nagpore and Berar territories regarding the prospects of cotton cultivation there.[7] Temple recommended

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1. Idem. Grey, Secretary to the Government of India to Messrs. Moseley and Hurst, No. 1289, 2nd July, 1861.
2. Idem. S.O. Sutton, Interim Secretary of the Cotton Supply Association to Messrs. Moseley and Hurst, Calcutta, Manchester, 3rd September, 1861.
3. India. Revenue Despatches, 1861, Vol.9: Wood to the G.G.-in-C. No. 25 of 1861, 8th October.
4. Halifax Papers: Canning to Wood, September 2nd, 1861.
5. India. Collections to Revenue Despatches, 1861, Vol.9. Coll. No.20, see Resolution, 28th February, 1861.
6. Idem. Coll. No. 30, see Resolution of 9th August, 1861.
7. Halifax Papers: Canning to Wood, 16th October, 1861.

that money advances should be made to the cultivators to finance their operations and some sort of contract law be enacted; but he was opposed to making the breaches of contract punishable by penal processes. He, however, could not find much land over which the Government could declare its absolute possession. Even while selling or granting such lands to capitalists, Canning insisted that the private rights, if any, should be protected.[1]

These measures, which were approved and encouraged by the home authorities,[2] also elicited a word of thanks from the Lancashire manufacturers.[3] But no efforts could possibly succeed in rendering the Manchester cotton industries independent of their American supplies in such a short space of time. Moreover the manufacturers, instead of establishing their own purchasing and exporting organizations in India, were only wasting their time in bringing all sorts of pressure to bear upon the home and Indian Governments. At one time there was a strong and disturbing rumour that they were trying very hard to acquire the support of the Conservatives "in protecting the Anglo-Saxon in India", but were disappointed because "Lord Stanley had set his face against such a cry".[4] Some of them were also talking openly of impeaching Wood for his

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1. Ibid.
2. India. Revenue Despatches, 1861, Vol.9: Wood to the G.G.-in-C. No. 20 of 1861, 25th July. Also Despatch No. 30 of 1861, 3rd December.
3. India. Revenue Collections to Despatches, 1861, Vol.9, Coll. No. 20. Haywood to Messrs. Moseley and Hurst, 15th May, 1861.
4. Halifax Papers: Canning to Wood, Dec. 2nd, 1861.

alleged failure to develop the cotton resources of India. But when the "Times", and other newspapers turned against them and stigmatized them, because "they had done nothing for themselves", they "came to their senses" and gave up their efforts to raise a cry in Parliament.[1] Consequently Wood felt disappointed in that he would not get "the opportunity to expose their falsehood."[2] One of his accusers, even came to him and "had a most amicable interview".[3]

As a result of this hue and cry and the efforts of the home and Indian authorities, a great impetus was given to cotton cultivation in India. In 1860-61 cotton worth £63,400,000 was exported to the United Kingdom and by 1865-66 the figure had risen to £355,900,000.[4]

Another important consequence of the agitation from Lancashire, during the American Civil War, was that public works were pushed forward with greater vigour. The devastating calamities of the famine of 1860-61 in the North-Western Provinces had also brought home the necessity to extend the existing irrigation system of the Doab (the land between the rivers Ganges and the Jumna) which was "only a

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1. Idem. I.O.C., L.B., Vol.11, 1862, Wood to Canning, October 25th, 1862, p.218.

2. Ibid.

3. Idem. Vol. 13, 1863, Wood to Canning, May 2nd, 1863, p.6.

4. Vakil, C.N. and others: Growth of Trade and Industry in Modern India, p.101, 1931.

restoration and extension of one that had existed in considerable vigour for three or four centuries of the Mohammedan period".[1] These views were reaffirmed and reinforced by the still more tragic occurrences brought about by the famine of 1866 in Orissa.[2]

The next stage of the question turned on the agency which should be employed to undertake the construction of canals. In 1857, the Court of Directors, having in view the financial embarrassments of their Indian Government, had proposed that joint stock companies should be given concessions for this purpose, on terms similar to those granted to Railway Companies. The Government would accordingly guarantee interest on the capital and therefore would be entitled to a share in the profits and to control their operations. The right to purchase the works after a certain term of years would also accrue to it.[3]

In 1858 the matter was again referred to Lord Canning's Government.[4] In the meanwhile several companies had been formed and were pressing the home authorities for concessions to construct irrigation canals.[5] In 1856, when the question

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1. P.P. No. 29, Vol.40, 1862, H. of C. Col. Baird Smith's Report on the Famine of 1860-61, in the North-Western Provinces, p.100.
2. P.P. No.335, Vol.51, 1867, H. of C. Famine Commission Report, pp.353.356.
3. P.P. No.149, Vol.43, 1863, H. of C. Minute by Canning, 29th November, 1859, p.4. Canning in this Minute gives a brief history of the case.
4. India. P.W. Despatches 1858-59, Vol.1A: Stanley to the G.G.-in-C., No. 9 of 1858, 30th November, and also Despatch No.10 of 8th Dec. 1858.
5. Ibid.

was first mooted, Grant, then a Member of the Governor-General's Council, had strongly opposed it, on the ground that if private companies were allowed to deal direct with the cultivators of the soil, untold difficulties would arise.[1] The same arguments were reiterated by Canning. In order to guard against any such mischief, he insisted on retaining a complete control in the hands of the Government over the operations of the companies.[2]

Stanley admitted the force of these arguments, but as an experimental measure granted a guarantee of 5 per cent. interest to the Madras Irrigation and Canal Company, because of the financial stringency of the Government of India.[3] In December, 1861, another joint stock company, the East India Irrigation and Canal Company, was given the contract to prosecute the Orissa Project, which comprised the construction of canals from the Mahaunddee and the improvement of its navigation.[4] The importance of this scheme had been greatly stressed by Sir A. Cotton, as an effective means to save Orissa from occasional droughts and floods.[5]

As the financial position of this Company was not very

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1. Canning's Minute, cit. supra.
2. Idem., p.6.
3. India. P.W. Despatches, 1858-59, Vol.1A: Stanley to the G.G.-in-C., No. 12 of 1859, 24th March.
4. P.P. No. 59, Vol.8, 1871, Appendix No. 13 to the Report from the Select Committee on the East India Finance, p. 745.
5. Idem., p.739. Cotton was Irrigation Engineer with the Government of India from 1828 to 1862, D.I.B. S.V. Sir Arthur Thomas Cotton.

satisfactory from the beginning, Wood at once warned Canning "You should be cautious, after the example of the Madras Irrigation Company. They are a grasping, unscrupulous body who have been trying to get into their hands more than they can manage. I have resisted this and they are angry. Fortunately their blunder about their levels has put them at a disadvantage, which I do not mean to let them out of".[1] At the same time he also expressed his decided opposition to "the division of profits and the keeping of accounts between the Government and the Company".[2]

Canning was no better disposed towards the Company, although its agent, Westwood, was labouring under some misapprehension, and was telling the public: "The Government wishes to give the Company all they ask, but the Secretary of State desires to jockey them out of certain advantages".[3] Canning felt some secret joy at such foolishness and wrote to Wood: "My despatches of December 5th, 1861, when communicated to them, would disappoint them. Their affairs have got into a tangle, and we shall find ourselves at cross purposes with them".[4]

These events were slowly bringing Wood round to the point of view of the Government of India. Shortly after

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1. Halifax Papers: I.O.C., L.B., Vol.6, 1861, Wood to Canning, January 9th, 1861, pp.16-18.
2. Ibid.
3. Idem. Canning to Wood, September 15th, 1861.
4. Ibid.

while impressing the importance of canals on Elgin, the newly arrived Governor-General, he remarked: "These (canals) must remain in the hands of the Government and the roads also".[1]

On the assumption of the Governor-Generalship, Lawrence, the inveterate opponent of European capitalists in India, began to press the case against the private canal companies with great force and persistence. He clearly explained to Wood that a good system of irrigation, constructed and managed by Government, would bring about a great increase in the land revenue, and therefore, would solve the financial difficulties but if left to private capitalists, the reverse would be the outcome.[2] He introduced a political consideration also into this question, stating: "It would turn the minds of the war-like races in India to agriculture, whereas they now sigh for service".[3] He was extremely exasperated at the sorry state of the affairs of the canal companies: "We cannot act 'the dog in the manger'. Better that we do it ourselves rather than give it to the companies. The latter are only doing better than doing nothing".[4] He had the unanimous support of his Council and in order to strengthen his case, he forwarded to Wood all the minutes of the members of Government, commencing from that of Elgin.[5]

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1. Idem. I.O.C., L.B., Vol.11, 1862, Wood to Elgin, Sept. 9th, 1862, p.118.
2. Idem. Lawrence to Wood, April 3rd, 1864.
3. Ibid.
4. Idem. Lawrence to Wood, September 12th, 1865.
5. P.W.D. Letters received from India, 1863-64, Vol.11: G.G.-in-C., No.23 of 1864, 7th April. For the Minutes of the Members of the Government of India see P.P. No.105, Vol.50, 1867, H.of C., pp.4-14.

In the face of such persistent and overwhelming opposition, based as it was on the glaring defects of the system, the resistance of the home authorities ultimately collapsed.[1] Moreover the circumstances under which private companies were introduced did not exist. The principle, that out of the surplus funds the reproductive public works should be supplied, had been sanctioned.[2] Later on the proposal of Lawrence to raise loans for such works had also been accepted at which the latter was overjoyed.[3] Experience had also shown that the Government of India was better provided with professional skill and superintendence, with which it had been continuously aiding the companies.[4]

In fact, the casus belli had been provided by the deteriorating financial condition of the canal companies. The stock of the Madras Irrigation and Canal Company, which, at one time, had been considerably patronized by the Manchester Cotton Supply Association,[5] was falling low, although it had been guaranteed at 5 per cent.[6] The Directors of the East India Irrigation Company had started reducing

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1. India. P.W. Despatches, 1863-64, Vol.5: Wood to the G.G.-in-C., No. 39 of 1864, 8th August.
2. Halifax Papers: I.O.C., L.B., Vol.11, 1862, Wood to Elgin, 24th July, 1862, p.28.
3. Idem. Lawrence to Wood, October 6th, 1865, and also letter of April 21st, 1866. See Chap.II, p.
4. India. P.W. Despatches 1863-64, Vol.5: Wood to the G.G.-in-C., No.39 of 1864, 8th August.
5. The Economic History Review, Vol.VII, No.2, "The Economic Factors in the History of Europe", by R. Pares, May, 1937, p.141.
6. P.P. No.103, Vol.50, H.of C., 1867-68, G.G.-in-C. to Northcote, No.114 of 1867, 16th July, p.1.

their outlay, and hence the Government was obliged to pay them £20,000 a month.[1] The latter became apprehensive lest it might become necessary to provide the whole amount of £390,100, which the Company was authorized to borrow until the end of 1870, in order to finance the works under construction.[2] These incidents were continuously thrown into the face of the home authorities as proof of the failure of the system introduced by them.

Ultimately Lawrence's Government succeeded in obtaining the consent of Northcote to suspend all further loans to the East India Irrigation and Canal Company,[3] and finally, on the 19th May, 1869, took over all the works from the Company.[4]

More directly connected with the efforts to increase the production of cotton and to facilitate its transport to the ports were the measures adopted for the improvement of the navigation of the Godavery. Canning had proposed that the prosecution of this scheme could safely be entrusted to a private company, as no village communities were involved.[5] Wood had declined this proposal, mainly because he considered it to be of a complicated nature, as the operations were to

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1. Ibid.
2. Idem. P.P. No. 415, No.167 of 1867, 21st April, p.1.
3. Idem. Northcote to the G.G.-in-C., No.49 of 1869, 1st May, p.4.
4. P.P. No. 59, Vol.8, 1871, Appendix No. 13, op. cit, p.745
5. P.P. No.55, Vol.40, 1862, H.of C. Canning to the Secy. of State, No. 22 of 1860, 27th December, p.6.

be carried on partly in the Nizam's territory, through which the river flowed for considerable distances.[1] But when the cry from Manchester became persistent, he at once took a somersault. He proposed to the "cotton people" to form a "Godavery Company" and was willing to give them a guarantee.[2] The latter refused to do so. Consequently Wood was extremely disappointed and annoyed. He wrote to Canning: "Manchester men talk like fools. They do not do anything for themselves, but want others to do it for them. London men, connected with India, have given them up as hopeless". In the same breath he admitted that the Bank rate of 8 per cent. had acted as a damper.[3]

The Government was thus constrained to keep the construction of the Godavery Navigation Works in its own hands. The scheme was prosecuted with great vigour under the supervision of Captain Haig, an engineer in the Public Works Department, who had been on tour in the United States to study similar works there.[4] The details of these works were regularly submitted for approval to the Secretary of State and he was also kept informed of the progress made towards the completion of the scheme.[5]

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1. India. P.W. Despatches, 1860, Vol.2: Under-Secretary of State to the Secretary of the Committee of the Godavery Irrigation Co., 26th June, 1860. The reasons for declining the proposal were stated in this letter which was later on forwarded to India.
2. Halifax Papers: I.O.C., L.B. Vol.6, 1861, Wood to Canning, January 25rd, 1861, p. 73.
3. Idem. Wood to Canning, February 4th, 1861, p. 166.
4. P.P. No.55, Vol.40, 1862, H. of C., Despatch to India, No. 8, January 26th, 1862, p.5.
5. P.P. No.09 Vol.50, 1867-68, H. of C. For instance see despatch to India No. 19, 29th Feb. 1868, p.271, in which the Secy. of State has reviewed such proceedings.

Considerable attention was also paid to the building of roads in the cotton producing districts of the Central Provinces, Bengal, and the Presidencies of Bombay and Madras. The plans of these projects were regularly communicated by the Secretary of State to the Manchester Cotton Supply Association.[1] Once on hearing from Frere, the Governor of Bombay, that the Supreme Government had curtailed the public works expenditure in that Presidency, by £100,000, Wood flared up.[2] He demanded explanation from Elgin for this reduction, and refused to approve it, unless sufficient reasons were given, stating: "Duties cannot be reduced. Manchester has given that up. Now they say 'give us roads'. I have told them that an annual expenditure of £300,000 has been assigned for the 'cotton roads'.[3] So says Denison".

In reply, Elgin in a firm manner remarked that his Government was determined not to allow any expenditure in excess of the allotted sums without a careful scrutiny.[4] Such a prompt display of a determined attitude had the desired effect. Wood was cooled down, and declared that he had never accepted the view of the Governments of Madras and Bombay that there was "too much interference" by the Supreme

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1. India. P.W. Despatches, 1861, Vol.3: Wood to the G.G.-in-C., Nos. 55 and 63 of 1861, dated the 16th October and 23rd November respectively.
2. Halifax Papers: I.O.C., L.B., Vol.12, 1863, Wood to Elgin, March 16th, 1863, p. 130.
3. Idem., p. 132.
4. Idem. Elgin to Wood, April 10th, 1863.

Government in their affairs.[1] He, however, did not relax his insistence on Indian authorities to prosecute their reproductive public works with greater speed and vigour.[2]

Some of the most important roads were built in the Presidency of Bombay, connecting the great cotton producing areas of the Dharwar district with the port of Sedashegar. The formation of a harbour on Sedashegar Bay was first suggested by Lieutenant Taylor of the Indian Navy, in 1856.[3] It was still under consideration when the cotton crisis began to loom large and the Manchester Cotton Committee was formed in 1860, for the purpose of buying cotton in Dharwar and shipping it to England from Sedashegar. Wood at once instructed the Government of Madras to complete the roads leading from the interior to the port, and to afford all possible help to the newly-formed Company.[4]

At the same time he proposed to Canning that Sedashegar, which was capable of being developed into a good "cotton port" and the district of North Canara, should be transferred to the Presidency of Bombay, with which it had some connection, but had "none with Madras, because Bombay troops had quelled rows there".[5]

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1. Idem., I.O.C., L.B. Vol.12, 1863, Wood to Elgin, April 18th, 1863, p. 210.
2. Idem., L.B. Vol.13, 1863, Wood to Elgin, May 18th and June 16th, 1863, pp. 70-72, and p. 114.
3. P.P. No. 81, Vol.43, 1863, H. of C., Madras to the Court, No. 22 7th October, 1856, p. 3.
4. Idem. Wood to Madras, No. 63, 15th December, 1860,p.25.
5. Halifax Papers: I.O.C., L.B. Vol.6, 1861, Wood to Canning, Jan. 23rd, 1861, p.80, also see P.P. No.81, Vol.43, 1863, Wood to Bombay, 28th Feb. (No.10), 1861, p. 26.

Among the members of the Council of India, Arbuthnot and Trevelyan favoured this proposal, but Montgomery was opposed to it. Dr. Forbes, the Surgeon-Major and Superintendent of Sedashegar, and some others also, who had sufficient experience of cotton districts, advised Wood to transfer that territory to the Bombay Presidency.[1]

Canning welcomed this proposal,[2] but Denison was opposed to such a transaction, obviously because it would reduce the extent of his territories. He adopted dilatory tactics and began to cause trouble on some "silly boundary line", in spite of the instructions from Wood to effect the transfer without delay.[3] The latter was annoyed at such disobedient conduct and felt disappointed in "my Governor of Madras".[4] He had to ask Canning to arrange the transfer of North Canara and Sedashegar to the Government of Bombay, and with the latter's intervention it was speedily carried out.[5]

The Government of India, however, decided to retain in its own hands the proposed construction of a pier at Sedashegar. The Cotton Committee welcomed this decision, but began to insist on its completion by 1862.[6] Wood followed

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1. Halifax Papers: Wood to Canning, January 23rd, 1861, p. 80, cit. supra.
2. Idem. Canning to Wood, March 4th, 1861.
3. Idem., I.O.C., L.B. Vol.9, 1861, Wood to Canning, November 26th, 1861, p. 133.
4. Idem. Wood to Canning, October 18th, 1861, p. 30.
5. Ibid. Also P.P. No. 81, Vol.43, 1863, H. of C., Wood to the Govt. of Bombay, No.6 of 1863, 26th Feb. p. 114.
6. P.P. No.81, cit. supra. Haywood, Secy. to the Cotton Committee, to Wood, April 3rd, 1861, p. 36.

suit and with unremitting persistence pressed the Indian and Bombay Governments to intensify their efforts.[1] By 1863, such progress had been made in the development of the port and the construction of roads that Wood was extremely gratified.[2]

The largest undertaking in India, in which British capital was investedwere the railways. The attitude of Indian authorities towards the Railway Companies was no less hostile than it was towards the private Canal Companies. The Government of India had guaranteed their capital at 5 per cent, and had, therefore, acquired a complete control over their operations. In England it was exercised through an official Director and in India through the Superintending Engineers.[3] The Government had reserved the power to take over the lines in case of their not being satisfactorily worked.

The Committee, appointed in 1857-58 to inquire into the auses of delay in the speedy development of railways in India, had declared in favour of the "Guarantee System", but had in strong terms urged the necessity of simplifying the procedure which /governed

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1. Idem. Wood to Bombay, No. 2, 1863, 9th February, p.88.
2. Idem. Wood to Bombay, No. 6 of 1863, 26th February, p. 114. Also see P.P. No. 99, Vol.43, 1864, H. of C., Government of Bombay to Wood, No. 27, 6th June, 1863, pp.4 and 8. The return for April, 1863, showed that 3,182 cotton carts travelled from the interior to the port and 2,000 on the way back. With regard to the port of Sedashegar itself, among other equipment, it had 230 feet of wharfage, which was being extended.
3. P.P. No. 416, Vol.14, H. of C., 1857-58, p.III.

governed the mutual relations between the Government and the Companies.[1] Lord Stenley concurred in these recommendations and forwarded them to Lord Canning's Government.[2] Canning stated that direct control, however vexatious it might be, was the logical corollary of the "Guarantee System", because without it no economy could be maintained. In fact, he declared, a "double Government" was existing with all its attendant evils. Unlike Grant, he was not opposed to the system, but only to its existing mode.[3] He entertained serious doubts whether the already overburdened Government of India could successfully undertake the construction of thousands of miles of railways, but recommended that it should be experimented with on a small scale. He promised, however, to relax Government control over the Railway Companies.[4]

The views of the home authorities in favour of the "Guarantee System" were further strengthened by the admitted inability of the Government of India to construct railways.[5] Moreover, they feared that such a course would increase the Public Debt. Stanley therefore proposed that methods of supervision should be greatly simplified, by fixing the preliminary details and by prescribing a specific period for their completion.[6]

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1. Idem. p.VII.
2. Railway Despatches to India, 1858-59, Vol.1: Stanley to the G.G.-in-C. No. 1 of 1858, 15th September.
3. India. Railway and Telegraph Letters Received, 1858, Vol.5 Canning to Stanley, No. 2 of 1858, 29th November.
4. Ibid.
5. India. Railway Despatches 1858-59, Vol.1: Stanley to the G.G.-in-C. No. 16 of 1859, 24th February, pp.201-202.
6. Idem., p.211.

In the meanwhile, the increasing failure of the Railway Companies to raise the required amount of funds and their consequent dependence on Government loans, encouraged their antagonists within the Governor-General's Council. Ultimately Lord Canning's Government, following the lead given by Grant, Laing and Denison, not only began to insist on the purchase of the railways by the State, but boldly challenged the interpretation given by Stanley to the arguments of Canning.[2] Laing in unequivocal terms stated that the system was bound to remain costly as long as the Government was not given complete powers, extending to dismissal, over the staff of the Companies.

At home, opinion still prevailed in favour of the private Companies. Wood could see no danger from their failure to provide the necessary funds.[3] On the other hand, he insisted: "We should borrow and lend them. I do not mean so openly, but cannot shut my eyes to all this. There would be great difficulty in obtaining possession - because in three months they would go to ruin".[4] He also entertained most serious

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1. India: Ry. Letters, 1859-60, Vol.6 : G.G.-in-C. No. 4 of 1859, 7th July, and also see Ry. and Teleg. Letters, 1861, Vol.7: No. 68 of 1861, 27th July, and India Ry. and Teleg. Letters, 1862-63, Vol.8: No. 7 of 1853, 7th February.

2. Ibid. Also see Enclosures to Ry. Letters, 1861, Vol.21: Enclosure to No. 68 of 1861, Minutes by Grant, Laing and Denison of 4th September, 1858, and of 1st April, 1861 respectively. Denison at that time happened to be at Calcutta, and at the request of Canning recorded his Minute.

3. Ry. Despatches to India, 1863-65, Vol.3: Wood to the G.G.-in-C., No. 25 of 1863, 17th June.

4. Halifax Papers: I.O.C., L.B., Vol.6, 1861, Wood to Canning, January 9th, 1861, p.26. According to the terms of the Contract, the Government could take over the Railways at three months' notice.

doubts as to any probable advantages which might follow on assuming the full ownership of the railways by the State.[1] At the same time, he reassured Canning: "The guarantees have been given to railroad Companies. It was necessary at the time, but I do not mean to guarantee any more".[2]

In the meantime, the weaknesses of the system which were emphasized by Grant and Canning had become markedly manifest. One small incident that occurred in 1859 throws sufficient light on the state of feeling that was existing between the Government and the officers of the Railway Companies. Once, Palmer, the Agent of the East India Railway Company, brought ou certain strictures against Captain Greathed, a Deputy Consultin Engineer in the North-Western Provinces.[3] The Government supported its own officer, declaring that under the terms of th contracts the Agent was not authorized to correspond direct with his Board of Directors.[4] The Secretary of State agreed with the Government of India and instructed the Directors to warn their officers in India against the consequences of such conduct in future, but suspended the rule, believing that the necessity for its use would not arise.[5] Again in 1868, the sam

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1. Idem. Wood to Canning, March 11th, 1861, p.250.
2. Idem. Wood to Canning, January 9th, 1861, p.18. Also see Despatch to India No. 25 of 1863, 17th June, cit. supra.
3. India. Ry. and Teleg. Letters, 1859-60, Vol.6: G.G.-in-C. to Wood, No. 11 of 1859, 4th March.
4. Ibid.
5. Ry. Despatches to India, 1858-59, Vol.1: Stanley to the G.G.-in-C. No. 45 of 1859, 17th May, p.289-292. Also see Ry. Despatches to India, 1860-62, Vol.2: No. 34 of 1862, 25th November.

Company had to dismiss its Agent, Colonel Elphinstone, at the request of Northcote.[1] A Committee appointed by the Government of India had established several questionable dealings on his part. His accounts were found to be loose, rendering it impossible "to trace many suspicious transactions in detail".[2]

Another serious shortcoming of the system was that it tended to concentrate all control at Calcutta, with the result that the subordinate Governments were continuously struggling to wrest as much power as they could from the hands of the Supreme Government. In order to resolve this conflict, which produced unnecessary delays, the Court of Directors and the successive Secretaries of State, had time and again proposed that powers to decide the questions of detail should be delegated to the subordinate authorities, while reserving imperial and general questions for the decision of the Government of India.[3] Moreover, the Railway Companies were also clamorous against such a cumbrous procedure.[4]

As a first step in this direction, the Government of India increased the powers of the Consulting Engineers and the Chief

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1. Ry. Despatches, 1868-69, Vol.5: Northcote to the G.G.-in-C No. 22 of 1868, 26th March.
2. Enclosures to Ry. Letters, 1868, Vol.28: No. 13 of 1868: G.G.-in-C. to Northcote, No. 13 of 1868, 21st January.
3. India. Ry. and Teleg. Letters, 1859-60, Vol.6: G.G.-in-C. to Wood, No. 70 of 1859, 21st March.
4. Ry. Despatches to India, 1858-59, Vol.1: Wood to the G.G.-in-C., No. 71 of 1859, 28th July.

Railway officers in each Local Administration.[1] Stanley readily accorded his sanction to these measures.[2] In 1863 the same policy was further developed. The subordinate Governments were directed to submit a schedule of works, proposed to be constructed on open lines and involving an expense of more than Rs. 5,000, for the previous sanction of the Government of India.[3] Instead of solving the difficulties, this measure became the starting point of a long-drawn out controversy between the Supreme and Bombay Governments.

Soon after the latter began to complain of minute interference by the Supreme Government. Wood at once directed the Government of India to exercise its powers in a liberal manner and to extend the scope of discretionary powers to Rs.10,000.[4] The same view was insisted on by Cranborne.[5] But Lawrence's Government most determinedly adhered to its own decision, mainly on the ground that it was responsible for raising the revenue and hence was justly authorized to keep a watchful eye on public expenditure. It asked the Secretary of State to support its authority, alleging that the response of the

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1. India. Ry. Letters, 1859-60, Vol.6 : G.G.-in-C. to Stanley No. 12 of 1859, 11th March, and also Enclosures to Letters 1859, Vol.19: Enclosures to the above.
2. Ry. Despatches to India, 1859, Vol.1: Stanley to the G.G.-in-C., No.49 of 1859, 1st June.
3. Enclosures to Railway Letters, 1864, Vol.19: Enclosures No 6 of 1864, see Resolution No.2301-7, G.G. 23rd Sept. 1863.
4. Ry. Despatches to India, 1863-65, Vol.3: Wood to the G.G.-in-C., No. 58 of 1864, 29th September.
5. Ry. Despatches to India, 1866-67, Vol.4: Cranborne to the G.G.-in-C., Nos. 36 and 46 of 1866, 31st July and 17th December respectively.

Government of Bombay, in the matter of co-operation, had been extremely tardy.[1]

A great point of contention between the Government and the Railway Companies arose on the question of fixing the rates and fares for the conveyance of goods and passengers. In 1866 the Agent of the Great South of India Railway, proposed to raise the lowest fare from four to five pies per mile. The Government of Madras opposed it and referred the matter to Northcote.[2] The latter authorised the Local Governments to prescribe the maximum limits, within which the Companies were allowed to vary their rates of fares according to circumstances.[3]

With a clever ruse, the Government of India tried to get round these restrictions. It retained the powers to make a general policy and to interfere in matters where more than one Railway Company, operating within the jurisdiction of several Local Governments, were involved. The powers to fix the maximum rates and fares, as laid down by the Secretary of State, were left with the latter.[4] At the same time, it skilfully not only kept under its control, but also prescribed

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1. India. Ry. and Teleg. Letters from 1866, Vol.10: G.G.-in-C. to De Grey and Ripon No. 53 of 1866, 14th June and to Cranborne, No. 99 of 1866, 18th October.

2. India. Ry. and Teleg. Letters, 1867-68, Vol.11: G.G.-in-C. to Northcote, No. 26 of 1867, March 8th.

3. Ry. Despatches to India, 1866-67, Vol.4: Northcote to the G.G.-in-C. No. 37 of 1867, 16th May.

4. Enclosures to Ry. Letters, 1867, Vol.27: G.G.-in-C. to Northcote, No. 104 of 1867, 16th October. See circular No.10, Ry. P.W.D., Simla, 16th October, 1867.

the actual rates for the lowest class of passengers, and for the conveyance of food grains and coal.[1] Northcote agreed with/first provision, but refused to approve the actual fixing of fares, as it was "beyond the suggested limits".[2]

Sir John Lawrence's Government protested against this decision, and insisted on its right to fix the lowest fares and rates, as the guarantor of interest on the Railway capital, and the protector of the interests of its subjects. It justly maintained that the main interest of the Railway Companies lay in obtaining the maximum profits by carrying the minimum number of passengers.[3] Northcote reiterated his decision, which was arrived at after mature deliberation, declaring that its provisions would sufficiently guard the public against any excessive rates of fares.[4]

In the meanwhile the Agent of the Great South of India Railway agreeing to the proposal of the Government of Madras, reduced the second and third class fares to five and three pies respectively.[5] The controversy was thus brought to an end.

This temporary rebuff did not silence the opposition of

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1. Ibid. The lowest traveller's fare was fixed 2 pies per mile and for coal one quarter of a pie per ton per mile.
2. Ry. Despatches to India, 1868-69, Vol.5: Northcote to the G.G.-in-C. No. 17 of 1868, 29th February.
3. India. Ry. and Telegraph Letters, 1867-68, Vol.11: G.G.-in-C. to Northcote, No. 76 of 1868, April 25th.
4. Ry. Despatches to India, 1868-69, Vol.5: Northcote to the G.G.-in-C. No. 48 of 1868, 25th June.
5. India. Ry. and Teleg. Letters, 1867-68, Vol.11: G.G.-in-C. to Northcote, No. 79 of 1868, 30th April.

Lawrence to the "Guarantee System". When the question of constructing railways in the Indus Valley, Rajpootana and from Peshawar to Lahore was being discussed, he again put forward the case for employing the Government Agency.[1] He could urge it with greater force, because these lines were considered to be unremunerative and, therefore, it was doubtful if any private Companies would come forward to undertake their construction. He again criticized the system on the ground of its uneconomical character and also because the employees of the Companies did not treat Indians well.[2] Among the Members of his Council, only Massey supported him,[3] while Durand, Mansfield, Maine and Taylor were opposed to his proposals,[4] although they shared Lawrence's predilections for expanding the irrigation system of India. In the end Lawrence, because of the financial difficulties of India, was obliged to accept the compromise, according to which the guaranteed Railway Companies were to be maintained, but the construction of canals was to be carried on by the direct agency of the Government.[5]

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1. India. Ry. and Teleg. Letters, 1866, Vol.10: G.G.-in-C to Northcote, No. 111 of 1866, December 22nd.
2. Enclosures to Ry. Letters, 1866, Vol.26: Enclosures No. 9-11, Minute by Lawrence.
3. Idem. Minute by Massey, 29th October, 1866.
4. Idem. Minutes by Durand, Mansfield, Maine and Taylor, dated the 13th October, 2nd November and 8th November, respectively.
5. Idem. Minute by Lawrence, December 18th, 1866.

Northcote, after reviewing these proceedings in great detail, declared himself in favour of the "Guarantee System" for the construction of commercial lines, but agreed that political lines should be constructed by the Government.[1] He, however, desired that the latter should be planned with a view to combine the political and commercial advantages.[2]

Undaunted by this adverse decision and the opposition of his Council, Lawrence continued to persevere in his policy.[3] In his Minute of the 16th August, 1867, he insisted on the Government having greater control over the operations of the Companies and, ultimately, the ownership of the Railways. The Government was already lending considerable sums to the Companies, whose capital it had guaranteed at 5 per cent. It could, he proceeded to remark, as well as raise the entire amount on its own credit. In that case the agency of the private Companies could be safely dispensed with.[4]

He further tried to impress upon the home authorities, the dangers of allowing the investment of British capital in India on an unlimited scale. If the latter ceased to be a dependency at some future time, it would be impossible to pay the guaranteed interest. Moreover, he was apprehensive, lest

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1. Ry. Despatches to India, 1868-69, Vol.5: Northcote to the G.G.-in-C. No. 3 of 1868, 16th January.

2. Idem. No. 5 of 1868, 24th January.

3. Enclosures to Ry. Letters, 1867, Vol.27: G.G.-in-C. to Northcote, No. 125 of 1867, December 3rd.

4. Idem. Minute by Lawrence, 16th August, 1867.

the Guaranteed Companies might acquire sufficient influence and power,[1] which would be embarrassing to the Government.

On this occasion, Lawrence was able to carry the Members of his Council and the several Local Governments with him.[2] The latter most emphatically assured him that there would be no difficulty in raising loans for the construction of railways.[3]

Northcote still adhered to his former view, because he doubted the capacity of the Government of India to raise the required amount of funds. He also discounted the idea of constituting a sinking fund, which he considered to be uneconomical. He, however, agreed that the control of the Government over Railway expenditure should be strengthened.[4]

Lawrence, in spite of ceaseless efforts, retired from India without having achieved his object. His policy was, however, pursued with determination by Lord Mayo's Government. Elaborate plans were prepared for the extension of important railways, which were proposed to be built and financed directly by the Government. A share in the profits of the Railway Companies which might be in excess of the 5 per cent.

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1. Ibid.

2. Idem. Minutes by Durand, Mansfield, Yule and Taylor dated the 20th September, 1866, 15th October, 18th October and 19th October, 1867, respectively.

3. India. Ry. and Teleg. Letters, 1867-68, Vol.11: G.G.-in-C. to Northcote, No. 122 of 1868, 15th August.

4. Ry. Despatches to India, 1868-69, Vol.5: Northcote to the G.G.-in-C. No. 90 of 1868, 24th November.

interest was also demanded.[1] Argyll, who had suceeded Northcote at the India Office, and luckily happened to be of a different mould to his predecessor, approved these measures, but suggested that smaller projects might be left more conveniently in the hands of the Guaranteed Companies.[2]

No opposition to the new policy was evinced by Parliament when Argyll on July 23rd communicated it to the House of Lords.[3] He was extremely critical of the Guarantee System, under which all the profits were grabbed by the Companies, while all the loss was made good by the Government.[4] He was supported by Lord Halifax (formerly Sir Charles Wood) and the Marquis of Salisbury. The former dilated upon the shortcomings of a "Double Government" under which the Railways in India were, in fact, managed.[5] The latter justified a change in policy mainly on financial grounds.[6]

In the Commons Crawford, the Chairman of the East India Railway Company, defended the principle under which the Railway Companies were guaranteed.[7] He extolled the

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1. India. Ry. and Teleg. Letters, 1869-70, Vol.12: G.G.-in-C. to Argyll, Nos. 24 and 28 of 1869, dated the 11th and 22nd March.
2. Railway Despatches to India, 1868-69, Vol.5: Argyll to the G.G.-in-C. No. 42 of 1869, 15th July.
3. Hansard, CXCVIII, 1869, Argyll, July 23rd, p. 532.
4. Idem., pp. 532-533.
5. Idem., Viscount Halifax, p. 540.
6. Idem., Marquis of Salisbury, pp. 542-543.
7. Idem., Crawford, August 3rd 1869, pp. 1179-1181.

achievements of the latter, which had to work under difficult physical conditions and often hazardous circumstances. He was supported by Northcote, whose views, ever since he left the India Office, had not undergone any modification.[1]

Whatever might have been the defects of the Guarantee System, the fact remains that it enabled the British capitalists to undertake the construction of railways in India under extremely unfavourable circumstances, and at a time when the Government of India was overwhelmed with its financial embarrassments. In spite of great obstacles, nearly 4,628 miles of railway, built by the private Companies with their own capital, had been opened up to 1870.[2]

As the financial position of the Government of India improved, the Anglo Indian bureaucracy became more and more insistent on acquiring the complete ownership and management of the Railways. It had to contend with the firmly entrenched views of the home authorities, who had initiated the system and were not, without sufficient reasons, willing to retrace their steps. Until 1868, Lawrence himself and other Members of his

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1. Idem., Northcote, August 3rd, 1869, pp. 1187-1188.

2. P.P. No. C. 165, Vol.53 1870. Report on Railways in India, 1869-1870, by Juland Danvers, Government Director of the Indian Railway Companies, p.4. The total amount of capitals which, up to the 31st March, 1870, had been raised by the Companies was £86,522,491, of which they had expended ~~£~~ £83,444,147 (p.14). In 1869, the guaranteed interest amounted to £4,013,271, and after deducting the railway profits, Government had to pay £1,412,919 (p.19).

Council were doubtful whether Indian finances could possibly bear the brunt of the heavy railroad expenditure.[1] But the increasing failure of the Companies to raise the necessary funds and their continuous requests for loans strengthened the case of the Government of India.

Finally, the bureaucracy emerged triumphant from the long-drawn-out struggle to get rid of the private Companies. Henceforth it would try to eliminate the private capitalists from such an important position, where they were acquiring considerable power with which they could trifle with its authority. Moreover the existence of a body of officials, who looked for orders to their own respective Boards of Directors in London, was a source of continuous irritation to Indian administrators. The former, being the representatives of profit-seeking organizations, often displayed a disposition to exploit Indians, over whom the bureaucracy claimed a benevolent right of protection, and was unwilling to expose its subjects to the greed of private capitalists. Here was then a fruitful source not only of conflict, but of mutual jealousies and recriminations. The difference between the circumstances of Calcutta and London also accounts for the great divergence in the views of the home and Indian authorities.

What does this mean?

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1. Enclosures to Ry. Letters, 1866, Vol.26: Minutes by Lawrence, December 18th, 1866, Mansfield, November 2nd and Maine November 8th, 1860.

Another important enterprize, in which British capital was invested, was the Indigo cultivation. The system under which it was carried on created many complications which at one stage had seriously threatened the peace of Lower Bengal. It also afforded considerable scope for abuses. The planters advanced certain sums of money to the cultivators and entered into a contract with the latter for the delivery of a certain quantity of indigo plants.

The attitude of the home and Indian authorities was generally inclined to secure the protection of the ryots against any ill-usage by the planters. In 1810 the Government of India promptly withdrew the licenses to settle down in the interior from four European planters, who were reported to have ill-treated the cultivators.[1] In 1811 Lord Minto's Government successfully resisted the pressure, brought to bear upon it by the former, for the enactment of a special law providing criminal punishment in cases of the breach of the indigo contracts.[2] There was a temporary digression from this policy in 1830, when such a law was passed, but under instructions from the Court of Directors it was rescinded in 1835.[3]

Matters were, however, allowed to drift. The planters continued to complain of fraudulent evasion on the part of

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1. P.P. No. 72-II, Vol. 45, 1861, H. of C., Grant's Minute on the Report of the Indigo Commission, December 17th, 1860, p.70.

2. Idem., p.72.

3. Idem, p.73.

ryots, and the latter never ceased to stigmatize the system as unjust and oppressive. There was occasionally loud talk in Government circles about appointing a Commission of Inquiry and reforming the prevailing system by legislative enactments,[1] but practically nothing was done till 1860, when the rapidly deteriorating situation ultimately culminated in the almost complete abandonment of the indigo cultivation by the ryots.

The crux of the problem was reached when in 1857 the prices of the agricultural produce began to increase, thus almost doubling the cost of cultivation. As the planters did not pay the full cost of the produce, the ryots refused to carry on the cultivation,[2] which was hopelessly unprofitable. In the meanwhile the number of law courts had been greatly increased, with the result that ryots could easily resort to them,[3] with better chances of securing justice than ever before.

In order to retrieve the situation, the Government of India enacted a law, early in 1860, for enforcing a speedy fulfilment of indigo contracts, the breach of which was declared to be a criminal offence.[4] It was to last for a period of six months and was to be administered by a special tribunal, against whose decisions no appeals could be preferred. In order to reassure the ryots, provision was made for the

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1. Ibid.
2. Idem., p.74.
3. Idem., p.75.
4. Idem. Minute by Grant, August 17th, 1860, p.14.

appointment of a Commission of Inquiry into the whole system of indigo cultivation before the next sowing season.[1] Wood did not disallow this Act, but in private letters to Canning he strongly objected to it, and insisted that the ryot should be treated as a free labourer.[2]

Such coercive measures, however, failed to achieve the desired results. There were numerous convictions of the offending ryots, but in many cases Grant, exercising the powers vested in him, remitted or mitigated the sentences which he considered to be excessive or unjust.[3] But the question was still far from being settled. Great excitement continued to prevail in indigo districts. In August and September 1860, when Grant was touring on the river through Eastern Bengal, the whole populace, crying for justice, had swarmed on both the banks for about a distance of seventy or eighty miles.[4] These crowds were wonderfully calm and sober. At such a display of mass resentment Canning was alarmed, as he had never been "since the siege of Delhi".[5]

The planters were extremely annoyed by the sympathetic attitude of Grant towards the ryots. They submitted a Memorial to the Governor-General, declaring his actions to be

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1. Idem., pp.14-15.
2. Halifax Papers: I.O.C., L.B., Vol.3, 1860, Wood to Canning May 3rd, 1860, p.80.
3. Minute by Grant, August 17th, 1860, p.17, op. cit.
4. Halifax Papers: Canning to Wood, October 30th, 1860.
5. Ibid.

illegal and unjust.[1] The latter, however, upheld the proceedings of Grant and promised support in the future.[2]

Wood approved these measures, although some Members of his Council, who came from Bengal, were "on the planters' side strongly", but Lawrence, because of his missionary zeal, "was all the other way". He also expressed his surprize at "the extent of combination among the ryots".[3]

In the meanwhile, the Commission to inquire into the system of indigo cultivation was appointed, as had been provided for in the Act XI of 1860, under the Chairmanship of Seton-Carr, who was Secretary to the Government of Bengal. It took exhaustive evidence, and its conclusions, as had been predicted by Canning, were "damaging to the planters" and "much suspected oppression of the ryots" was conclusively proved.[4] There were instances, although few, when the ryots were murdered, their cattles were seized and even their houses were destroyed, by the hired "clubmen" of the planters. Of more common occurrence was the practice of imprisoning people in the factories, and in some instances they were never even heard of again.[5]

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1. P.P. No.72-II, Vol.45, 1861, H. of C. Memorial from Bengal Indigo Planters' Association to the G.G.
2. Idem. Grey, Secretary to the Government of India, to the Government of Bengal, 31st August, 1860, pp.24-25.
3. Halifax Papers: I.O.C., L.B., Vol.5, 1860, Wood to Canning, December 7th, 1860.
4. P.P. No. 72-I, Vol.44, 1861, H. of C. Report of the Indigo Commission, paras. 85-91.
5. Ibid.

Grant, in an able minute, reviewed the report of the Commission. He forcefully endorsed the decided opinion of the majority of its members against any special law which would render the breach of indigo contracts a criminal offence.[1] Canning agreed with Grant, but proposed that the general law on this subject which was already existing could safely be extended so as to apply to the delivery of the agricultural produce.[2] Beadon, Frere and Laing favoured this proposal,[3] and accordingly a Bill was introduced in the Legislative Council on the 22nd March, 1862.[4] Canning was, however, not willing to bring it into operation with any retrospective effect, because, as he wrote to Wood, "forty out of six hundred contracts were rank forgeries and two hundred more were presumably to be so."[5] 'It makes one's blood creep to think' he proceeded to remark, 'of what has been done under cover of this gigantic system of fraud, and so blind, lepers, bed-ridden men and children who in some districts were found in gaol on pretence that they had taken contracts to cultivate indigo and had not performed them. It is more than slavery, deceipt in place of force and involves honourable men unknowingly."[6]

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1. Minute by Grant, 17th December, 1860, p.87. op. cit.
2. P.P. No. 72-II, Vol.45, 1861, H. of C., Canning to Wood, 29th December, 1860, p.99.
3. Idem. Minutes by Beadon, Frere, Laing, of 29th January, 4th and 9th February respectively, pp.17-24.
4. Idem. G.G.-in-C. to Wood, (Judicial) No. 21 of 1861, February 28th, pp. 16-17. cf. Progs of the I.L.C.
5. Halifax Papers: Canning to Wood, March 24th, 1861.
6. Ibid.

In England, the cause of indigo planters had excited very little sympathy. A tiny pamphlet appeared on their behalf and it was promptly replied to by Dickinson, the Secretary of the India Reform Society.[1] As Bright happened to be the Chairman of this Society, Wood was reassured that there would be no agitation in Parliament on the indigo question.[2] In fact, the case of the planters was so weak that even their lawyer, Wingrove Cooke, an ex-China correspondent of the "Times", whom they sent to Wood, "had really nothing to say".[3] Canning also rejoiced at the indifference shown by Parliament to the planters.[4] On the other hand, the "Economist" described the indigo system as one of fraud and force.[5]

In such an atmosphere there was little chance of Canning's Bill being approved by the home authorities. It was examined at the Home Office by Sir George Grey and Waddington. Both of them declared that it would not be tolerated in England and more so in India, as it contained obnoxious provisions for the "imprisonment of the black for the white".[6] Lord Shaftesbury also made representations to

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1. Idem. I.O.C., L.B., Vol.6, 1861, Wood to Canning, March 11th, 1861, p. 246.
2. Ibid.
3. Ibid.
4. Idem. Canning to Wood, September 2nd, 1861.
5. The "Economist" April 28th, 1861, p. 447.
6. Halifax Papers: I.O.C., L.B., Vol.10, 1862, Wood to Canning, April 9th, 1862, p.168. Grey and Waddington were Legal Advisers to the Home Office.

Wood against it.[1] The latter and the Council of India were already opposed to any such law being enacted. Wood, therefore asked Elgin to drop it stating: "Bury it in poor Richie's grave".[2] He rightly suspected, as it had been admitted by Canning, that the "Bengal element was too strong" in the Council.[3] Canning had agreed with Wood's objections against the Bill but tried to defend his conduct declaring: "The Legislative Council should be kept from flaring up. The obnoxious parts were in the course of elimination, before the first despatch arrived".[4]

In the Council of India, Wood did not experience much difficulty in getting the despatch through. Sir James Hogg's was the only dissentient voice.[5] He perhaps entertained some secret sympathy with the planters, because he and Mangles, as Canning's investigations had revealed, were at one time carrying on extensive usurious transactions in the indigo business.[6]

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1. I.O. Tract, No. 367, 1863, "A Reply to the Address of the Rt. Hon. The Earl of Shaftesbury and other to the Rt.Hon. Sir Charles Wood on the Proposed Law of Contract for India", by W.F. Fergusson, Agent to the Landholders and Commercial Association of British India, 1863.

2. Halifax Papers: I.O.C., L.B., Vol.10, 1862, Wood to Elgin, May 10th, 1862, p.226. Ritchie was the Law Member of the Governor-General Council from September 14th, 1861 until his death on March 22nd 1862. See D.I.B., S.V. Ritchie, William.

3. Halifax Papers: I.O.C., L.B., Vol.7, 1861, Wood to Canning, April 15th, 1861, p.130./Vol.45, 1861, H. of C. Wood to the G.G.-in-C. No. 63 (Judicial) 8th April, p.2., and in P.P. No. 291 No.71 (Judicial) of 18th April, 1861, pp.29-31.

4. Halifax Papers: Canning to Wood, May 23rd, 1861.

5. Halifax Papers: I.O.C., L.B., Vol.7, 1861, Wood to Canning, April 18th, 1861, p.184.

6. Idem., Canning to Wood, March 13th, 1861.

At this stage events in Bengal took a serious turn. The ryots withheld the payment of rents to those planters who had acquired the Zemindaree rights,[1] and hence the question of contract law assumed a different aspect and became inextricably linked up with that of rent.

The Government of Bengal adopted prompt measures and directed its revenue officers to warn the ryots against the consequences of refusal to pay their just dues.[2] Lord Canning's Government approved this action and further ordered that a special Commissioner, with a staff of Deputy Collectors and a Police Force, should proceed to the disturbed districts to decide according to the law the nature of the cases. On receiving the opinion of the Commissioners, the question of amending Act X of 1859, which was alleged to have injuriously affected the position of the Zemindars, was to be taken into consideration.[4] Even here Canning suspected the guilt of the planters, as "they had realized higher rents and from lands on which their tenure was doubtful".[5]

Wood was also annoyed at the conduct of the ryots. He wrote to Canning: "When planters were in the wrong, ryots were

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1. P.P. No.291, Vol.45, Narrative of the Government of Bengal, 7th March, 1861, pp.32-33.
2. Ibid.
3. Idem., Grey to Seton-Carr, Secretary to the Government of Bengal, 11th March, 1861, pp.80-82.
4. Idem., p.82.
5. Halifax Papers: Canning to Wood, March 9th, 1861.

supported. Now they must be made to pay the rent", and cautiously added: "No arrests should be made, if it can be avoided."[1]

The planters tried to find a way out by obtaining a favourable interpretation of the Act X of 1859, and with this view, a test case, known as Hill's Case, was brought to the High Court.[2] Peacock, the leading supporter of the planters, gave a decision in their favour. He ruled that the "Fair Rent" on the payment of which the ryot was entitled to the security of his tenure, was the highest rent which the land-holders could obtain in the market.[3] This decision struck at the root of all tenant-rights in Bengal and was a disappointment to the ryots and their friends, foremost among the latter being the Governor-General himself, Sir John Lawrence.

It also placed the home and Indian authorities in a predicament, and they began to contemplate anxiously some means to get round it. Two ways were open - either to appeal to the full Bench or to amend the Act. Wood preferred the latter,[4] while Lawrence would try both.[5] At first, however, it was decided to appeal against Peacock's decision to the

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1. Idem., I.O.C., L.B., Vol.7, 1861, Wood to Canning, April 26th, 1861, p.216. Also see P.P. No. 291, Vol.45, 1861, H. of C., Wood to the G.G.-in-C., No.87 (Judicial), May 25th, 1861, pp.82-83.

2. Bosworth-Smith: Life of Lord Lawrence, p.549, cf. Halifax Papers: Lawrence to Wood June 28th, 1864.

3. Ibid.

4. Halifax Papers: I.O.C., L.B., Vol.7, 1861, Wood to Canning, September 10th, 1864, p.118-120.

5. Idem. Lawrence to Wood, June 28th, 1864.

full Bench. Out of fifteen judges, fourteen came to conclusions adverse to those of Peacock,[1] and hence the necessity to amend the Act did not arise.

Having thus successfully settled an extremely difficult problem, the Indian authorities again took up the question of Contract Law. Maine, in his first speech in the Legislative Council, had strongly urged the withdrawal of the Bill which had been introduced by Lord Canning's Government. But in 1864, he himself proposed to make provision for the specific performance of contracts by amending the Civil Procedure Code of 1859.[2]

Lawrence was most determinedly opposed to Maine's proposals. He desired to make the ryot a "free agent", and therefore, proposed: "We must settle the rent question and define what he has to pay in each case to his landlord, the planter, and failing to do this, we can really do little for him. The rent question is the lever on which that of the contract is worked".[3] He, therefore, asked Wood in a private letter not to agree to Maine's Specific Performance Clauses, declaring them to be the potential "engines of oppression".[4]

Wood's views were not different from those of Lawrence. He had earlier communicated to Elgin his resolve to support

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1. Idem. Lawrence to Wood, April 8th and July 1st, 1865.
2. Rankin, Sir George, C.: Background to Indian Law, pp.78-79, 1946.
3. Halifax Papers: Lawrence to Wood, February 18th, and May 15th, 1865.
4. Idem. Lawrence to Wood, July 27th, 1867.

the Indian ryot against the European planter in the contract question.[1] In the meanwhile he met "young Trevelyan" who had recently returned from India. The latter told him "discouraging stories about the racial feeling between the English and the natives".[2] Wood was alarmed and hastened to write to Lawrence: "You should look after Maine's contract clauses. Do not let anything go into law of which you doubt, and send it home to us for our opinion".[3] Subsequently, under orders from home, the amendment of the Civil Procedure Code was postponed on the ground that it would require further consideration.[4]

In the meantime, the Indian Law Commission, under Lord Romilly, was busily engaged in working out a draft of a suitable Contract Law for India,[5] and Lawrence was ceaselessly impressing his views on the successive Secretaries of State, De Grey and Ripon, Cranborne and Northcote.[6]

The Commission submitted its draft of the Contract Bill in 1866, which soon provoked a serious controversy between /the

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1. Idem. I.O.C., L.B., Vol.11, 1862, Wood to Elgin, August 5th, 1862, p. 54.
2. Idem. I.O.C., L.B., Vol.16, 1864, Wood to Lawrence, February 2nd, 1864, p.2. Wood in this letter refers to the son of Sir Charles Trevelyan.
3. Ibid.
4. Rankin, Sir George C.: Background to Indian Law, p.79. Also see P.P. No.102, Vol.56, 1876, H. of C. G.G.-in-C. to Wood, Legislative No.15 of 1864, 15th December, p.17.
5. Rankin, cit. supra, p. 81.
6. Bosworth-Smith: op. cit. pp. 552-553.

the home and Indian authorities. Among the points of contention were the clauses which provided that the agreements relating to the cultivation and delivery of a particular agricultural product should not be enforced specifically.[1] Maine excluded these clauses from the Bill which he introduced in the Legislative Council in 1867, declaring them to be part of the procedural and not of the substantive law of contract. The Commissioners felt indignant at the conduct of Maine, but reiterated their opinion, citing the authority of jurists like Austin and Justice Story. The Duke of Argyll, who was then Secretary of State for India, also upheld their point of view.[2] But, when in March, 1870, Lord Mayo's Government adopted the alterations in the Commission's draft proposed by the Select Committee of the Legislative Council, the Commission resigned;[3] and "thus expired in a huff the third of the Indian Law Commissions. The Indian Government were allowed to take their own course with the Contract Bill, which, rather less than two years afterwards, and just before the expiration of Sir James Stephen's office, became law as Act IX of 1872".[4]

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1. Rankin, cit. supra., p.82; cf. Progs of the I.L.C., 1867, pp. 375-399.
2. Idem., p.83.
3. Idem., p.84, also see P.P. No. 102, Vol.56, 1876, Argyll to the G.G.-in-C., No.47 (Legislative), 24th November, 1870, p.8.
4. Ilbert, Sir Courtney: Legislative Methods and Forms, p.135, 1901. Stephen was the Law Member of the G.G.'s Council from December 1869 to April, 1872. See D.I.B., S.V., "Sir James Fitzjames Stephen".

As the antagonists in the indigo troubles happened to be European planters and Indian ryots, it not unnaturally assumed the form of racial hostility. The existence of such feelings had been the motive force in Arms Act controversies of 1859[1]. The Europeans had insisted that they should be exempted from the provisions of the Act, but Lord Canning's Government, with the full approval of the home authorities, had successfully resisted such a dangerous demand.[2] It had refused to make any distinction between Europeans and Indians in the Act itself, but by a circular order issued subsequently it conceded that for which the former had been agitating.

The Europeans, however, remained dissatisfied and took the question to Parliament. A petition on their behalf was submitted by the Earl of Ellenborough to the House of Lords on the 15th March, 1861.[3] The petitioners, basing their claim on the Bill of Rights, demanded that they should be exempted by inserting a specific provision in the Act itself. Earl de Grey and Ripon, then Parliamentary Under Secretary of State for India, forcefully defended the action of the Indian authorities.[4] The petitioners having failed to receive any support from Parliament, the Government of India freely and persevered in its policy.

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1. Progs. of the I.L.C., 1859, pp. 586, 649, 669 and 802.
2. Halifax Papers: I.O.C., L.B., Vol.4, 1860, Wood to Canning, September 2nd, 1860, p.112.
3. Hansard, CLXI, 1861, p.2037.
4. Ibid.

In spite of the efforts of the Government the feeling of race hatred and mutual distrust was by no means subdued. During the indigo troubles, it again emerged with great force and intensity. It found expression in several violent incidents. There were sporadic assaults on the planters and their agents by the ryots, and the former believed that a well-concerted plan for their expulsion was systematically being followed. A serious incident occurred in 1862 which caused great alarm in official circles. Lieutenant Jackson, an Army officer who was a brother-in-law of Grey, beat his Indian servant to death, after having tied him to a tree.[1] Lord Elgin's Government dealt with the case firmly, although Grey at that time happened to be a member of the Governor-General's Council. The murderer was tried, found guilty and executed.[2] Wood enthusiastically approved this action, and even Queen Victoria appreciated the sense of justice displayed by the Government of India.[3]

These unhappy events finally culminated in the "Nil Durpan" affair. It was a play written by an Indian. In its preface, the author had cast great slurs on the English Press of Calcutta, which by its imprudent and injudicious policy had been fanning the flames of racial hostility.[4] The play was an /extremely

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1. Halifax Papers: Elgin to Wood, August 17th, 1862.
2. Halifax Papers: Elgin to Wood, June 15th, 1862.
3. Idem., I.O.C., L.B., Vol.11, 1862, Wood to Elgin, August 1st, 1862, p. 36.
4. For instance see the "Friend of India", May 30, 1861, p. 589.

extremely malicious satire on the planters. Consequently both the Editors and the planters were furious and looked forward for an opportunity to wreak their vengeance.[1] It was soon provided by the unwise action of Seton-Carr, who was then a Secretary to the Government of Bengal, and had incurred the hostility of the planters and their supporters, ever since he had presided over the Indigo Commission.

The mischief began when Grant appointed Long, a missionary and a writer in the Bengalee Press, to translate the play. When the translation was completed Seton-Carr distributed it without any authority in official covers.[2] The home Government disapproved this action in strong terms.[3] But the opponents could not rest satisfied. The "Englishman" at once instituted libel proceedings against Long. As the Bench had been openly and unjustly on the side of the planters, Long's conviction was a foregone conclusion.

The case was heard and decided by Wells. He found Long guilty and sentenced him to three months' imprisonment.[4] It came as a great blow to the European official class, and Canning was extremely annoyed at "Wells's demeanour in questioning the witnesses, and the indecent partisan-ship of his summing up".[5]

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1. Idem. Canning to Wood, June 23rd, 1861.
2. Ibid.
3. P.P. No. 17, Vol.60, 1862, H. of C., Wood to the G.G.-in-C No. 111 (Judicial) 25th July, 1861.
4. Halifax Papers: Canning to Wood, July 31st, 1861.
5. Ibid.

"The whole affair", he wrote to Wood, "beginning with the mode of procedure chosen (by indictment, instead of by criminal information or civil action), and ending with Peacock's cutting short Mr. Long's address, is a discreditable exibition enough"[1].

There was also a strong rumour about the possibility of Seton-Carr's prosecution. But there was some hope that it might not be taken up, because "some (not many) of the most respectable of the Landholders and Planters Association were shocked at the spirit which the proceedings against Long had evoked from the Bench, and were not willing to bring about its repetition"[2]. As a further measure to save him, Canning had to "come down upon him" and wrote a minute of censure. Grant was annoyed for his share, but admitted that he deserved it and took it "good humouredly". Canning specifically asked Wood "not to disturb it", because "it would turn his pursuers from their prey"[3].

At long last Canning succeeded in saving Seton-Carr, but soon he was faced with a similar but more serious problem. The planters began to talk of prosecuting Grant, on account of some official papers published in Bengal Records, relating to indigo cultivation[4]. He, however, maintained his characteristic

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1. Ibid.
2. Idem. Canning to Wood, July 31st, 1861.
3. Idem. Canning to Wood, August 9th, and December 2nd, 1861.
4. Idem. Canning to Wood, August 22nd, 1861.

firmness and wrote to Wood: "In this the Bengal Government must be upheld. Grant thinks that prosecution will take place. The Advocate-General would be instructed to defend him".[1]

Wood concurred with these measures but considered the censure on Seton-Carr "full severe enough", and wittily remarked: "Shutting up a witness in prison may save him from the mob, but that is quite a different thing from his deserving imprisonment". Neither he nor the Council of India could see any libel in "Nil Durpan" and declared Long's sentence as unjust and the action of Seton-Carr "not a high crime but a misdemeanour".[2]

These proceedings considerably heightened the feelings of racial animosity, and evoked dangerous repercussions among Indians and Europeans. A mass meeting of Indians was held at which a Memorial against Wells was drawn up and addressed to the Secretary of State.[3] To this the European community promptly replied by presenting a complimentary address to Wells Canning did not consider the Memorial against Wells to be "altogether sound", because he believed that "perjury and forgery" was inherent in "Native character". At the same time he condemned the conduct of Wells and asked Wood to "rebuke him". In his extreme resentment he added: "Wells has been

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1. Idem. Canning to Wood, August 22nd, 1861.
2. Idem. I.O.C., L.B., Vol.10, 1862, Wood to Canning, February 10th, 1862, p.22.
3. Halifax Papers: Canning to Wood, Aug. 27th/1861.

wanting enough in self-respect in accepting it (the address). He is a good man, but eaten up with conceit and love of vulgar applause, and (according to Native phrase) with his head full of wind".[1]

Wood was alarmed at these happenings, which might at any stage culminate in a popular revolt, and in that case, he feared: "we would be exhausted by climate and disease".[2] He was extremely uneasy to find that the Bench, led by the Chief Justice, had become "the scene of such a spirit", and had thereby set a bad example for the ordinary settler who came "in contact with the natives adversely".[3] After these stormy events there occurred no major incident connected with indigo cultivation. Canning with great firmness had so successfully managed the complicated Indigo question that Wood paid him great compliments, and declared: "I do not think anything could have been better in all ways. Now I am not afraid of any attack being made here".[4] Parliament had evinced no sympathy for the planters and whatever opposition to the Government's policy existed, ~~it~~ had been removed by the minute of Grant, which Granville declared to be a "most able paper and quite conclusive".[5]

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1. Ibid.
2. Idem. I.O.C., L.B., Vol.9, 1861, Wood to Canning, October 9th, 1861, p. 26.
3. Ibid.
4. Idem., I.O.C., L.B., Vol.6, 1861, Wood to Canning, January 9th, 1861.
5. Idem. Wood to Canning, February 4th, 1861, p. 138; also see Grant's Minute, 17th December, 1860, op. cit.

Throughout the indigo troubles the Government of India, under Canning, Elgin and Lawrence had consistently followed the policy of supporting the ryots against the European capitalists. With strong approval from home, it was able to steer through the difficult situation, which had been created by the partisan attitude of the Bench. At home, the case of the indigo planters went by default because they did not possess the power and importance of Lancashire. Moreover it was manifestly so unjust, that if it had been supported by the executive in India, there was a serious danger of a popular rising,[1] the disastrous consequences of which were never lost sight of by both home and Indian authorities.

Canning's predilections in favour of the "native aristocracy" continued to obsess him, even when dealing with the indigo question. He insisted that Government should treat them with respect so that "Englishmen would not call them 'niggers'".[2] He deprecated the fact that Englishmen came to India only to make money and hence left a bad name. He was not opposed to the investment of British capital in India, but, on the other hand, he desired that his countrymen should acquire permanent interests in that country. His views were strongly supported by the home authorities, and Wood never relaxed his insistence on suppressing the "race-feeling".[3]

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1. Report of the Indigo Commission, para. 131, op. cit.

2. Halifax Papers: Canning to Wood, October 8th, 1860.

3. Idem. I.O.C., L.B., Vol.4, 1860, Wood to Canning, September 2nd, 1860, p. 112 and Vol.9, 1861, letters of 3rd and 8th October, 1861, pp. 10 and 26 respectively.

C H A P T E R VIII

BRITISH RELATIONS WITH INDIAN STATES, AND FRONTIER POLICY

The East India Company had bequeathed to the Crown a host of treaties which it had concluded with the Indian States under different circumstances, during its long career of conquest and administration. These treaties presented a mass of ambiguities which were extremely confusing. With seven-eighths of the 680 States, the relations of the Company's Indian Government had never been defined. Most of them were small, and without much resistance carried out the behests of the Paramount Power.[1]

With the remaining eighth the relations of the Government of India were regulated according to the treaties which had been concluded with them. But, even here, the difference between the position of one State and the other vis a vis the Company was great. For instance, in the case of Baroda and Mysore, besides acquiring the control over their external affairs, it had reserved to itself the right to intervene in their internal affairs.[2] On the other hand most of the Rajput States, while retaining their absolute powers within their own territories, had bound themselves under treaty engagements to surrender the conduct of their external relations to the Company and to lend their full military support to the latter in the event of war. Originally the Nizam had stood on an equal

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1. The Cambridge History of India, Vol.VI, 1932. Chapter XXVII, "The Relations of the Government of India with the Indian States, 1858-1918", by H.H. Dodwell, p. 489. The treaties were confirmed en bloc by the Government of Act of 1858; also see the "Calcutta Gazette", Dec, 22nd, 1860, Canning to Wood, No.43A, 30th Apr. 1860, pp.2702-2704.

2. Ibid.

footing with the Company, but as a result of his military inferiority had been gradually reduced to almost the same position as the Rajput States.[1]

Such being the general picture, the home and Indian authorities found the Indian States one of the thorniest of problems. Moreover, the experience of the Mutiny had convinced Canning that a departure from the annexationist policy of Dalhousie, pursued under the subterfuge of the "doctrine of lapse", was necessary. The rulers who, under the logic of that doctrine, were not allowed to adopt heirs in order to perpetuate their lineage, like the Rani of Jhansi,[2] and those who had lost the chance of succeeding to the titles of their adoptive fathers, like Nana Saheb, had made common cause with the rebels.[3] Oude, the last to be annexed,[4] although for different reasons, had been the hotbed of the revolt, and evidence was not lacking to prove that the deposition of Wajid Ali Shah had been an important cause of the resentment of the Bengal soldiery, who were mainly recruited from his territories.[5] But the Princes in general had remained loyal to the Paramountt Power, and several of them like Scindia, the Chiefs of the /Punjab

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1. Idem., p. 490

2. Earl Canning, Cunningham, Sir H.S. in "Rulers of India", p. 101, 1891.

3. Idem., p. 106.

4. The Cambridge History of India, Vol.V, 1929, Chap. XXVI, pp. 583-586.

5. Malleson, Col. G.B.; History of the Indian Mutiny, 1857-59 pp. 480-481, cf Cunningham, op. cit., pp. 75-76.

Punjab, Rampur and Bikaner had actively helped in the suppression of the Mutiny. The Indian States had thus proved to be, what Canning described, the "breakwater of the storm which would otherwise have swept over us in one great wave".[1]

The inexorable logic of these events led Canning to the conclusion that the Indian States should be maintained in a position which would be a source of strength to the British Government.[2]

The Proclamation of the Queen had also declared: "We desire no extension of our present territorial possessions". It was in a marked contrast with the pre-Mutiny policy "of abandoning no just and honourable accession of territory".[3]

The new policy, as proposed by Canning, assured every ruling Chief of the desire of the paramount power "to see his Government perpetuated". It gave the Hindu ruling Chiefs, who had no male heirs, the right to adopt a successor according to Hindu law and custom, on the condition of their loyalty to the Crown.[4] Similarly it assured the Muslim Chiefs that any succession to their States which was legitimate according to Muslim Law would be upheld.[5] At the same time he insisted on the retention of the right of the Crown "to step in as Umpire"[6] and firmly declared against the continuance of the practice, which required the/payment

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1. The "Calcutta Gazette", December 22nd, 1860, Canning to Wood, 30th April, 1860, pp.2706.
2. Ibid.
3. Idem. p. 2704; quoted by Canning from the remarks made by Lord Auckland, the Governor-General, 1836-1842, in reference to the succession in Colaba State. cf. the C.H.I. Vol.6, op. cit., p.493.
4. Idem. Canning to Wood, 30th April, 1860, p.2705.
5. Ibid.
6. Halifax Papers. Canning to Wood, January 18th, 1860.

payment of "nuzzerana" to the British Government in case of adoption.[1]

Canning, however, feared that his scheme would be seriously opposed by Willoughby and Mangles in the Council of India, whom he considered to be "against the grain of John Lawrence". In order to forestall their hostile attempts, he began to dilate on the merits of his policy, and entreated Wood to allow him 'to have his own way in the matter'. "Do sweep all objections aside", he remarked, "and give an answer of acquiescence which I will publish here. It will be more useful than rewards. It is indispensible for the policy which we ought to build by all means - now and after my return home.[3] We should place trust and reliance upon the great native influences in order to utilize them in the day of need. They and the landholders should be convinced that the fall of our power would bring no gain to them. They would be useful in case of external danger".[4] He also emphasized the advantages of his policy from a military point of view: "I propose to give them (the States) European-manned artillery and to call them out to garrison our own districts, from where it would be convenient to withdraw our forces as a next step. Next still I intend to raise four regiments solely officered by native /officers,

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1. Ibid.
2. Idem. Canning to Wood, June 13th, 1860.
3. Ibid.
4. Ibid.

officers, for such countries as Gwalior and Mahedpur, for which we have contingents; and it is necessary that contributory States should have a large share in enbodying and officering them".[1] In order to strengthen his case, he subsequently also forwarded a minute by Frere, in which the latter had explained, in strong terms, the importance and the underlying necessity of Canning's policy.[2]

After some hesitation Wood generally approved Canning's proposed "Adoptions".[3] But he regretted that "it would leave no opening for annexing suitable hill-stations for European settlements, as I doubt our hold on India. Europeans are a source of great strength, although they have been a source of great difficulty".[4] But in order to dispel any idea, which might be suggested by these remarks of his being in favour of annexations, he hastened to add: "I was opposed to annexations when at the Board, as is evident from my Karauly despatch. I did that against the wishes of Dalhousie."[5]

At the outset the Council evinced some reluctance to approv Canning's proposed measures, but as the Queen and Wood strongly favoured them, it had to yield.[6]

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1. Ibid.
2. Idem. Canning to Wood, June 18th, 1860; also Martineau, op.cit. Frer's Minute, pp.375-376.
3. Idem. I.O.C., L.B., Vol.3, 1860, Wood to Canning, June 26th, 1860, p.174; also see the "Calcutta Gazette", op.cit Wood to Canning, No.59, 26th July, 1860, pp.2707-2708.
4. Ibid.
5. Idem, p.176.
6. Idem. L.B., Vol.4, 1860. Wood to Canning, August 10th, 1860, p.10.

In the meanwhile, Canning was consistently pursuing his policy of strengthening the good relations between the British Government and the ruling Chiefs. Additional territorial grants and some other rights were conferred on Hyderabad, Gwalior, Nepal, Bhopal, Patiala, Jind, Nabha, Rampur and Bikanir, in return for the services which were rendered by these States during the Mutiny.[1] He also held a grand Durbar at Lahore, which produced a good effect on the Chiefs of Patiala, Nabha and Jind. Canning was delighted to note that when he paid a "commonplace compliment" to the ruler of Patiala on an English article, in his tent, the latter felt flattered and remarked, "It comes from the land of the Queen".[2] Similarly at Fetegarh the Nawab of Rampur, on receiving a ring from the Viceroy on behalf of the Queen, "bowed and touched it/on his eyes".[3] In these small incidents, Canning saw the success of his policy and was overjoyed.

While trying to bind the Princes firmly in allegiance to the Crown, on the 30th April, 1860, Canning had, in unequivocal terms, explained the intentions underlying his proposed ~~xxxxxxxx~~ adoption scheme. He declared: "Neither will the assurance diminish our right to visit a State with the highest penalties, even confiscation, in the event of disloyalty or the flagrant breach of engagement".[4] Such a right, he asserted, /had

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1. Lee-Warner, Sir William: The Native States of India, p.166, 1910.
2. Halifax Papers: Canning to Wood, January 28th, 1860.
3. Ibid.
4. The Calcutta Gazette, December 22nd, 1860, Canning to Wood, 30th April, 1860, p. 2704.

had long been exercised, sometimes with the assent and sometimes with the desire of the chief authority in the State.[1]

When the approval from home was received, the necessary ground had already been prepared. Sanads were accordingly issued to 160 States, "but the spirit which suggested them has guided British relations with other States besides those which received the guarantee."[2]

At home the Political Committee still entertained most serious doubts as to the wisdom or justice of Canning's policy[3] and Wood also slightingly referred to it as "conciliatory".[4] Canning protested against the use of this term, and declared his policy to be "just". Wood took this rebuff good-humouredly and remarked: "It would not have been satisfactory if it had not had the unanimous opinion of the Council. There might have been some stronger word, if not "just".[5]

The policy thus initiated by Canning has been styled by Lee-Warner as one of "subordinate union", which stood in a marked contrast to the policies of Lord Hastings and Dalhousie, which the same authority characterizes as of "subordinate isolation", and of "annexation and non-intervention" respectively.[6]

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1. Idem. p.2706. cf. Lee-Warner, op.cit., p.165.
2. Idem., pp.163-164. cf. Durand H.M.: Life of Sir Henry Durand, Vol.1, p.293,1883. Sir Henry Durand had joined the Foreign Department at Calcutta on the 12th Nov. 1861.
3. Halifax Papers: I.O.C., L.B., Vol.10, 1862, Wood to Canning, April 3rd, 1862, p.156.
4. Idem. L.B. Vol.9, 1861, Wood to Canning, Dec. 25th, 1861. pp. 174-176.
5. Idem. L.B. Vol. 10, 1862. Wood to Canning, April 3rd.1862 p. 156.
6. Lee-Warner, op.cit. p.96; p.129 and p. 156.

It was in pursuance of the latter policy that the specific request for the intervention of the Government of India by the Holkar of Indore in 1835, and by Saadut Ali Khan of Bhawalpur in 1853, were turned down.[1] The new policy, as enunciated by Canning, made a bold departure from the avowedly non-interventionist principles of his predecessors. It brought the States into direct "allegiance to Her Majesty" through Her "Viceroy" who was also to be the Governor-General of India. This change implied a greater unity between British India and the Indian States, which was rendered necessary by the growing economic integration of India.

No sooner had Canning settled the general lines of his policy towards the Indian States than he was faced with the ever-recurring problem of maintaining peace on the North-Eastern Frontier, where the inhabitants of the two hill-States, Sikkim and Bhootan, were continuously carrying on predatory incursions into the British territories and were causing serious losses of property and life. In 1860 the situation became intolerable, as several British subjects had been kidnapped and were held prisoners in Sikkim,[2] where the Dewan, Namguay, was the principal instigator. Finally the Government of India decided to despatch a military expedition under Dr. Campbell, the Superintendent of Darjeeling. Unfortunately

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1. Lee-Warner: op. cit., pp. 130-131.

2. P.P. No.214, Vol.40, 1862, H. of C.: For instance see Seton-Kerr Officiating Secretary to the Government of Bengal to the Officiating Deputy Secretary to the Government of India, in Foreign Department, 28th December, 1860, pp.8-9.

he failed to make any headway, as the forces at his disposal proved to be extremely inadequate and extremely ill-equipped. Consequently he was forced to retreat with heavy losses, after surrendering the only gun his force possessed.[1]

The Government of India acted promptly and more methodically to retrieve its prestige. A small efficient force was organized under the command of Lieutenant-Colonel Gawler, with whom Ashley Eden, a capable Bengal civilian, was to proceed as Envoy and Special Commissioner in Sikkim. The latter was directed to exact "atonement.....for the plundering, maltreating and kidnapping of British subjects and for the violation of British territory.....". In order to enforce a ready compliance, it was suggested that the military force should occupy parts of Sikkim territory, adjoining the British Indian frontier, but should not advance beyond Tumloong, the capital.[2] It was clearly stated that the annexation of any territory was not contemplated, because "His Excellency did not wish that an independent State should cease to exist between the British dominions and the vast regions and the intractable people and Government of the Chinese Tartary; and if such State is to intervene, he desires to show respect to it, poor and weak it be, and not to make it poorer and weaker by stripping it of territory."[3] Eden was further instructed to take all possible

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1. Idem. Dr. Campbell gives an account of his expedition to Sikkim beginning from July 1860, in his letter to Seton-Kerr, No.161, 2nd February, 1861, pp.16-18; also see Wood to the G.G.-in-C. No.43 of 1861, 23rd March, pp.3-4.
2. Idem. A.R. Young, offg. Secy. to the Govt. of India, to Ashley Eden, 28th December, 1860, pp.4-5.
3. Idem., p.6.

care not to cause any injury to the general population or to their property.[1] The home authorities approved this decision to take military action against Sikkim, but regretted the circumstances which had rendered it necessary.[2]

Canning had to take this decision in opposition to Frere and Beadon who were "inclined to annex territory permanently".[3] He wrote to Wood: "There should be no territorial acquisition of the semi-barbarous people. They should be brought to knees and made to apologize and to pay compensation. We do not occupy the territory of the trans-Indus tribes. Darjeeling could be made more pleasant with additional territory, but after professions of anti-annexation, no such policy should be followed".[4] Wood in general agreed with Canning's opinion, but considered that it would be better if some territory could be added to Darjeeling and the frontier could be made safe against "the kidnapping propensities of the Raja".[5] Canning assured Wood that the existing frontier, based as it was on River Runjeet, was safe, and hence, he declared, there was no necessity for the annexation of any territory. "Let us establish", he proceeded to remark, "that we can punish without claiming territory. We have never failed to take advantage of

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1. Idem. p.5.
2. Idem. Wood to the G.G.-in-C., No.43 of 1861, 23rd March, p.3.
3. Ibid.
4. Halifax Papers: Canning to Wood December 20th, 1860.
5. Idem., I.O.C., L.B., Vol.6, 1861, Wood to Canning, January 23rd, 1861.

such opportunities, except in the case of the tribes of the North-West, because they are unmanageable. A different treatment of Sikkim would be odious".[1]

In the meantime Eden, with the force under Gawler, had sufficiently advanced into the interior without any serious resistance on the part of the population. The Dewan and his associates had fled to Bhootan. The population in general was friendly and Eden was much impressed by the commercial potentialities of the State, because through it a good road connecting British India with Tibet could be built.[2] On the 10th March, 1861, Eden further informed Canning of the successful termination of his mission, and of his intention to return within the next ten or fourteen days "through the same route where Campbell had met disaster, in order to show that we have other forces instead of those miserable Seebundees".[3]

In order to vindicate his policy, Canning forwarded these letters from Eden to Wood "in advance of any other official reports". With a feeling of triumph he declared: "The forbearance shown has been fruitful. Dr. Campbell's warning that unless we promised to take the country, we would get no help or good-will from the people, has proved, as I repeated, sheer nonsense".[4] But to some extent he was himself tempted

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1. Idem., Canning to Wood, March 1st, 1861.
2. Idem., Eden to Canning, March 8th, 1861, Enclosure to Canning to Wood March 18, 1861.
3. Idem., Eden to Canning, March 10th, 1861. Enclosure to Canning to Wood, March 18th, 1861.
4. Idem. Canning to Wood, March 18th, 1861.

to annex the beautiful territory of Sikkim: "Notwithstanding the poverty of the inhabitant and the Government, the country seems more worth having, had we been so inclined, than was supposed."[1]

Shortly after Eden informed Canning that after skilful negotiations with the Raja, he had succeeded in obtaining favourable terms.[2] The Raja agreed to free the trade between the British territories and Sikkim, and to allow the construction of a road leading to Tibet through his kingdom. He also undertook to pay the sum of Rs.7000 as war indemnity, and solemnly engaged to place his armed forces at the disposal of the British Government, in the event of the latter's carrying on any military operations in the hills. He further agreed not to enter into military commitments with any foreign power, without the previous consent of the British Government.[3] As a measure of security for the future, it was stipulated that the ex-Dewan, Namguay, should not be allowed to return to Sikkim.[4] In his place was appointed Cheeboo Lhama, a great friend of the British "under whose tutelege", Eden believed, the Raja would be a different person".[5]

Canning was overjoyed at such a successful conclusion of the Sikkim expedition, which was formally brought to a close by

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1. Ibid.
2. Idem. Eden to Canning, March 15th, 1861, Enclosure to "Canning to Wood", April 4th, 1861.
3. Idem. Canning to Wood, April 4th, 1861. Also see P.P. No. 214, Vol.40, 1862, H. of C. Treaty with Sikkim, 16th April, 1861, pp.44-46.
4. See the "Treaty" cit. supra.
5. Halifax Papers: Eden to Canning, March 15th, 1861, cit. supra. Idem.

a "General Order" of the 14th May, 1861.[1] Emphasizing the wisdom of his policy, he wrote to Wood: "These favourable terms have been the result of goodwill and not of force. Annexation even of a slice would have upset them".[2] The latter readily concurred with Canning and informed him that the despatch confirming the proceedings, which was being sent to India, expressed a "very decided disapprobation of the annexation of Sikkim, very nearly in the words of your letter to me".[3] He tried to explain away the course of action he had suggested to Canning sometime ago by stating: "I was not aware of what the frontier was and all that I meant to say was that I would not object if you thought it advisable to take away facilities, if such were offered by the existing frontier for future incursions".[4]

In the official communications from home, the conduct of Eden and Colonel Gawler was highly commended and the treaty concluded with the Raja of Sikkim was declared to have achieved the objectives of the expedition.[5]

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1. P.P. No.214, Vol.40, 1862, H. of C., p.62.
2. Halifax Papers: Canning to Wood, April 4th, 1861.
3. Idem., I.O.C., L.B., Vol.7, 1861, Wood to Canning, April 8th, 1861, p.120. cf. P.P. No.214, cit. supra, Wood to the G.G.-in-C., No.43 of 1861, 23rd March, p.3. "..... they (Her Majesty's Government) observe with much satisfaction your distinct declaration that the annexation of the Sikkim territory either in whole or part, forms no part of your designs".
4. Halifax Papers: Wood to Canning, April 8th, 1861, p.120, cit supra. Also see letter January 23rd, 1861, op. cit.
5. P.P. No.214, Vol.40, 1862, H. of C., Wood to the G.G.-in-C. No. 94, 16th July, 1861, p.55.

Still more difficult than the Sikkim affair was the problem of providing an effective check against the predatory propensities of the Bhootias, who had been carrying on incursions into British territories since 1828.[1] At the root of this long-standing dispute was the complicated question of the tenure of Bengal and Assam "Doars". Before the British occupation of Assam in 1826, the Bhootias and the Assamese had held a joint tenure over these extensive tracts of agricultural land.[2]

After the failure of Captain Pemberton's Mission to Bhootan in 1838 to acquire the cession of the doars in return of an annual payment of a stipulated sum,[3] and as a result of the continued aggressions by the Bhootias, the Assam doars were permanently occupied in 1843. The Government of India, however, agreed to pay Rs.10,000 as revenue to the Government of Bhootan.[4]

The latter remained dissatisfied with this arrangement, and in the same year demanded the return of the doars, and then in 1855, the increase of the stipulated amount of revenue to Rs.15,000 or Rs.12,000.[5] These requests were turned down and the Bhootias persisted in their maraudering expeditions.[6]

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1. P.P. No. 47, Vol.39, 1865, H. of C., Precis by Atchison, Under Secretary in the Foreign Department of the Government of India; dated the 19th May, 1864, p.1.
2. Ibid.
3. Ibid.
4. Idem., p.4.
5. Idem., p.3.
6. Ibid.

During the two following years, several British subjects were kidnapped and a considerable amount of property was looted.

Once the Government of India deducted the value of the stolen property from the share of the revenues from the Assam doars which the Government of Bhootan was receiving.[1] On the 14th April, 1857, it also addressed a severe remonstrance to the Government of Bhootan, declaring its resolve to take coercive measures against the Tongso Pillo, one of the frontier Governors of Bhootan; to occupy the Bengal doars, and to withhold the payment of the revenue from the Assam doars, if British subjects who had been kidnapped were not repatriated and if compensation were not paid for the looted property.[2]

As the Mutiny broke out in May 1857, these measures could not be executed. After its suppression the Government of Bengal submitted a list of 33 cases of serious outrage which had been committed by the Bhootias since 1857. They had kidnapped several persons and had looted property worth Rs.20,936.[3] The Government of India thereupon decided to enforce the measures of the 14th April, 1857.[4] The Secretary of State while approving this decision remarked: "I trust that there would be no necessity to resort to any measures of permanent occupation".[5]

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1. Ibid.
2. Idem. G. F. Edmonstone, Secretary to the Government of India, Foreign Department., to A. R. Young, Secretary to the Government of Bengal, 14th April, 1857, pp.75-76.
3. Idem. Precis by Atchison, op. cit., p.7.
4. Idem., p.7.
5. Idem. Wood to the G.G.-in-C., (Pol.) No. 2, 12th January, 1860, p.92.

Accordingly under instructions of the 11th February, 1860 from the Supreme Government, Colonel Jenkins, the Agent to the Governor-General on the North-Eastern Frontier, occupied the Bhootia territories on the British side of the river Teesta, and informed the Government of Bhootan, that the occupation would not be lifted until the kidnapped persons were released and the offenders were thoroughly punished.

This military demonstration apparently failed to have any salutory effect, as the incursions into the British Indian territory continued until the beginning of 1862.[1] The whole situation was again fully reviewed, and on the recommendation of Grant, the Lieutenant-Governor of Bengal and Captain Hopkinson, who had succeeded Colonel Jenkins, it was decided that a friendly mission should be sent again to Bhootan, before taking any further measure to stop the border raids.[2] These proposals were cordially approved by the home authorities, who were extremely desirous of avoiding any open hostilities with a mountainous country.[3]

Eden was again selected to lead the mission, as he had earlier distinguished himself in the course of the Sikkim expedition. His departure was as ill-timed as that of Captain Pemberton had been. The country, as on that occasion, was in the throes of one of its periodic political revolutions. But

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1. Idem. Precis by Atchison, cit. supra., p.8.
2. Idem., p.9.
3. Idem. Wood to the G.G.-in-C., (Pol.) No. 84, 31st October, 1863, p.142.

Eden, having failed to take any warning, persisted in his fool-hardy adventure, and started for Bhootan on the 21st December, 1863.[1] In spite of the insolent treatment he received on his way, he continued his journey to Poonakha, where he found that Tongso Pillo, the chief offender, had usurped all power and held the Deb and Dhurm Rajahs as prisoners. The usurper threated the mission with "imprisonment" and succeeded in exacting a treaty, in which, among other clauses, stipulations were made for the return of the Assam doars and the delivery of all runaway slaves and political prisoners, who had taken refuge in British territory.[2]

Lawrence's Government felt a justifiable indignation at the insolent and harsh manner in which Eden had been treated in Bhootan. They decided to punish the Bhootia chiefs and repudiated the treaty which had been exacted from Eden. One more opportunity was, however, afforded to the Government of Bhootan to comply with the demands which had been presented to it time and again. In the meantime, the police posts on the frontier were strengthened, and the payment of the revenues from the Assam doars was withheld.[3]

On the other hand Lawrence himself, and his Council, considered Eden's conduct to have been highly indiscreet.[4] It

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1. Idem., G.G.-in-C., to Wood, No.11 (Pol.), 1st June, 1864, pp. 146-147; also see letters from Eden to the Government of India, 21st April and 7th May, 1864, pp.147-170.
2. Ibid.
3. Idem., G.G.-in-C., to Wood, No. 28 (Pol.), 1st June, 1864, pp.146-147, also see Halifax Papers, Lawrence to Wood, May 31st, 1864.
4. Halifax Papers: Lawrence to Wood, April 17th, 1864.

was with great difficulty that Lawrence successfully resisted their outbursts against Eden.[1] The home authorities concurred in this opinion, and also that, placed as Eden had been in the distressing circumstances, "he could not have acted otherwise than he did". They also approved the "judicious preliminary arrangements" made by the Government of India on the North-Eastern frontier.[2]

With regard to the future course of policy towards Bhootan, Lawrence declared: "We are now fully justified to do whatever we may think fit, but it must be expedient..... I will not annex it. It would create an alarm in Nepal and would give occasion to the good folk in England to think that the old policy is revived. I would send a force to punish all those who insulted Eden and destroy their forts. That would keep them quiet for twenty years".[3] He also assured Wood that if his proposals were disapproved, he would be content to take "the Bengal doars up to the watershed of the Bhootan Hills, as proposed by Eden",[4] and added, "I will do nothing in the way of an expedition unless referred to you".[5]

Wood was opposed to sending any expeditions into the difficult hilly country and also to any permanent or temporary

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1. Idem. Lawrence to Wood, October 19th, 1865.
2. P.P. No.47, Vol.39, 1865, H. of C., Wood to the G.G.-in-C. No.39 (Pol.), 18th July, 1864, pp.220-221.
3. Halifax Papers: Lawrence to Wood, May 28th, 1864.
4. Ibid.
5. Idem. Lawrence to Wood, May 3rd, 1864.

occupation of Bhootan. He considered that the occupation of the doars would be a sufficient means to achieve the objects in view.[1] He warned Lawrence: "You remember the clause prohibiting expeditions or wars beyond our frontier without the sanction from home. Nobody has raised this question with regard to Sitana. I wanted to avoid this danger, and therefore, kept down its importance. So in the case of Bhootan you should not give the appearance of war, whatever you may do".[2]

In subsequent private letters to Lawrence, Wood repeated his decided views against any proposals to push military operations into the interior of the country or to annex any portions of its territory, except the Bengal doars and the passes which gave access to them.[3] He firmly set aside the recommendation of one of the members of Eden's mission, who described the country as very beautiful and too good to be left into their (Bhootias') hands".[4] He also expressed his distrust of the opinion of those officers "who say that people are anxious for our rule". He was extremely desirous that

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1. P.P. No. 47, Vol.39, 1865, H. of C., Wood to the G.G.-in-C. No.39 (Pol.) 8th July, 1864, pp. 220-221.

2. Halifax Papers: I.O.C., L.B., Vol.17, 1864, Wood to Lawrence, May 26th, 1864, pp.44-64. For the description of the "Sitana Expedition" see infra.

3. Idem. I.O.C., L.B., Vol.17, 1864, Wood to Lawrence, June 15th, 1864, pp. 88-90; and of July 18th, 1864, pp. 184-188, also see L.B. Vol.19, 1864-65, letter of November 9th, 1864, p. 4.

4. Ibid.

"we should maintain our good conduct as we have to deal with Mysore".[1]

He rightly maintained that the occupation of the Bengal doars was the only way to make the Bhootias "eat humble pie", and to provide for the expenses of the occupying forces. It was still more necessary, because in Bhootan "the state of affairs is like that of Cabul, where nobody is in authority",[2] and that "no treaty with shifting authority can be binding".[3] He also declared against the proposal of Colonel Houghton, "one of the few survivors of the first Cabul war,"[4] that the occupation of their capital would bring the Bhootias to terms. He remarked: "The capture of the capital would not be useful, as was in the case of Napoleon in Spain, where every Province was quasi-independent. Only a centralized Government yields by the capture of the capital".[5]

While laying down these principles for the guidance of Lawrence, Wood frankly admitted: "I feel very incompetent to give an opinion without much more knowledge of the country than I can get here ..... I must trust all to you".[6] Lawrence rather reluctantly subscribed to the doctrine of

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1. Idem. Wood to Lawrence, July 18th, 1864, p. 184.
2. Idem. Wood to Lawrence, June 15th, 1864, cit. supra.
3. Idem. I.O.C., L.B., Vol.17, 1864, Wood to Lawrence, August 16th, 1864, p. 258.
4. Idem. Lawrence to Wood, June 15th, 1864.
5. Idem. I.O.C., L.B., Vol.18, 1864, Wood to Lawrence, September 1st, 1864, pp. 70-72.
6. Idem. I.O.C., L.B., Vol.17, 1864, Wood to Lawrence, June 15th, 1864, pp. 88-90.

Wood, as he wrote to the latter: "Your wishes will be carried out.[1] I was much for a march through the country".

Meanwhile, in conformity with these views of the Secretary of State, detailed plans for the military occupation of the Bengal doars and the adjacent territory had been prepared by the Government of India,[2] and it was decided to execute them if the Government of Bhootan failed to comply with the demands which had been made upon it.[3] The home authorities approved these measures, declaring them to be "judicious and well-adapted to the end in view".[4]

The replies which had up till then been received from the Deb and Dhurma Rajahs[5] of Bhootan were extremely evasive. Lawrence's Government, therefore, marched in its troops, and by proclamation notified the permanent annexation to the British territories of the Bengal doars of Bhootan, and so much of the hill territory, including the forts of Dallingkot, Pasakha, and Dewangiri, as may be necessary to command the

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1. Idem. Lawrence to Wood, October 3rd, 1864: also see letter of September 15th, 1864.
2. P.P. No. 47, Vol.39, 1865, H. of C., G.G.-in-C. to Wood, No.337 of 1864, (Military), 19th September and enclosed correspondence, pp.285-294.
3. Idem. G.G.-in-C., to Wood (Pol.) No. 86 of 1864, 19th September, p.261; also see Col. H. M. Durand to the Secretary to the Government of Bengal, 12th September, 1864, pp.281-285.
4. Idem. Wood to the G.G.-in-C., No.371, (Military), 23rd November, 1864, p.294.
5. Idem. See the "Translations from the Deb and Dhurma Rajas to the Lieutenant Governor of Bengal", pp.325-327.

passes, and to prevent hostile or predatory incursions of Bhootanese into the Darjeeling district or into the plains below".[1] It was, however, declared that the British Government would give the Bhootan Government an annual grant of Rs.25,000, rising to Rs.50,000, and that it would entirely depend on thewill and pleasure of the former. The Secretary of State, after expressing some "regret" as to the necessity for such a course, approved the decision of the military operations against Bhootan.[2]

For some time events progressed favourably, but suddenly in January, 1865 the Bhootias surprized a British force which was holding Dewangiri under Lieutenant-Colonel Campbell. It consisted of "six companies of infantry and artillery worth two armstrong guns".[3] The Bhootias killed several officers and sepoys, wounded many others[4] and carried away the two armstrong guns.[5] The military authorities were extremely annoyed and "sent down Lieutenant Colonel Campbell in open arrest", whom Wood declared to be "a bad soldier, because

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1. Idem. Durand to the Secretary to the Government of Bengal No.485, 12th November, 1864, p.322, also see "Proclamation' Foreign Department - Political, 12th November, 1864, pp. 322-323.
2. Idem. Wood to the G.G.-in-C., No. 9, (Pol.), 28th February, 1865, p.333.
3. Halifax Papers: Lawrence to Wood, February 5th, 1865.
4. Ibid.
5. Idem., I.O.C., L.B., Vol.20, 1865, Wood to Lawrence, March 10th, 1865, p.87.

the evacuation of Dewangiri is disgraceful to the officer in command".[1] Lawrence attributed this disaster to the carelessness of "our people who considered the enemy negligible",[2] but its "alleged cause was the want of communications and the distance from the springs of water".[3]

This debacle at Dewangiri also found an echo in Parliament on the 7th April, 1865. Some rash and incorrect statements were made, such as, when Seymour remarked that the European force had been withdrawn from the expedition and that one-third of the troops there had perished.[4] But Vansittart[5] and Torrens rightly criticized the Government for not having sent a European force to support and enough European officers to command the Indian troops.[6] The latter deriving his information from a letter, published in the "Times" of the 6th April, 1865, stated that the disaster occurred mainly because the 43rd infantry was composed of "cowardly" Assamese, who were only recruited in October, 1864, when the war started and, therefore, could not be properly trained.[7] He insisted that

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1. Idem. Wood to Lawrence, April 3rd, 1865, p.151. Wood was informed about Campbell's arrest by Rose, the C.-in-C, also letter of March 17th, 1865, p.113.
2. Idem. Lawrence to Wood, February 5th, 1865.
3. Idem. Lawrence to Wood, 18th February, 1865.
4. Hansard, Vol.178, Henry Seymour, April 7th, 1865, p.937.
5. Idem. pp.938-939.
6. Idem. pp.939-940.
7. Idem. Torrens, p.940.

an enquiry into the Bhootan War should be instituted. Considerable capital was also made out of the loss of the two armstrong guns.

Wood defended the conduct of the Government of India against what he described as "various conflicting and incorrect statements", some of which he dismissed by saying that he could not account for the reports in the newspapers.[1] He stated that the two armstrong guns were lost because they had to be thrown into a ditch as the strength of the men who were carrying them had failed.[2] He, however, conveniently left unanswered the point raised by Torrens regarding the incomplete military training of the 43rd infantry. On the other hand Lawrence was unjust when he remarked: "The debate in Parliament reveals the ignorance about Bhootan".[3]

Dewangiri was, however, soon recaptured, to the great delight of Wood; but he remarked: "We go to fight bows and arrows with so much material as would suffice to engage a huge civilized force, and sometimes get beaten. Shame."[4]

These happenings clearly proved that the military operations against Bhootan were becoming protracted. The British Indian forces were afflicted by malaria and disliked the service in those areas.[5] Besides, there were immense

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1. Idem. Wood, pp.941-942.
2. Idem. Wood, p.944.
3. Halifax Papers: Lawrence to Wood, June 2nd, 1865.
4. Idem. I.O.C., L.B., Vol.20, 1865, Wood to Lawrence, April 17th, 1865, p.199.
5. P.P. No.13, Vol.52, 1866, H. of C., G.G.-in-C. to W. No.68 (Pol.), 16th June, 1865, pp.3-5. Also see Halifax Papers: Lawrence to Wood, May 16th, and June 2nd

difficulties in organizing adequate transport services for the army and, moreover, the cost of such a defence system was becoming alarmingly high. On the other hand, the Bhootias showed no desire to come to terms, except on the condition that the Bengal doars should be returned to them.[1]

Under such circumstances Lawrence and Mansfield began to press Wood for permission[2] "to make a promenade through the country, attacking and disposing of all who might oppose it". "Expedition into Bhootan is necessary", wrote Lawrence to Wood,"and Mansfield agrees, if you let us do it in our own way".[3] The latter reluctantly agreed and stated: "Do whatever you like, we shall approve".[4] But he again repeated his injunction against any annexation of the Bhootia territories,[5] and Lawrence assured him not to do so.[6]

On receiving permission from home, the Government of India started to make preparations for an armed invasion of Bhootan.[7] While additional troops and supplies were still being assembled,

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1. G.G.-in-C. to Wood, No. 68, (Pol.), 16th June, 1865, pp.3-5 cit. supra.
2. Halifax Papers: Lawrence to Wood, April 6th, 8th and 28th, 1865.
3. Idem. Lawrence to Wood June 2nd, 1865.
4. Idem., I.O.C., L.B., Vol.21, 1865, Wood to Lawrence, June 17th, 1865, p.101.
5. P.P. No.13, Vol.52, 1866, H. of C., Wood to the G.G.-in-C. No.62, (Pol.) 31st August, 1865, p.7.
6. Halifax Papers. Lawrence to Wood, October 1st, 1865.
7. Halifax Papers: Lawrence to Wood, August 14th, 1865: also see P.P. No.13, Vol.52, 1866, H.of C., Wood to the G.G.-in-C., No.68 (Pol.), 16th June, 1865, pp.3-5.

the Bhootias came to their knees and began to sue for peace. The blockade of their country by the British Indian forces had almost crippled their trade, and the stoppage of the payment from the revenues of the Bengal doars had reduced them to the direst straits. According to Pemberton, it constituted the largest source of their public expenditure,[1] although Lawrence considered that it was "perhaps eaten up by the way".[2]

These developments amply bore out Wood's doctrine, which he had impressed on Indian authorities time and again. Once he wrote to Lawrence: "I would not attempt any annexation, but would hold them (the Bengal doars) as a material guarantee, which is the fashion in Europe and South America at present. We cannot be wrong in following such a fashionable example".[3]

Lawrence and Mansfield also heaved a sigh of relief, when the "Confidential Agents" of the Deb and Dhurma Rajahs, came to Colonel Bruce, the officiating Chief Civil and Political Officer of the Bhootan doars, and the treaty of peace was concluded.[4] Sickness was spreading among the troops and Lawrence, Mansfield and other military officers had also realized the difficulties of carrying on operations in a hilly

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1. Idem., I.O.C., L.B., Vol.17, 1864, Wood to Lawrence, June 3rd, 1864, p.62.
2. Idem. Lawrence to Wood, June 29th, 1864.
3. Idem. Wood to Lawrence, June 3rd, 1864, p.64, cit.supra.
4. Idem. Lawrence to Wood, October 19th, 1865; also see P.P. No.13, Vol.52, 1866, H. of C. G.G.-in-C. to Wood, (Pol.) No.162, 22nd November, 1865, pp.63-65.

hilly country.[1] Colonel Bruce had told Lawrence that it would take at least two years to reach Poonaldha, the capital of Bhootan.[2] Moreover, the expenditure incurred by the expedition had already reached the alarming figure of £250,000 and was causing anxiety to Lawrence. He wrote to Wood: "I grudge this (expenditure) more than anyone else. But it is one of the conditions of the rule of India".[3] Wood was equally conscious of these difficulties as he told Lawrence: "A great country cannot have a little war was the maxim of the Duke of Wellington; the arrangement was for a war ten times in importance the one you had".[4]

Under such circumstances, and rather reluctantly, Lawrence's Government agreed to pay Rs.60,000 to the Bhootias, if the guns captured at Dewangiri were returned.[5] Their return was also made a condition for the ratification of the treaty.[6] For the rest it embodied all the demands which had been made by the British upon the Bhootias. The Bengal doars and other adjacent territory, according to the originally declared intention, were annexed to British Indian territories, but

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1. Ibid.
2. Halifax Papers: Lawrence to Wood, January 4th, 1866.
3. Idem. Lawrence to Wood, January 19th, 1866.
4. Idem. I.O.C., L.B., Vol.22, 1865-66, Wood to Lawrence, January 17th, 1866, p.148.
5. Idem. Lawrence to Wood, November 23rd, 1865.
6. Idem. Lawrence to Wood, November 7th, 1865.

provision was made for the payment to the Government of Bhootan of an annual sum of Rs.25,000, rising to Rs.50,000; which was liable to be stopped, if the latter failed to maintain a friendly atmosphere.[1] The Bhootias on their part also agreed to surrender the treaty which had been extorted from Eden and to apologize for the insults offered to the British mission.[2]

Wood was glad to find that the "concern" was over but was not satisfied with the "wording and appearance of the treaty".[3] He, however, declared: "I shall approve and defend the treaty, if it is attacked in Parliament". He also expressed his extreme disappointment to Lawrence at "the conduct of everybody concerned in the Bhootan business", but cautiously added; "this does not apply to you, because we agree. The terms (of the treaty) would not do. You have a contemptible race of half savages, and the treaty appears as if we were paying them tribute, and now we are bribing them to give up the treaty (extorted from Eden) and the guns".[4] He upheld the decision to pay to the Government of Bhootan an annual sum, because he considered it "essential to support and maintain a Central Government with whom one can deal".[5]

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1. P.P. No.162, Vol.52, 1866, H. of C., G.G.-in-C. to Wood, 22nd November, 1865, pp.63-65. The total revenue from the Bengal doars was estimated at Rs.150,000 and was capable of being augmented considerably.
2. Ibid.
3. Halifax Papers: I.O.C., L.B., Vol.22, 1865-66, Wood to Lawrence, December 25th, 1865, p.113.
4. Idem., pp.113-115.
5. Idem. Wood to Lawrence, November 17th, 1865, p.63.

For the same reason he supported Lawrence in his resolve to coerce the Tongso Pillo in conjunction with the Deb and Dhurmu Rajahs, if he persisted in keeping the guns.[1] Fortunately the guns were restored in February, 1866, and the treaty was ratified.[2]

Thus ended the dispute with Bhootan, which had begun in 1772, when British Indian troops were despatched to Cooch Behar to defend it against Bhootia aggression.[3] Although the home and Indian authorities had displayed a lack of firmness in checking the predatory raids by the Bhootias, their failure to provide security on the North-East Frontier was mainly due to the difficulties of carrying on military operations in a hilly country. Throughout this period, the attention of the Indian Government was diverted to more important problems of peace and war within the sub-continent itself. Moreover, its financial embarrassments also prevented its taking of any more decisive steps.

The territorial acquisitions confirmed by the treaty with Bhootan had been made, to a great extent, under duress. But the open disavowal of any intention to make conquests in that country had not been without any ulterior motives, as

/Wood

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1. Ibid.

2. P.P. No.13, Vol.52, H. of C., 1866, Telegram from the Government of India, 25th February, 1866, p.116. It was received at the India Office on the 26th February, 1866.

3. P.P. No.47, Vol.39, 1865, H. of C., Eden to Durand, Secretary to the Government of India, Foreign Department, No. 53, 20th July, 1864, p. 174.

Wood had written to Lawrence: "We should maintain our good conduct as we have to deal with Mysore".[1] Hence the policy followed towards the latter State, and the devious means employed to annex it as an integral part of the British Indian dominions, stand out in marked contrast to the policy of which Canning had been the most ardent champion.

According to the Partition Treaty concluded by Wellesley in 1799, after the fall of Tipu, the northern districts of his kingdom were given to the Nizam while the Southern districts were incorporated in the British territories.[2] Over the remaining portion of Tipu's territories was installed the last surviving heir of the Hindu dynasty which Hyder Ali had dispossessed, a child Rajah, only five years old.[3] A Subsidiary Treaty, known as the Treaty of Seringapatam, was concluded with him. It provided that the Rajah was to pay an annual subsidy to the British for the maintenance of a military force, and that failure to do so would entitle the latter to take over the administration of any parts of the country and to order any internal reforms. The Rajah was also prohibited from entering into any correspondence with a foreign power, or to admit foreigners to his service.[4]

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1. Halifax Papers: I.O.C., L.B., Vol.17, 1864, Wood to Lawrence, July 18th, 1864, p. 184.

2. The Cambridge History of India, Vol. V, 1497-1858, pp. 343-344, 1929.

3. Idem., p. 345.

4. Ibid.

During the minority of the Rajah, the administration of Mysore was conducted by the Brahmin Poorneah, with the assistance of the British Resident. In December 1810, at the age of sixteen, the Rajah assumed the direct Government of the country, and continued to exercise it for 21 years.[1]

During this period there were occasional complaints of misrule in the State. Finally in 1829 an extensive insurrection broke out, for the suppression of which British troops were employed, with the result that in 1831 the administration of Mysore was taken over by Lord William Bentinck, who was then Governor-General of India.[2]

But Bentinck's subsequent proceedings showed that he had entertained most serious doubts as to the justice of the course he had adopted. He admitted that the stipulated subsidy was never "in jeopardy".[3] In 1833 he had also appointed a Committee to investigate the causes of the insurrection in Mysore. The Committee, after full inquiry, declared that the charges of mis-government against the Maharajah were highly exaggerated, and that the much-emphasized decline of revenue was mainly attributable to the fall in the prices of the agricultural produce, a circumstance which had equally affected the adjoining districts of the Madras Presidency.[4]

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1. P.P. No.112, Vol.52, 1866, H. of C. Wood to the G.G.-in-C., (Pol.) No.48, 17th July, 1863, pp.13-18. This despatch gives a brief history of the case.
2. Ibid.
3. Idem. Quoted by Sir Henry Montgomery in his Minute of the 13th July, 1863, p. 18.
4. Idem. An extract from the Report of the Committee is given in the margin to Montgomery's Minute cit. supra. pp. 19-20.

On the strength of these findings, Bentinck in his despatch of the 14th April, 1834, recommended to the home authorities that the British Government should retain only a part of the territory of Mysore, in order to realize the stipulated amount of the subsidy, and should restore the rest of his possessions to the Maharajah.[1] The Court of Directors disagreed with Bentinck, and desired that Mysore should be kept under the direct authority of the Government of India, until the entire administration had been re-organized.[2] But they declared that the Government of that State should be carried on under the designation of the "Commission for the Government of the territories of Mysore, and not in the name of the Company".[3]

In 1847, during the Governor-Generalship of Lord Hardinge, the Maharajah had put forward a strong claim for the restoration of his State,[4] which "was thought to be puzzling"[5], and had been turned down by the home authorities.[6] In 1861, he again submitted the same request to Canning, citing in support of his arguments, among others, his hereditary right to the State and the latter proceedings of Bentinck. He also appealed to the

/non-annexationist

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1. Idem. Referred to in Montgomery's Minute cit. supra, p. 20.
2. Ibid.
3. Ibid.
4. Idem. Wood to the G.G.-in-C., (Pol.) No. 48, 17th July, 1863, p. 17; op. cit.
5. Halifax Papers: Canning to Wood, March 8th, 1861.
6. P.P. No. 112, Vol.52, 1866, H. of C., Wood to the G.G.-in-C. (Pol.) No. 48, 17th July, 1863, p. 17, cit. supra.

non-annexationist policy, initiated by Canning, and dilated upon his loyalty, specially as displayed during the Mutiny, towards the British.[1]

The letter placed Wood and Canning in a quandary. The former wrote to Canning: "I hope somehow or other, it may be parried, as I confess to a covetous eye on Mysore".[2] Canning replied: "Mysore affair is puzzling. It is a very difficult and nasty one".[3] Wood was greatly disturbed when he learnt that the Mysore question might be raised in Parliament: "I do not know what to say on it. It is desirable to get possession of it by bequest, or with the consent of the Rajah, but I confess we have no pretence to withhold it from him. I will do nothing here to promote his having it placed in his hands ----".[4] Canning was also in no easier position: "The letter is well and argumentatively written and is not easy to answer. I have not looked into the case. We cannot refuse without straining the construction of our engagement, which I will not recommend".[5] Wood, however, continued to press on Canning: "..... Some measure to be adopted to soothe the Rajah and prevent his adoption. It (Mysore) should be ours,

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1. Idem. The Maharajah of Mysore to Canning, 23rd February, 1861, pp. 487-489.
2. Halifax Papers: I.O.C., L.B. Vol. 7, 1861, Wood to Canning, April 24th, 1861, p. 190.
3. Idem. Canning to Wood, July 7th, 1861.
4. Idem. I.O.C., L.B. Vol.8, 1861, Wood to Canning, August 18th, 1861, p. 224.
5. Idem. Canning to Wood, March 8th, 1861.

but we cannot well take it, as it would be in flagrant opposition to your policy".[1]

Canning, however, succeeded in preparing a harshly-worded reply to the Rajah of Mysore. He set aside the latter's claims based on his ancestry, asserting that he was the mere recipient of British liberality, who had conquered Mysore by force of their arms. He also indicted the Rajah of having obstructed the measures which were adopted for the improvement of the State and hence, he declared, there was no guarantee that law and order would be maintained under the rule of the Rajah. Canning, therefore, expressed his inability to support the Rajah's request for the restoration of his State to him.[3]

The latter was not lacking in counter-arguments. He again submitted a petition, appealing against the decision of Canning, and requested that it should be forwarded to the home authorities. He admitted the right of conquest which the British possessed, but remarked that the restoration of Mysore to his rule had been politically advantageous to the British, as was acknowledged by Lord Wellesley and Sir Arthur Wellesley (later the Duke of Wellington).[4] He further pointed /out

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1. Idem. I.O.C., L.B. Vol.9, 1861-62, Wood to Canning, December 25th, 1861, p. 176.

2. P.P. No. 112, Vol.52, 1866, H. of C. Canning to the Maharajah, March 11th, 1862, pp. 4-7.

3. Idem., p. 6.

4. Idem. The Maharajah of Mysore to Elgin, 20th April, 1862, p. 8.

out that the outbreak of rebellion was not confined to a part of his territory, but also had spread to Canara, in the Madras Presidency, and such disturbances had not been unknown in British India.[1]

Elgin in a short reply informed the Rajah that Canning's decision was final.[2] Wood did not like this proceeding: "You ought to have sent his letter to us and told him so;" and added "I do not like the policy but do not know what better we can do".[3] Elgin retorted: "I could not overrule Canning's decision after two months residence, which he had taken after keeping the Rajah's letter for over two years, under consideration".[4]

The Rajah was also playing his game skilfully. He was trying to lure the British by false promises of bequeathing his State to the Prince of Wales, if he was allowed to administer it in his lifetime.[5] He also complained to Elgin against the harsh tone of Canning's letter to him, stating

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1. Idem., p. 9.
2. Idem. Elgin to the Maharajah of Mysore, June 4th, 1862, p. 13.
3. Halifax Papers: I.O.C., L.B. Vol.11, 1862, Wood to Elgin, September 24th, 1862, pp. 156-158.
4. Idem. Elgin to Wood, August 17th, 1862.
5. Idem. I.O.C., L.B. Vol.10, 1862, Wood to Elgin, June 18th, 1862, p.306; Wood wrote: "He half promised to Lady Elgin to leave Mysore to us". Also see L.B.Vol.11, 1862, Wood to Elgin, October 17th, 1862, p. 204; Here Wood refers to a letter, which he had learnt, was sent to him by the Rajah in which the latter had expressed a desire to leave his State to the Prince of Wales.

that Wood's communications to him were more polite and conciliatory, and that in one of them, the latter had addressed him as "one of the Queen's eldest and most faithful allies".[1]

On these grounds he had urged that his request should be forwarded home. Elgin was rather irritated and asked Wood not to communicate directly with the Rajah.[2]

Wood agreed not to do so,[3] but continued to urge Elgin to prevent the Rajah from adopting an heir: "You have the fullest discretion so as to avoid this adoption. The Rajah is old and worn out, and so am well-disposed to take the chance of his dying. It is impossible to give instructions from here, and everything must depend on the tact and judgment of the man on the spot".[4] In reply Elgin suggested: "The Rajah may now be bribed into abstinence from adoption, if he is relieved from his pecuniary embarrassments which are considerable, by monies granted to him from the surplus funds in the Mysore Treasury. It should be worth while to be very liberal, if we could effect this object in anything like a binding manner".[5] But, as Wood still persisted in harping on this subject,[6] Elgin became exasperated: "You should not be

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1. Idem. Elgin to Wood, May 9th, 1862.
2. Ibid.
3. Idem. I.O.C., L.B. Vol.10, 1862, Wood to Elgin, June 18th, 1862, p. 304; also see letter of May 19th, 1862, p. 258.
4. Idem., pp. 306-308.
5. Idem. Elgin to Wood, August 17th, 1862.
6. Idem. I.O.C., L.B. Vol.11, Wood to Elgin, August 16th, 1862, pp. 62-64.

in a hurry about the Rajah ....." and boldly asserted: "If the Rajah is unfit to administer his territory, we are entitled to interfere in the interests of the people and the Empire ..... If fit, we have no right to hamper it with conditions such as of no adoption".[1]

In the Council of India, there was general agreement that the Rajah could not be deprived of his administration, as was evident from the latter proceedings of 1834 of Bentinck and the Court of Directors.[2] But in a subsequent letter to Elgin, Wood significantly remarked: "If everything in this world was conducted logically, we should very seldom come to a practical conclusion".[3] Elgin, however, declared his strong disagreement with the policy of Bentinck and the Court to which the Council of India was adhering.[4]

In the meantime, Wood succeeded in procuring the support of the majority of the Council of India for his and Canning's policy, and informed Elgin: "We have determined not to upset Lord Canning's decision on Mysore. Sooner or later we will have to take a strong step of annexing Mysore and disallowing any adoption".[5]

But when the despatch, embodying this decision, came before the Council for approval, Wood had still to reckon with /the

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1. Idem. Elgin to Wood, September 9th, 1862.
2. Idem. I.O.C., L.B. Vol.11, 1862, Wood to Elgin, August 16th, 1862, pp. 60-62.
3. Idem. Wood to Elgin, October 17th, 1862, p. 202.
4. Idem. Elgin to Wood, November 19th, 1862.
5. Idem. I.O.C., L.B. Vol.12, 1863, Wood to Elgin, March 16th, 1863, p. 136.

the determined opposition, based as it was on the logic of facts, of "some of the best Councillors" like Currie, Willoughby, Sir Henry Montgomery, Arbuthnot and Captain Eastwick.[1] At first Lawrence had also acceded to their view, but later on deserted them and joined the supporters of Wood.[2] Ultimately the despatch was approved by a majority of nine to five.[3]

Wood at once privately forwarded a copy of it to Elgin declaring it to be "strictly confidential and only for your own eye".[4] In his extreme annoyance, he proceeded to remark: "I never dealt with such a puzzling and disagreeable question". He also expressed his decided disagreement with "the distinction drawn by Canning on the right of adoption, between the Rajahs ruling their territories and those from whom we have taken them away".[6]

But the tone of the official despatch was altogether different. It consisted, as Montgomery described, "of all that can be extracted from the records that bear against the Rajah's claims, and withholds much that tells in their favour".[7]

/Currie,

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1. Idem. L.B. Vol.13, 1863, Wood to Elgin, July 18th, 1863, p. 174.
2. Ibid.
3. P.P. No.112, Vol.52, 1866, H. of C., Wood to the G.G.-in-C. No. 48 (Pol.) 17th July, 1863, pp. 13-18; also see Minutes of the Council of India, July to December, 1863, Vol.11, p. 31.
4. Halifax Papers: I.O.C., L.B., Vol.13, 1863, Wood to Elgin, July 18th, 1863, p. 174.
5. Ibid.
6. Ibid.
7. P.P. No. 112, Vol.52, 1866, H. of C., Minute of Dessent by Sir Henry Montgomery, July 13th, 1863, p. 21.

Currie, among other objectionable features of the despatch, pointed out that it had introduced the adverse statements of Sir Mark Cubbon, the late Commissioner of Mysore, made in 1847, while it had deliberately omitted those which were given in his report for 1859, in which Cubbon had reiterated the intention of the Court of Directors, as expressed in 1835, to restore the administration of Mysore to the Rajah.[1] Willoughby went much further and attacked the very basis, namely the alleged concern of the British for the welfare of the people of Mysore. He cited from Sir Mark Cubbon's report of the 26th July, 1858, on the conduct of parties in Mysore during the Mutiny, in which the latter had stated that nearly all classes of population were "against our rule and disaffected towards the British Government".[2] Willoughby also recalled that Canning, while protesting in 1860 against the proposed transfer of the conduct of Mysore affairs to the supervision of the Madras Presidency, had alluded to the Rajah as "the Sovereign of the country".[3]

The dissentient members most emphatically stressed that as the despatch, which by the whole line of its argument pointed to "the permanent retention of the Mysore territory by the British Government", was in direct opposition to the

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1. Idem. Minute by Sir Frederick Currie, July 17th, 1863, pp. 24-25. Here Currie refers to the Despatch from the Court, 25th July, 1835, see supra, p.

2. Idem. Minute of Dissent by Sir J.P. Willoughby, 18th August, 1863, p. 33. Cubbon was the Commissioner of Mysore, from 1831-1861. See D.I.B. S.V. Sir Mark Cubbon.

3. Idem., pp. 30-31; also see Halifax Papers: I.O.C., L.B. Vol.3, 1860, Wood to Canning, May 25th, 1860, p. 150; and Canning to Wood, March 31st, 1860.

assurance which Canning had given to the ruling chiefs when he published his adoption despatches, and also announced personally to the assembled chiefs ..... during his vice-regal progresses of 1858-59.[1] These arguments were not unknown either to Wood or his accomplices, Canning and Elgin, who had admitted the weaknesses of their case in their mutual private correspondence. Denison, who was then acting as Governor-General after the death of Elgin, communicated the decision of the home authorities to the Rajah, that the "Subsidiary Treaty of 8th July, 1799 contains no conditions under which the administration of Your Highness' possessions, if once assumed by the British Government, was to be restored to you; .....".[2]

The home authorities, however, desired that as a mark of recognition of the fidelity displayed by the Rajah during the Mutiny, some arrangements which "without involving a change in the present system of the administration of Mysore, would contribute either to his dignity or comfort", should be made.[3] In his private letters to Elgin, Wood more clearly explained the intention underlying this suggestion. He wrote: "I am willing to do a great deal in the matter of the Treasury

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1. P.P. No. 112, Vol. 52, 1866, H. of C., Minute by Willoughby, cit supra, p. 31-32; also Currie's Minute, cit. supra, p. 25.

2. Idem. Denison to the Rajah of Mysore, December 31st, 1863, pp. 35-36.

3. Idem. Wood to the G.G.-in-C., No. 48 (Pol.), 17th July, 1863, para. 37, p. 18.

which consists of 96 lacs. While keeping the administration into our hands, we would do anything for him. I am less afraid of his reluctance than of the Englishmen round him, who hope gain and employment from restoration. They are the movers in it. If money is placed at his disposal, he may meet all their wishes. Pecuniary sacrifice is nothing as compared with the gain of Mysore. Here is a fine field for Bowring's diplomacy".[1] Elgin had already proposed such a course to Wood.[2]

Explain

In compliance with these wishes of the home authorities, Lawrence's Government agreed to pay off only the existing debts of the Rajah from the accumulated surplus revenues of the State which amounted to Rs. 102 lacs, but firmly refused to do so in future.[3] They also disagreed with his proposal that a resident should be appointed to rule his territories in his name, "causing the important affairs to be conducted by His Highness", and refused to give him permission to adopt a successor to the "Raj of Mysore". But he was allowed to adopt an heir as far as his private property was concerned, and to give Chamrajnuggur talook, as a jagir to any of his grandsons.[4]

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1. Halifax Papers: I.O.C., L.B., Vol.13, 1863, Wood to Elgin, July 18th, 1863, pp. 178-180.
2. Idem. Elgin to Wood, August 17th, 1862.
3. P.P. No.112, Vol.52, 1866, H. of C., L. Bowring, Commissioner of Mysore to Durand, No.1, 18th February, 1864, pp. 36-39, also see Durand to Bowring, No.333, 29th March, 1864, pp. 39-41.
4. Ibid. Also see Halifax Papers: Lawrence to Wood, March 8th and May 24th, 1864.

With regard to the last concession, Lawrence was rather undecided, but "on further reflection agreed to give his (Rajah's) grandson a Jagheer" with the full concurrence of his Council.[2] Wood welcomed this decision, stating: "you might go further than you are disposed to do, provided you stop adoption. It would be a great thing to stop adoption. He wants to give Jagheers (estates) to two or three illegitimates. Do it."[3]

In the meantime Bowring was indulging in some wishful thinking. He informed Lawrence that the Rajah might not adopt a successor, because he seemed "to be puzzled as to whom". When Wood learnt this from Lawrence, he was extremely delighted as he wrote to the latter: "I think skilful diplomacy might play off the provision for the illegitimates against the adoption of the uncertain legitimate and so dispose of the whole case comfortably".[4] He also proceeded to instruct Bowring who was alleged to have "no fancy for the Rajah".[5] "I have heard from different quarters that you are not so conciliatory to the Rajah as might be desirable. You should gratify him as to his illegitimate grandchildren and small

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1. P.P. No.112, Vol.52, 1866, H. of C., Rajah of Mysore to the Commissioner of Mysore, 7th May, 1864, p. 43.

2. Halifax Papers: Lawrence to Wood, March 19th, 1864.

3. Idem. I.O.C., L.B. Vol.16, 1864, Wood to Lawrence, April 18th and May 2nd, 1864, p. 204 and p. 232. The Rajah of Mysore had several illegitimate sons and grandsons.

4. Idem. Wood to Lawrence, April 18th, 1864, p. 212.

5. Idem. Lawrence to Wood, May 24th, 1864.

matters. I am very anxious to acquire Mysore, if not through his actual consent, but without any obstacle being thrown in our way by him, and you must play your cards as to further this object.[1]"

Wood had also conceived a clever plan to counteract the opposition which, he was expecting, would be offered by a strong section of his Council. The despatch which approved the settlement of the Rajah's claims recently made by Lawrence's Government, was deliberately left indistinct on the latter's decision regarding the Rajah's right to adopt a successor to his State.[2] The despatch said: "With regard to the question of adoption, I will only observe that you could not recognise more than the Maharajah's right to adopt, so far as his private property was concerned".[3] The reasons for this wilful evasion were explained by Wood himself to Lawrence: "You will get a despatch, not so clear as you might expect. I had some difficulty with the Council. You remember there is a strong party against annexing Mysore. I kept them down by confirming the orders to withholding the administration and said nothing as to what should be done at his death".[4] But Mills, Prinsep and some other members of the Council firmly held that the decision of the Government of India on the Rajah's right of

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1. Idem., I.O.C., L.B. Vol.16, 1864, Wood to Bowring, April 26th, 1864, pp.223-224.

2. P.P. No.112, Vol.52, 1866, H. of C., Wood to the G.G.-in-C. No.45, 30th July, 1864, pp. 44-45.

3. Idem., para. 5, p. 45.

4. Halifax Papers: I.O.C., L.B., Vol.17, 1864, Wood to Lawrence, August 2nd, 1864, p. 202.

adoption was final.[1] Against this view, there was a strong minority, consisting of Currie, Willoughby, Clerk and some others. "Three of the Council, if not more, were not prepared to vote non-adoption ....."[2]. It was only when Clerk put the despatch in its final form that they were "reconciled to it by thinking that the question of adoption was left open"[3]. But "in fact" as Wood stated, "it puts an end to any notion of adopting to the Raj , though it (the despatch) does not actually say so". The despatch was, however, passed by a majority of 9 to 2 only, Currie and Willoughby still being dissentient.[4]

Having thus tactfully manoeuvered the Council, Wood explained his difficulties to Lawrence: "It is a great point to carry the majority of the Council in what is done, but with Currie, Clerk and Willoughby, Montgomery and Arbuthnot as well as Eastwick, all inclining to the Rajah, I have no easy cards to play to attain this. They are the strength of the Council on political matters in Southern India. You may fully depend upon my adhering to what has been determined upon and not giving way at all. But you must not be surprized, if the wording of the sanction is not as strong as I should like or

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1. Idem., p. 204.
2. Ibid.
3. Idem. L.B. Vol.18, 1864, Wood to Lawrence, October 12th, 1864, p. 226.
4. Idem. L.B. Vol.17, 1864, Wood to Lawrence, August 2nd, 1864, p. 204; also see Minutes of the Council of India, July to December, 1864, Vol.13, pp. 100-101.

you would like. You and I know what we meant and mean. If I can keep a majority by using an expression, it is worth using it. The words of the last despatch were Clerk's. Using them carried him and two others. Substantially they approve; and using them reduced the minority in the Council to a small number".[1]

Currie was not unaware of this ruse, that "in reference to the answer of the Viceroy to the Maharajah, negativing, in distinct and positive terms, his right to adopt an heir to the principality, a different phraseology is advisedly used", while the majority of the Council considered the question to have been finally closed.[2] He declared this decision to be "unjust", "illegal", and "a breach of faith", as it was in violation of the Treaties of 1799.[3] Willoughby declared his concurrence in a "considerable portion" of this dissent and reiterated his views, already expressed in his Minute of the 17th July, 1863.[4]

This decision of the home authorities, however, failed to put an end to the wordy warfare of arguments and counter-arguments. The Rajah was pursuing his objectives with consummate skill and perseverance. He was disappointed by the "partial redress" of his grievances and had declared his resolv

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1. Halifax Papers: I.O.C., L.B. Vol.18, 1864, Wood to Lawrence, October 12th, 1864, p. 226.

2. P.P. No. 112, Vol.52, 1866, H. of C., Minute of Dissent by Sir F. Currie, 9th August, 1864, p. 45.

3. Idem., p. 46.

4. Idem. Minute of Dissent by Willoughby, 1st September, 1864, p. 47.

not to relinquish any of his former claims.[1] He again came out with a long "Khureeta" protesting against the decision of the home authorities, in which he tried as before to establish his claim to the restoration of his State, on the basis of the past proceedings of the home and Indian Governments.[2] In this document he introduced a new element, by stating that as Mysore was the joint conquest of the British and the Nizam, it should, after his death, be absorbed by both.[3]

The latter innovation by the Maharajah was not altogether unexpected. Wood had already asked Elgin to stop his intriguing with the Nizam "who might ask for a share, as he was a party to the Partition Treaty of 1799", adding: "I am not afraid of the Nizam raising claim, which would be settled when arises".[4] Lawrence ~~however,~~ dismissed this plea, declaring that the Nizam in 1799 was in a purely subordinate alliance according to the Treaty of 1798 and that he was not a party to the Subsidiary Treaty of 1799, concluded with the Maharajah.[5] But Lawrence also intended to remain extremely well-disposed towards the Rajah, so as to lure him with the idea that "he can adopt whenever he pleases", and

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1. Idem. The Maharajah of Mysore to the Commissioner of Mysore, 7th May, 1864, p. 44.
2. Idem. The Maharajah of Mysore to Lawrence, 25th January, 1865, pp. 61-68. "Khureeta" was a letter, addressed by one ruler to another.
3. Idem., p. 67.
4. Idem. I.O.C., L.B. Vol.13, 1863, Wood to Elgin, July, 18th, 1863, pp. 178-180.
5. P.P.No.112, Vol.52, 1866, H. of C., Lawrence to the Maharajah, May 5th, 1865, pp.69-70; and G.G.-in-C. to Wood, No.46 (Pol.) 5th May, 1865, pp. 54-61.

hoped that in the end he would probably die "without caring for anything of the sort".[1]

In the meantime two petitions, signed by seven or eight thousand inhabitants of Mysore, were received by the Government of India.[2] They contained a forceful request for the restoration of the Maharajah's rule, probably as a set-off against the British assertion to hold the country for protecting the welfare of the people. But as Bowring declared them to be mainly the work of the "hangers on the Court" and as Lawrence also did not "care much for all this", the petitions were rejected.[3]

Wood confirmed these "Mysore doings"[4] and declared his determination to "fight the battle out disallowing any effect of adoption except to private property".[5] Accordingly, the despatch of the 17th July, 1865, in unequivocal terms denied to the Rajah the right to adopt an heir to his State.[6] But again Wood, as he told Lawrence, had to encounter serious opposition in the Council: "The party in the Council for allowing it (adoption) is strong, comprising all the 'Indians'

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1. Halifax Papers: Lawrence to Wood, August 12th, 1864.
2. P.P. No.112, 1866, cit. supra., pp. 49-51 and pp. 52-54.
3. Halifax Papers: Lawrence to Wood, August 12th, 1864.
4. Halifax Papers: I.O.C., L.B. Vol.21, 1865, Wood to Lawrence, July 31st, 1865, p. 159.
5. Idem, L.B. Vol.22, 1865, Wood to Lawrence, September 16th, 1865, p. 239; also see L.B. Vol.17, 1864, Wood to Lawrence, August 16th, 1864, p. 256.
6. P.P. 112, Vol.52, 1866, H. of C., Wood to the G.G.-in-C., No. (Pol.) 57, 17th July, 1865, para. 5, pp. 70-71.

except Prinsep. Clerk is a weight in their scale, instead of your being on the other side. This is a serious disadvantage"[1]. After "considerable discussion" the despatch was, however, passed in the Council, by a majority of 10 to 5, Clerk, Eastwick, Currie, Willough and Montgomery being dissentient[2].

While Lawrence was still considering the Rajah's appeal, the latter suddenly decided to depute his friend and confidential adviser, Dr. Campbell, to England, with authority to place his case before the Queen and Parliament[3]. Once before, in 1863, he had sent Dr. Campbell to England with a personal letter to Wood, in which he had again dangled the bait of leaving his State by bequest to the Prince of Wales, if he was allowed to administer it in his own lifetime[4]. On that occasion[5], Wood had declined even to receive the letter, and had firmly told Dr. Campbell to adhere to his decision; but had expressed his willingness "to meet any trifling on

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1. Halifax Papers: I.O.C., L.B. Vol.20, 1865, Wood to Lawrence, March 27th, 1865, p. 139.

2. Minutes of the Council of India, July to December, 1865, Vol.15, Meeting 17th July, 1865, p. 51. Also see P.P. No. 112, 1865, cit. supra. Minutes of dissent by Clerk, July 24th, Eastwick, July 25th and Currie, 28th July, 1865, pp. 71-83.

3. P.P. No. 112, Vol.52, 1866, H. of C., The Maharajah to Lawrence, 1st February, 1865, pp. 68-69.

4. Halifax Papers: I.O.C., L.B. Vol.13, 1863, Wood to Elgin, July 18th, 1863, p. 176.

5. Ibid. It is interesting to note that these letters on Mysore from India, were from time to time sent to the Prince of Wales for perusal, See L.B. Vol.11, 1862, Wood to Elgin, August 1st, 1862, p. 40.

which the Rajah has set his heart".[1] In 1865, when he learnt of Dr. Campbell's intended mission, he was perturbed, because he had always "intended to have left the question of adoption to be decided on the Rajah's death, trusting and hoping that he would never adopt".[2] In his anxiety he tried to fix the blame on Lawrence, stating that his "answer had brought the issue prematurely".[3]

Moreover, Wood was already afraid that the Mysore question might be raised in Parliament and had, therefore, warned Lawrence: "You must be careful of every move in this matter, because it is sure to come before Parliament. I want to add your authority to those of Dalhousie's, Canning's and Elgin's".[4] But soon he succeeded in securing the support of Lord Stanley, whose opinion on Indian matters carried the greatest weight with the Conservative Party, which was then in opposition. He heaved a sigh of relief and informed Lawrence: "We shall have it next year in Parliament, but as Lord Stanley entirely concurs, there can be no question as to the result".[5]

While the home and Indian authorities were thus grappling

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1. Idem. I.O.C., L.B. Vol.16, 1864, Wood to Lawrence, May 2nd, 1864, p. 232.
2. Idem. L.B. Vol.20, 1865, Wood to Lawrence, March 27th, 1865, p. 139.
3. Ibid.
4. Idem. L.B. Vol.16, 1864, Wood to Lawrence, February 25th, 1864, p. 74.
5. Idem. L.B. Vol.21, 1865, Wood to Lawrence, August 12th, 1865, p.169; also see L.B. Vol.18, 1864, Wood to Lawrence, October 24th, 1864, p. 276.

with the Mysore question, the Rajah outwitted them by adopting a son as his successor to all his rights and privileges under the Treaties of 1799.[1] According to Bowring's information, he had done so on the advice of Dr. Campbell, who had expressed the difficulty of fighting the case otherwise.[2] Bowring had also learnt from Captain Hay, his Secretary, that while Wood was considering the Rajah's letter, Lord Canning's friends were pressing him to uphold the last act of that Viceroy.[3]

Under such circumstances, Bowring proposed that, as a compromise, the Rajah should be given the territories lying south of the river Cauvery.[4] Lawrence favoured this proposal, but insisted that "the Mysore case should be fought on its merits".[5] He also desired that Bowring's compromise formula should be acted upon only "when the whole question is settled and not before, because this would give him (the Rajah) hope for the settlement of the main question".[6] Wood was also favourable to this proposal;[7] but nothing came of it, and the Government of India refused "to recognise the adoption pending the instructions from Her Majesty's Government".[8] Lawrence

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1. P.P. No. 112, Vol.52, 1866, H. of C. The Maharajah of Mysore to Lawrence, 18th June, 1865, p. 91.
2. Halifax Papers: Bowring to Lawrence, July 3rd, 1865, Enclosure to Lawrence's letter to Wood, July 1st, 1865.
3. Idem. Bowring to Lawrence, June 2nd 1865, Enclose to Lawrence to Wood, July 25th, 1865.
4. Ibid.
5. Idem. Lawrence to Wood, July 1st, 1865.
6. Idem. Lawrence to Wood, September 1st, 1865.
7. Idem. I.O.C., L.B. Vol.21, 1865, Wood to Lawrence, July 31st, 1865.
8. P.P. No. 112, Vol.52, 1866, H. of C., G.G.-in-C. to Wood, No. 102 (Pol.), 31st July, 1865, p. 91.

also tried to indoctrinate Wood: "Sovereign power did exercise the power to refuse confirmation in cases of adoption to fiefs and other public grants. In Northern India refusal to recognise such adoptions was the rule rather than the exception".[1]

The Rajah again raised the question in 1866, and it was finally decided by Northcote in 1867.[2] Adhering to the decision already taken, he refused to reinstate the Rajah, but he accorded recognition to the adopted son as the Rajah's rightful successor to the State of Mysore, declaring it to be in pursuance of the policy followed after the Mutiny and also the wishes of "Her Majesty".[3] The majority of the Council, who had consistently supported Wood, in his endeavours to annex Mysore, offered most determined opposition to Northcote and consequently the despatch embodying his decision was negatived by a majority of 10 to 4.[4] Northcote overruled the decision of the majority and the despatch was forwarded to the Government of India. Currie, Willoughby, Montgomery and Clerk, who were opposed to Wood's policy, warmly supported Northcote, as he had rectified the temporary digression of Wood,[5]

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1. Halifax Papers: Lawrence to Wood, October 21st, 1865.
2. P.P. No. 239, Vol.50, 1867, H. of C., The Maharajah of Mysore to Lawrence, 4th July, 1866, pp. 1-8.
3. Idem. Northcote to the G.G.-in-C., No. (Pol.) 69, 16th April, 1867, pp. 8-9.
4. Minutes of the Council of India, January to June, 1867, Vol.18, p. 338.
5. Ibid. Also see P.P. No. 271, Vol.50, 1867, H. of C., Minute by Currie, 20th April, 1867, pp. 16-19, and also Minutes by Northcote, Mangles, Prinsep and others, pp. 3-16.

Canning, Elgin and Lawrence from the policy of "Subordinate Union".

In other settlements with Indian States, this policy was consistently followed. It may be recalled that it had declaredly eschewed absorption, but had insisted on the right of the Paramount Power to interfere in the event of disloyalty of the rulers or the breakdown of law and order. The case of Dhar is sufficiently illustrative of it. It is a small State in Central India. When the Mutiny broke out, its ruler was a minor, who had been adopted by his brother, the late ruler, as his successor.[1] Its troops, mostly consisting of Muslim foreigners, rose in revolt. Consequently, the fortress was invested by British troops and the mutineers escaped under cover of the night.[2] But according to Sir Robert Hamilton, the Agent to the Governor-General in Central India, the young ruler and his Minister, even in those days attended the "durbar" of the British Agent and remained friendly. On the other hand Durand, who was then the Officiating Agent to the Governor-General in Central India, declared that the mother and the uncle of the ruler had instigated the rebellion.[4] His opinion, however, prevailed

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1. P.P. No. 200, Vol.18, 1859, H. of C., (Session I), Court to the Government of India, No. 25, (Pol.) of 1858, 22nd June, p. 4. This despatch gives the history of the case.
2. Idem., p. 5.
3. P.P. No. 30, Vol.46, H. of C., 1861, Hamilton to Edmonstone, Secretary to the Government of India, 5th July, 1858, p. 15.
4. Idem. Durand to Edmonstone, 22nd July, 1858, pp. 20-22.

and the State was confiscated on the 14th February, 1858, and the Rajah was informed that it would never be restored to him, in whatever manner it might ultimately be disposed.[1]

The Court of Directors had questioned the justice of this decision. They had asked how a minor Prince could possibly control his mutinous soldiery when Holkar, Scindia or even the British had failed to do so.[2] But Wood confirmed it, declaring Dhar to be the "leader of the revolt" in Central India. But as revealed later, it was due to Lord Stanley's intervention that the State was promised to be restored to the Rajah on his attaining the age of majority.[3] During his minority it was governed by a British resident.

During the Governor-Generalship of Lawrence, the Rajah attained the age of majority. Lord Stanley, therefore, began to press Wood for its restoration to the Rajah. Kaye, the Political Secretary at the India Office, also gave Wood the same advice. The latter at once wrote to Lawrence: "Lord Stanley attaches a good deal of importance to the Dhar business ..... If you can meet his wishes without the risk of any evil, I wish youshould do so."[4] Lawrence promptly replied: "I will look into the affair at once, and if the Rajah is fit to rule, he will have it at once".[5]

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1. P.P. No. 200, Vol.18, H. of C., 1859, (Session I), Hamilton to the Rajah of Dhar, 19th January, 1858, p.35.
2. Idem. Court to India, op. cit. p. 5.
3. Idem. Wood to the G.G.-in-C., No. 91 (Pol.) of 1866, 15th December, pp. 77-78.
4. Halifax Papers: I.O.C., L.B. Vol.17, 1864, Wood to Lawrence, June 16th, 1864, p. 96.
5. Idem. Lawrence to Wood, July 16th, 1864.

Shortly after, Wood met Lieutenant Warde, who had been a resident at Dhar and was on a short visit to England. On having learnt the whole position from him, Wood again wrote to Lawrence: "I do not see on what grounds we can keep it (Dhar) under our tutelage unless we mean to do so always. The Rajah is weak, but has a strong minister. Lord Stanley is very anxious about it. He thinks he saved it from confiscation. I see no grounds for retaining it".[1] It was, however, ultimately restored to the Rajah on the 1st October, 1864.

The same spirit was manifested in the settlement of the Province of Kathiawar, which consisted of as many as 400 petty States. The relations of the East India Company with those States dated from 1807.[2]

After the successful exclusion of the influence of the Peshwa in 1817 and that of the Gaekwar of Baroda in 1820, the Company tried to treat the Kathiawar chiefs as "independent" sovereigns. But this policy failed, as those States were too small to maintain law and order. In 1830 the Government of Bombay appointed a Political Commissioner to visit Kathiawar twice a year and to try the criminals whom the chiefs were too weak to punish.[3]

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1. Idem. I.O.C., L.B. Vol.17, 1864, Wood to Lawrence, August 2nd, 1864, pp. 204-206. Also see P.P. No. 196 Vol. 39, 1865, H. of C. G.G.-in-C. to Wood, No. 67 (Pol.), 19th September, 1864, pp. 109-110. Meade, Agent Governor-General, Central India to Durand, 14th October, 1864, p. 117 and Wood to the G.G.-in-C. No. 85 (Pol.) 24th December, 1864, pp. 116-118.

2. Lee-Warner: "The Native States of India, p. 375, 1910.

3. Idem., p. 376.

These measures also failed to achieve the desired result. Ultimately, in 1858, the Supreme Government divided the 400 States into two classes; one class consisted of 188 States which were considered capable of exercising certain powers. These States were given some defined and limited powers, while the residuary functions were performed by the British Political Officers. As the remaining States were too small and too weak to stand by themselves, they were grouped under one Agency, called the "Thanadar".[1]

But unfortunately, even this arrangement failed to answer the objects in view. In 1863, the whole country was overrun by "Banditti" and marauders. Frere, who was then Governor of Bombay, proposed that the whole administration of Nathiawar should be taken over - "only abstaining from introducing English law". He even deputed Major Barr to that Province to restore law and order.[3]

These measures created a great stir in the Council of India, and caused severe differences of opinion among its members.[4] Willoughby and Prinsep were opposed to Frere's proposals, while Currie and Eastwick, and to some extent Clerk,

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1. Idem., pp.376-377
2. Halifax Papers: Lawrence to Wood, April 4th, 1865.
3. Idem. I.O.C., L.B. Vol. 19, 1864-65, Wood to Lawrence, December 18th, 1864, p. 128. In this letter Wood has mentioned Frere's Kathiawar proposals.
4. Idem. I.O.C., L.B. Vol.18, 1864, Wood to Lawrence, September 18th, 1864, p. 164.

supported him. But the latter was away and Wood could not "venture to go into it without Clerk".[1] "Willoughby" wrote Wood to Lawrence, "knew Kathiawar of old, and considers it quite a child of his own. He has expended more paper and ink on it than that which would serve for all India and thinks everybody to be withdrawn; ....."[2] The only other person in the Council who had some knowledge of its affairs was Clerk. Consequently he took the matter into his own hands and himself prepared the despatch which, in severe terms, disapproved Frere's measures,[3] and reiterated the earlier decision not to acquire "any more direct sovereignity over the States of Kathiawar than has been exercised since the first connection of the British Government with that Province".[4] Wood himself was not prepared to go to that extent, as was proposed by Frere, but considered Willoughby's doctrine to be "old-fashioned".[5]

He was extremely disgusted with the whole manner in which his Councillors had handled the Kathiawar affair. He expressed his resentment to Lawrence: "I had never had such a job as to pass any draft at all ..... Clerk did not

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1. Ibid.
2. Idem. L.B. Vol.19, 1864-65, Wood to Lawrence, December 18th, 1864, p. 128.
3. Ibid. Also Minutes of the Council of India, July to December, 1864, Vol.13, p. 524.
4. Minutes of the Council, cit. supra, p. 174.
5. Halifax Papers: I.O.C., L.B. Vol.19, 1864-65, Wood to Lawrence, December 18th, 1864, p. 128.

not help much, and if I had not get the whole Committee into my room and after two or three hours conversation and argument got them to sign the draft, I believe the matter would have been hung up at this moment. Willoughby's knowledge of the district strengthened his views; but I do not think Frere's view was so unwarrantable as Willoughby tried to make out".[1]

On the other hand Lawrence was strongly in favour of Frere's proposals and desired to carry them out immediately, stating: "There is no necessity to refer such matters home, but it is better to do so, than to have our orders set aside".[2] Wood agreed with Lawrence and privately asked him to do in the Kathiawar affair what he considered best; and added: " ..... I shall have difficulty in supporting Frere, unless I can back him up with your authority. I can prevent their (Council) throwing over your corroboration of his proceedings".[3]

Lawrence promptly acted on Wood's advice and authorised Frere to raise a corps of 400 men and two mountain guns for service in Kathiawar.[4] Wood welcomed this decision and remarked: "I have not much doubt of carrying through what you may have settled, in spite of Willoughby".[5] By this ruse Wood succeeded in obtaining the approval of his Council to

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1. Idem. L.B. Vol.20, 1865, Wood to Lawrence, February 20th, 1865, p. 69.
2. Idem. Lawrence to Wood, April 4th, 1865.
3. Idem. I.O.C., L.B. Vol.21, 1865, Wood to Lawrence, May 16th, 1865, pp. 29-31.
4. Idem. Lawrence to Wood, June 8th, 1865.
5. Idem. I.O.C., L.B. Vol.22, 1865-66, Wood to Lawrence, January 9th, 1866, p. 143; also see L.B. Vol.21, 1865, Wood to Lawrence, August 18th, 1865, p. 177.

Frere's measures. But the villages of Bhownugger were ordered to be taken away from the Kathiawar States and to be placed under the supervision of the British Political Agent in that Province.[1]

The Treaty concluded with Scindia on the 12th December, 1860, which fixed the strength of his army,[2] also illustrates the cautious principles of Canning's post-Mutiny policy. The latter was, however, not altogether satisfied with it. He wrote to Wood: "He (Scindia) himself came to Benares to finish the negotiations. It is not all we wanted, but a good deal so".[3] Among other chiefs Scindia, as a reward for his services during the Mutiny was also granted considerable lands. One of the objects of these transactions, according to Lawrence, was "to consolidate the possessions of the two parties and get Scindia out of Deccan".[4]

Scindia soon began to chafe under the restrictions imposed on him by the new arrangements and tried to increase his armaments.[5] Elgin had declined to take it into consideration, because he "trusted to something turning up to stave off the difficulty ——". Wood gave similar advice to Lawrence.[6] The latter, however, agreed to allow Scindia to

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1. Minutes of the Council of India, June to December, 1866, Vol.17, p. 132, 154, 175.
2. Lee-Warner: op. cit., p. 239.
3. Halifax Papers: Canning to Wood, December 21st, 1860.
4. Idem. Lawrence to Wood, March 5th, 1864. The words "both parties" refer to "the British and Scindia".
5. Idem. Lawrence to Wood, April 1st, 1864.
6. Idem. I.O.C., L.B. Vol.16, 1864, Wood to Lawrence, February 25th, 1864, p. 74.

increase his artillery by 12 guns in return for the fort of Morar.[1] Wood approved this settlement stating: "The possession of the fort is of great importance with the present cantonments, and it is of considerable importance altogether. It is well-worth 12 guns".[2]

Soon after, Scindia adopted a queer attitude, and declared his intention to abdicate in favour of an adopted son and to act as his minister.[3] By this ruse, he was probably trying to relax his engagements with the British, and also to see his adopted son recognized as his successor in his own lifetime, as he doubted the good faith of the Paramount Power. Lawrence considered him to be "a little cracked" and his character to be "unstable and fickle".[4] After some difficulty he, however, "induced him in three interviews to give up his intention, at least for the present".[5]

Wood was extremely indignant at Scindia's conduct and declared his determination not "to make any material change in the present arrangements", or to agree to such an "absurd business as his being the Minister of his adopted son".[6] He added: "I heartily wish that some chief would die with an adopted heir, whom we might recognize. That would stop their

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1. Idem. Lawrence to Wood, March 5th and April 1st, 1864.
2. Idem. I.O.C., L.B. Vol.17, 1864, Wood to Lawrence, May 17th, 1864, p. 10.
3. Idem. Lawrence to Wood, October 9th, 1865.
4. Ibid.
5. Idem. Lawrence to Wood, November 4th, 1865.
6. Idem., I.O.C., L.B. Vol.22, 1865-66, Wood to Lawrence, December 16th, 1865, p. 95.

alarm, but they require to be re-assured on this point".[1]

Surprisingly enough, sometimes even when there was a serious breach of order in a State, Lawrence was loath to interfere, although it was in opposition to the declared policy. The same reluctant attitude was manifest when the widow of the late Nawab of Bhawulpore, asked for Lawrence's intervention to save the lives of her grandsons, whom she feared the ruling Nawab would murder.[2]

The late Nawab had been the ally of the British for thirty years. According to his wish, Dalhousie had recognised his youngest son as his successor. The eldest son revolted against him and dethroned him. Lawrence had then intervened and saved his life. After some hesitation and under the pressure from his Council, he called upon the ruler of Bhawalpore to allow the widow and her two grandchildren to leave the State and live in British territory.[3] After some demur the Nawab agreed to do so.[4] Wood was also opposed to any intervention by the British in Bhawalpur,[5] but later, under the persistent advice of his Council, specially of Currie and Clerk,[6] he yielded.

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1. Idem., p. 97.
2. Idem. Lawrence to Wood, October 3rd, 1864. This letter contains an extract from a letter of General Cortlandt to Lawrence of the 16th September, 1864. The former was a Political Officer at Mooltan, in the Punjab.
3. Ibid.
4. Idem. Lawrence to Wood, November 1st, 1864.
5. Idem. I.O.C., L.B. Vol.19, 1864-65, Wood to Lawrence, November 8th, 1864, p. 4.
6. Idem. Wood to Lawrence, November 18th, 1864, p. 24.

It is also interesting to note that, on several occasions, the paramount power abstained from forcing its terms on the States, in deference to the wishes of their rulers; and displayed a scrupulous regard for the Treaties concluded with them. For instance Canning was not willing to insist on the expansion of the Hyderabad contingent, "contrary to the strong wishes of the Nizam", in order to make up for the proposed reduction in the Madras Army.[1] He considered it to be against the spirit of the Treaty.[2]

On another occasion when Lawrence declared the right of the Nizam, who was then on his death-bed, to select his successor from among his sons, as opposed to Canning's doctrine,[3] of adopting /Wood at once silenced him, stating: "In Muslim states, succession is not so regular. If anybody is selected and supported by the family and the influential people, I should recognise him".[4]

Similarly, the home and Indian authorities did not actually stop Jung Bahadoor, the ruler of Nepal, /from going to Europe, although they were extremely anxious to do so.[5] The British resident only told him that his presence in the State was necessary.[6] Wood /approved

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1. Idem. Canning to Wood, October 8th, 1861.
2. Ibid.
3. Idem. Lawrence to Wood, June 14th, 1864.
4. Idem. I.O.C., L.B. Vol.17, 1864, Wood to Lawrence, August 2nd, 1864, p. 208.
5. Idem. Elgin to Wood, May 9th, 1862.
6. Ibid.

approved this proceeding and wrote to Elgin: "Jung Bahadoor is an independent ruler. We cannot forbid his coming to England".[1] Lawrence also tried "to throw cold water" and dissuade him, but failed.[2] Ultimately when Jung Bahadoor arrived in England in 1865, he received a great welcome and was made a "Companion of the "Bath", which Wood considered more than he deserved.[3]

But on another occasion when an anti-European party in Tibet tried to secure Jung Bahadoor's support, in order to thwart Canning's attempts to obtain trade facilities there,[4] he was warned by the British resident, Ramsay, that such an act would be regarded as unfriendly by his Government.[5] Wood readily concurred with this view.[6]

The policy of winning over the States into closer allegeance to the Crown was further developed when several titles were devised to be bestowed upon the important and loyal rulers, like the Nizam, the Maharajahs of Patiala, Udaipur, Gwalior, Indore, Nabha, Jhind and some others.[7]

On passing from the hum-drum politics of the Indian States to the North-Western frontier and its warlike and zealous tribes,

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1. Idem. I.O.C., L.B. Vol.22, 1865-66, Wood to Lawrence, December 2nd, 1865, p. 69.
2. Idem. Lawrence to Wood, October 19th, 1865.
3. Idem. I.O.C., L.B. Vol.11, 1862, Wood to Elgin, July, 10th, 1862, p. 10.
4. Idem. Canning to Wood, June 8th, 1861.
5. Idem. Elgin to Wood, September 2nd, 1862.
6. Idem. I.O.C., L.B. Vol.11, 1862, Wood to Elgin, October, 15th, 1862, p. 194.
7. Idem. I.O.C., L.B. Vol.6, 1861, Wood to Canning, Jan. 9th 1861, p. 20; and Jan. 18th, 1861, p. 70; also see Canning to Wood, March 9th and July 31st 1861.

British statesmanship was confronted with tasks of great difficulty. The hilly nature of the country rendered it extremely difficult and expensive to carry on military operations against the hostile tribes. But the mountain passes had to be garrisoned and the tribes befriended, in view of the Russians' advances in Central Asia, and the possibility of their marching on India through its gates in the North-West. The political instability of Afghanistan and its rivalry with Persia added further complications to the already complex situation. Often political revolutions in Afghanistan reverberated among the tribesmen and hence a watchful eye had to be kept on events across the frontier.[1]

Ever since the conquest of the Punjab in 1849, John Lawrence had administered the frontier policy which was avowedly "non-interventionist".[2] Even during the Mutiny, he had advocated the evacuation of Peshawar, but wise counsels prevailed and Canning ordered its retention. Again in 1859 while a member of the Council of India, he forcefully advocated that Peshawar could advantageously be handed over to Dost Mohammed, the ruler of Afghanistan, for his good behaviour, thus hoping to relieve the Indian finances of the burdensome expense of its defence.[3] Wood himself doubted the wisdom of

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1. Davies, C.C.: The North-Western Frontier, 1890-1908, in Chapter I, pp. 1-3, the author discusses the problem of the frontier defence.

2. Idem., p. 3.

3. Halifax Papers: I.O.C., L.B. Vol.1, 1859, Wood to Canning, July 26th, 1859.

this proposal, and Canning called it "mad".[1] Canning after visiting it with Lord Clyde, strongly advocated its retention in British hands.[2] He rightly maintained that in the event of the British withdrawal from Peshawar, Russia or any other hostile power, would "make a formidable use" of the tribes and the British would be deprived of that influence over them which was the result of the "firm and just policy" of Lawrence himself.[3] It had, he proceeded to state, increased of late by pursuing the same conciliatory policy towards them, as had been testified by Major James, the Commander of the Peshawar garrison, and also by Montgomery, the Lieutenant-Governor of the Punjab.[4] Ultimately the scheme of Lawrence fell through.

In spite of the British influence among the tribesmen, of which Canning spoke so highly, they carried on occasional raids into the British territories, and small punitive expeditions had to be despatched into the hills.[5] But a large scale expedition was sent in 1863 against the Wahabee colony of Sittana, the "Hindostanee fanatics" as they have been called in the British Indian political phraseology. They were a remnant of the followers of Syed Ahmed, who had established himself in the /hills

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1. Idem. Canning to Wood, January 16th, 1860.
2. Idem. Canning to Wood, February 27th, 1860.
3. Idem. Canning to Wood, January 16th, 1860.
4. Idem. Canning to Wood, March 31st, 1860.
5. Ibid.

hills to carry on a war against the Sikhs. He was, however, killed in a battle against the Sikh armies which were led by Sher Singh.

The relations between the Wahabee colony and the British had generally remained strained.[1] In 1858, their stronghold in Sittana was destroyed and they were forced to retire to Mulka. Engagements were also taken from the neighbouring tribes not to permit their return. But several times, the "fanatic" managed to return and the tribes under the pressure of military blockade were forced to expel them.[2] Ultimately in 1862, Montgomery proposed to Elgin to despatch a strong military force to destroy Mulka and punish the offending tribes. Elgin refused to agree to it "for various reasons",[3] which he privately communicated to Wood: "Montgomery suggests as an activity for the troops to raid on the savages in the North-West, who have been quiet. I disallowed it".[4] In a subsequent letter, Elgin more fully explained the motives behind Montgomery's proposal: "Montgomery wanted me to send an expedition against them last winter. I refused, because they had done nothing to justify such a measure; and also because I detected a device by Montgomery to find employment for a large military force and to wind

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1. P.P. No. 158, Vol.43, 1864, H. of C., Elgin to Wood, No. 67 (Pol.), 4th October, 1863, p. 5.
2. Ibid.
3. Ibid.
4. Halifax Papers: Elgin to Wood, October 19th, 1862.

wind up his Government with a little military glory".[1]

Finally when the "fanatics" reoccupied Sittana in 1863 and threatened the territory of the Chief of Umb, who was in treaty relations with the British, Montgomery's view prevailed, and Elgin authorized the despatch of a strong force to destroy them.[2] The expedition was placed under the command of Brigadier General Chamberlain. But the route leading through the Pass selected for its march proved to be extremely disastrous. The entire force was actually locked up within the pass and was surrounded by hostile tribesmen, who rallied to the call of religious war, under their most influential leader, the Akhoond of Swat, and joined forces with the "fanatics";[3] these tribes were on friendly terms with the British, but were irritated by the losses inflicted on them by the troops.[4] They inflicted severe losses on the British forces, killing more than 150 officers and men.[5] After much stiff fighting, their resistance was broken, and the British forces succeeded in razing Mulkab to the ground, and thus achieved the primary object of the expedition.[6]

/Wood

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1. Idem. Elgin to Wood, July 30th, 1863.
2. P.P. No. 138. Vol.43, 1864, H. of C., Elgin to Wood, No. 67 (Pol.), 4th October, 1864, pp. 6-7; also see Halifax Papers: Elgin to Wood, September 20th and October 4th, 1863.
3. Idem. Brig. Gen. Chamberlain to the Adjutant-General, Head Quarters, No.5, 31st Oct., 1863, pp. 75-76, and 14th November, 1863, pp. 82-83.
4. Halifax Papers: I.O.C., L.B., Vol.15, 1864, Wood to Lawrence, Jan. 15th, 1864, p. 190.
5. Chamberlain's letter, 14th Nov. 1863, p. 83, cit. supra.
6. P.P.No. 158, 1864, cit. supra, Major-General Garvock, Commanding Field Force to the Adjutant General, 22nd Dec. 1863, pp. 96-99.

Wood welcomed the successful conclusion of the expedition,[1] but from the beginning, he had expressed his strong disapproval of the policy of sending "disciplined troops" into the hills, where their real power could not be brought into full play.[2] His views were further strengthened when Maine informed him that Elgin had been persuaded to sanction the expedition against his "better judgement".[3] Shortly after, he learnt from Colonel Norman, the Secretary in the Military Department of the Government of India, that Sittana was not fortified, and that it was in the same position as it had been left by Colonel Cotton in 1858.[4] "So the main ground of the expedition", he wrote to Lawrence, "turns out to be untrue. The only tangible ground left is the burning of some villages in Umb, and about that no one is sure as to who did it".[5]

The "spiritual thunders of the Akhoond of Swat", disconcerted Wood and he asked Lawrence to "buy him off quietly" adding, "there is no fighting religious fanaticism, and a religious war would be the worst of wars".[6] He was alarmed by the ambitious projects of military operations, contemplated by Rose, the

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1. Halifax Papers: I.O.C., L.B. Vol.15, 1863-64, Wood to Lawrence, January 11th, 1864, p. 180.
2. Idem. Wood to Lawrence, December 25th, 1863, pp. 90-93.
3. Idem. Wood to Lawrence, December 25th, 1863, p. 96.
4. Idem. L.B. Vol.16, 1864, Wood to Lawrence, February 10th, 1864, p. 26.
5. Ibid.
6. Idem. L.B. Bol.17, 1864, Wood to Lawrence, August 16th, 1864, p. 256.

Commander-in-Chief[1], and asked Lawrence not to execute them "for heaven's sake". Insisting on its strict observance in future, he explained his frontier policy to Lawrence: "Now they (the tribes) have realized the superiority of our arms. You should conciliate their chiefs by convincing them that we do not want to disturb them and, therefore, they should not make inroads on us, and do something to open more trading intercourse with them"[2].

Lawrence accepted the shortcomings of the plans of the Sittana expedition, as pointed out by Wood, and promised not to authorise any more such military operations into the hills, until he was certain of success[3]. He tried to soothe the irritated Secretary of State by stating that "the evils were aggravated by the scale of plans and Rose caused panic in Northern India by moving troops. Difficulties were also due to the death of Elgin and the fact that Denison left everything to Rose"[4].

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1. Idem. L.B. Vol. 15, 1863-64, Wood to Lawrence, December, 25th, 1863, p. 88 and p. 92.

2. Idem. Wood to Lawrence, January 15th, 1864, p. 190. cf. P.P. No. 158, Vol.43, 1864, H. of C., Wood to the G.G.-in-C., No. 2 (Pol.) January 16th, 1864, pp. 119-121.

3. Idem. Lawrence to Wood, January 19th, February 4th and 16th, 1864. cf. P.P. No. 158, 1864, cit. supra. G.G.-in-C. to Wood, No. 41 (Pol.) March 9th, 1864, pp. 124-125.

4. Idem. Lawrence to Wood, February 20th, 1864. Denison was officiating as Governor-General after death of Elgin from December 2nd, 1863, to January 12th, 1864, when Lawrence assumed the charge. See D.I.B. S.V. Denison, Sir William.

The policy laid down by Wood was strictly adhered to by the Indian authorities. The North-West frontier also remained generally quiet, and in 1866 only one expedition was undertaken against the Yusafzai tribes "to bring them to their senses", as they had been refractory.[1] It succeeded in restoring order in Yusufzai villages.[2]

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1. Halifax Papers: Lawrence to Wood, January 4th, 1864.

2. Idem. Lawrence to Wood, February 2nd, 1866.

CHAPTER IX

THE CIVIL AND MILITARY REORGANIZATION

On the assumption of the Government of India by the Crown, the home and Indian authorities promptly undertook the reorganization of its civil and military administration to make it more suited to the new circumstances. The increase of work had demonstrated the necessity of remodelling the Governor-General's Executive Council and of restoring to the Presidency Governments of Bombay and Madras legislative powers, which they had exercised before the Charter Act of 1833.

In 1858 the constitution and functions of the Governor-General's Executive Council were regulated by the Charter Acts of 1833 and 1853. The Council consisted of the Governor-General and four ordinary members. Also the Court of Directors were empowered to appoint the "Commander-in-Chief of the Company's Forces in India" as an Extraordinary Member. The three ordinary members were usually eminent officials, who had at least been ten years in the service of the Government of India.[1] The fourth ordinary member was the Legislative member, and was not selected from among the Indian officials. The Executive Government of the Presidencies of Bombay and Madras was vested in the Governors, each of whom had a council of three members.[2] But the "Superintendence, Direction and Control of the whole Civil and Military Government" of India was vested in the Governor-General of India in Council".[3] During his absence /on

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1. Mukherji, P. : Indian Constitutional Documents, 1773-1915, ed. 1915: see the "Charter Act" of 1833, Sections 39 and 40, pp.43-44 and also see the Charter Act of 1853, Sections 21 and 22, p.81.

2. Idem. The Charter Act, 1833, Sec.56.

3. Idem. Sec.39.

on tour from the capital, he was authorized to nominate a member to act as President of his Council.[1]

The mode of the working of the Executive Council was cumbrous and had become more so with the increase of official business. The usual procedure, which the wording of the law and the long usage appeared to have prescribed, was that every member had the right to state and record his opinions on every matter that come up for consideration.[2] But the Governor-General was empowered to overrule his Council.[3]

Canning proposed to Lord Stanley that the Governor-General's Council should consist of Secretaries, who would be ex officio Councillors.[4] They should function as a "Cabinet", and each member should hold one or more Departments, and should be assisted by Under-Secretaries.[5] He further proposed that the Governor-General should be authorized to consult "such members as may be competent to give their opinions beyond their own Departments". He thus hoped to get rid of the "old India habit of recording opinions on every matter.....", and to give individual members more power and responsibility.[6]

/Stanley

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1. Idem. Sec. 70.
2. P.P. 307, Vol.43, 1861, H. of C., Canning to Wood, 26th January, 1861, p.19.
3. The Charter Act of 1833, op. cit, Sec.48.
4. Halifax Papers: Canning to Wood, September 30th, 1859. Canning here repeats the same proposals originally submitted to Stanley.
5. Idem. Canning to Wood, December 2nd, 1859.
6. Ibid.

Stanley favoured this proposal, and appointed a Committee of his Council to report on its feasibility.[1] Wood also approved it, declaring that he was not impressed by the Council which was "composed of old Indians, and was a last step in their career"[2], nor did he remember "when in history, the Council had done much good".[3] He desired to reconstitute it like the Cabinet of the President of the United States of America, and to appoint to it the "best men" from all parts of India.[4]

For some time Wood remained undecided about its exact constitution, as he told Canning: "Your Council in the present form goes in any case .....I am taking the report of the Committee on Indian Councils".[5] Trevelyan's challenge(in publishing his minutes on Wilson's financial measures) to the authority of the Supreme Government made him more hesitant.[6] He realized that in Canning's absence, Outram, Frere and Wilson, while acting under the imposing designation of the "Honourable the President-in-Council" had beaten Trevelyan, and the authority of the Supreme Government had been vindicated. They had the power and dignity of being the colleagues of the Governor-General and the strength of the Indian experience of two of them namely,

/Frere

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1. Minutes of the Council of India, January to June, 1859, p.717, and pp.795-797.
2. Halifax Papers: I.O.C., L.B., Vol.1, 1859, Wood to Canning, July 11th, 1859, pp.28-29.
3. Idem. Wood to Canning, July 26th, 1859, p.56.
4. Idem. Wood to Canning, November 7th, 1859, pp.220,222.
5. Idem. L.B., Vol.2, 1859-60, Wood to Canning, March 3rd, 1860, p.136.
6. Idem. L.B., Vol.4, 1860, Wood to Canning, August 27th, 1860, pp.62-66.

See Chapter II. pp.35-40

Frere and Outram.[1] On the other hand if the Governor-General's Council were composed of Secretaries, whose rank and dignity was bound to be lower than that of the "President-in-Council", Trevelyan's power and prestige, as the Governor of Madras, combined with his Indian experience and influence, would have outmatched theirs, and the scales would have been weighted in his favour, to the great detriment of the Supreme authority. Wood, therefore, decided to retain the existing form of the Governor-General's Council.[2]

Canning also came to the same conclusion. But he adhered to his original proposal for the division of the administrative departments among the members of the Executive Council. He had taken tentative steps in this direction, but he insisted on its formal recognition by law.[3] He wrote to Wood: "No such thing has been done so far - it is a mistake to suppose it. We have reformed but not much. Boxes circulate when cases could be disposed of".[4] In view of the great difficulty of finding suitable persons for high legal offices in India Canning further recommended that the home Government should be empowered to appoint two members (instead of one, the Legislative member), "who shall not be members of the Indian Civil Service, and one of whom shall be a barrister".[5] He was also opposed to the

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1. Ibid
2. Ibid
3. P.P. No. 307, Vol.43,1861, H. of C., Canning to Wood, 26th January, 1861, p.19
4. Halifax Papers: Canning to Wood, February 4th, 1861
5. P.P. No. 307, Vol.43, 1861, H.of C. Canning to Wood, 26th January, 1861, p.20.

resumption of the old practice of selecting the members of the Governor-General's Council from the Bengal service alone because it had restricted the field of choice, and the result had been that from 1856 to 1858, none of his "colleagues" had the experience of any other Province except that of Bengal.[1]

Wood's views which he elucidated to Canning were almost the same: "We approve of the division you propose to make, and many of my Council think that you may make those arrangements without any legislation, by resolution or agreement amongst yourself. You know how it is done here. Every members of the Cabinet is responsible for the acts of every other member of it. I take the name of Her Majesty's Government in vain in many of the despatches I write".[2] But he enjoined great caution on Canning in working these arrangements, stating: "The Act of one Member is that of the Governor-General -in-Council".[3]

All these proposals, which had already been settled between the Secretary of State and the Governor-General, were embodied in the Indian Councils Act of 1861.[4] The Council of India had fully approved them, but it was opposed to retaining the Executive Councils at the Presidencies of Bombay and Madras,[5] while

/Canning

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1. Ibid
2. Halifax Papers: I.O.C., L.B., Vol.7 1861, Wood to Canning, March 26th, and April 9th, 1861, p.74, and p.128.
3. Idem. L.B., Vol.8, 1861, Wood to Canning, August 10th, 1861, p.178.
4. Judicial and Legislative Despatches to India, 1861, Vol.4: Wood to the G.G.-in-C., No.14 (Legislative) 9th August,1861, pp.501-502; and Mukherji, P. op.cit. See "The Indian Councils Act, 1861", Sections 3-8.
5. Halifax Papers: I.O.C., L.B., Vol.7, 1861, Wood to Canning, March 26th, 1861, p.74.

Canning.[1] Lord Elphonstone and Lord Harris were in their favour But Canning did not agree with Elphinstone's opinion that the Council strengthened the authority of the head of the Governmen specially when "acting contrary to the orders from home Government or on other extraordinary occasions". He stated: "My experience is rather the other way".[3] Anyhow he was not oblivious to the importance of the Executive Councils at the Presidencies, as he added: "Even if Elphinstone be right, responsibility in such cases cannot be concentrated into the hands of the Governor-General or Governors".[4]

The Executive Councils at the Presidencies also provided a strong bulwark against the inroads by the Supreme Government on the authority of Local Governments. The same fact was stressed by Trevelyan, although in a different way, when he proposed that in order to strengthen the Government of Bengal in the future Legislative Council of the Governor-General, the Lieutenant-Governor should be given an Executive Council.[5]

These views of the Indian authorities were accepted by the Secretary of State, and the narrow and obstinate view of the

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1. Idem. Canning to Wood, September 30th, 1859. Lord Harris was the Governor of Madras, 1854-1859.

2. Idem. I.O.C., L.B., Vol.4, 1860, Wood to Canning, August 27th, 1860, p.68.

3. Idem. Canning to Wood, September 30th, 1859.

4. Ibid.

5. Idem. I.O.C., L.B., Vol.7, 1861, Wood to Canning, March 26th, 1861, p.76.

majority of the ~~India~~ Council of India was effectively countered - The Indian Councils Act provided for the retention of the Executive Councils at the Presidencies.[1] The proposal of the Council of India was also opposed to the declared policy of the home authorities to encourage the growth of local autonomy. Moreover, any increased concentration of authority in Calcutta at a time when administrative work was growing rapidly, would have brought about serious inefficiency and delay.

After the departure of Canning from India, Wood became anxious lest the scheme evolved by that Governor-General might be impaired by the inexperience of his successor. He, therefore, insisted that Elgin should follow the practice of the British Cabinet and added: "On great questions the whole Cabinet consults and the majority decides, but on small matters the head of the Department decides and acts".[2] Elgin declared that he was responsible for the acts of his Government, but he wrongly maintained that "the clause had made no change, as it was being carried out by Dalhousie and Canning".[3] The new system of the division of work among the individual members of the Governor-General's Executive Council was, however, firmly established before Elgin's death on the 20th November, 1863.

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1. Judicial and Legislative Despatches to India, 1861, Vol.4: Wood to the G.G.-in-C. No.14 of 1861 (Legis.) 9th August, p.505.

2. Halifax Papers: I.O.C., L.B., Vol.10, 1862, Wood to Elgin, May 25th, 1862, p.286.

3. Idem. Elgin to Wood, July 8th, 1862. In this letter Elgin refers to Clause 8 of the Indian Councils Act, 1861, which empowered the Governor-General to make rules for the conduct of business by his Council.

The reconstitution of the Governor-General's Legislative Council was still more urgent, if the Executive Government had to be saved from continuous harassing by that body. The Government of India Act of 1853 had enlarged the Governor-General's Council when acting in its legislative capacity, by the addition of six new members called the legislative members, of whom two were the judges of the Calcutta Supreme Court, and others appointed severally by the Local Governments.[1] Constitutionally, therefore, the position of the Governor-General's Legislative Council was the same as that of the fourth ordinary or the Legislative Member previous to 1853.[2] He was only authorised to attend the meetings of the Council when it met for legislative purposes, but since the time of Bentinck's Governor-Generalship, a practice had grown up, according to which he was kept informed of the other business that passed in the Council.[3] The Act of 1853, therefore, in making him a substantive member of the Governor-General's Council, had only recognised a long-established convention.[4]

The most important constitutional effect of these changes introduced in 1853 was that in the absence of the Governor-

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1. Mukherji, P.: Indian Constitutional Documents, 1773-1915; see the Government of India Act, 1853, Section 22, p.81; also see P.P. No.307, Vol.43, 1861, H. of C., the Lieut.-Governor of Bengal to the G.G.-in-C., 14th Oct., 1859, p.9.
2. Halifax Papers: Canning to Wood, March 24th, 1861.
3. Ibid.
4. Ibid.

General or any other Executive member, a full Legislative Council consisted of a majority of "members not concerned in the administration of the Government".[1] But equally important were the changes introduced in its practice and form. Dalhousie, acting under the advice of Sir Lawrence Peel and Sir J. P. Grant, had provided it with 136 standing orders, which had tended, much against the intentions of the framers of the Act of 1853, to foster its growth as a separate and independent Parliamentary body.[2] Its debates were thrown open to the public, and from here began the real "mischief".[3]

Dalhousie was himself a believer in the doctrine of the "independence of the Legislative Council".[4] He declared that the Legislative Council, unless specifically interdicted by law, had the right to lay down rules for its own proceedings, subject to no other check than the Governor-General's veto.[5] The other protagonists of this doctrine had time and again proclaimed their views. In 1855, Sir Lawrence Peel had protested against any "infringement of the independence of the

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1. P.P. No.307, Vol.43, 1861, H. of C., The Lt.-Governor of Bengal to the G.G.-in-C., 14th October, 1859, p.
2. Idem. Canning to Wood, 9th Dec. 1859, p.3, and Halifax Papers: Canning to Wood, Mar. 24th and May 18th, 1861. Hansard, CXLIII, 1861, Wood's speech, June 6th, 1861, p.638. Sir Lawrence Peel was the Chief Justice of the Calcutta Supreme Court in 1842 and was Vice President of the L.C., 1854-5; see D.I.B., S.V. Peel, Sir Lawrence.
3. Halifax Papers: Canning to Wood, March 24th, 1861.
4. Idem. Canning to Wood, March 24th, 1861.
5. Ibid.

Legislative Council".[1] The same view was reiterated by Erskine, the Bombay Member.[2] Grant was equally strong on maintaining the right of public questioning.[3] The assertion of such claims had often brought the Legislative Council in conflict with the Executive Government.

Such was the equivocal position of the Legislative Council in 1858. Immediately after assuming ~~the~~ office Wood invited the opinions of Indian authorities about reforming its shortcomings.[4] Trevelyan recommended that the Legislative Council should be given more direction and assistance by the Executive in order to "keep it useful".[5] Wood then turned to Canning and stated: "I have heard that the Legislative Council is an expensive failure, and that it is necessary to give more powers to the Local Governments. You should give your opinion on these matters".[6]

Canning accordingly submitted his scheme for the reconstitution of the Governor-General's Legislative Council, in his despatch of the 9th December, 1859.

It endorsed Grant's recommendation that Advocate-General should be appointed to the Legislative Council, as the former

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1. Idem. Canning to Wood, May 18th, 1861; cf. Progs. of the I.L.C., Vol.I, 1855, Sir Lawrence Peel, Oct. 13th, 1855.
2. Halifax Papers: Canning to Wood, March 24th, 1861.
3. Ibid.
4. Idem., I.O.C., L.B., Vol.1, 1859, Wood to Trevelyan, August 25th, 1859, pp.76-78.
5. Idem. Wood to Canning, September 26th, 1859, p.156.
6. Idem. Wood to Canning, August 20th, 1859, p.94.

Legislative Member had become a substantive member of the Executive Council, together with three non-officials, Europeans and Indians.[1] The Lieutenant-Governor was to be substituted for the representative member of Bengal. In order to afford expert advice on Indian law to the Council, a Judge of the Sudder Court was to be appointed in place of a judge from the Calcutta Supreme Court.[2] Finally the scheme provided that the Council should follow the procedure of a Parliamentary Committee or a Royal Commission rather than that of "the House of Commons". Here Canning was trying not to repeat the mistake committed by Dalhousie, when the latter had given the Governor-General's Legislative Council the forms of a Parliamentary body.[3]

In view of the increase of official business, Canning also recommended that Legislative Councils composed almost on similar lines as that of the Governor-General, should be constituted at the Presidencies of Bombay and Madras. He believed that the enactments of such Councils would be administered in a better spirit by the local officers, than were those of the Governor-General's Council, in which the Bengal element was dominant.[4] Frere had also submitted similar proposals to Wood, specially emphasizing the importance of associating non-official Europeans

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1. P.P. No. 307, Vol.43, 1861, H. of C., Canning to the Secretary of State, No.5 of 1859, (Home Deptt.) 9th December, 1859, p.2.
2. Idem. pp.6-7.
3. Idem. pp.2-3.
4. Idem. p.4 and p.5.

and Indians in the task of legislation.[1] With the growing investment of European capital in India, he declared, the European capitalists could not be debarred from a share in legislation; but to balance their influence it was necessary that some Indians should also be nominated to the Council Moreover, he remarked, the latter had a better claim to have a voice in the legislation of their country.[2]

According to Canning's proposals, the legislative powers of the Governor-General's Council were to extend to imperial and general subjects, such as finance, political affairs and the armed forces.[3] The local Councils were to legislate only on local affairs, but were to be forbidden to pass fiscal laws without the previous sanction of the Governor-General-in-Council. Nor would their enactments become law without his signature. But he would now be required as he was not under the Act of 1853 to give reasons for disallowing any of their acts.[4]

Wood concurred in these proposals, and stated: "There should be a strong Government element in the Council to counter English interests against Indian interests".[5] But Trevelyan's conduct in publishing his minutes on Wilson's financial measures made him doubt "the wisdom of having debating societies" in Madras and Bombay. He wrote to Canning: "What a worse thing

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1. Martineau, J.: Life of Sir Bartle Frere, ed.1895: See Frere to Wood, April 20th, 1860, p.339.
2. Ibid.
3. P.P. No.307, Vol.43, 1861, H. of C., Canning to Wood, 9th December, 1859, p.8.
4. Halifax Papers: I.O.C., L.B., Vol.2, 1859-1860, Wood to Canning, January 3rd, 1860, p.66.
5. Idem. L.B., Vol.4, 1860, Wood to Canning, Aug.27, 1860, p.78.
6. Idem. L.B., Vol.4, 1860, Wood to Canning, July 10th, 1860, p.238.

it would have been if Trevelyan were making inflamatory speeches to them (the Councils). They would have assented not to be taxed. Their debates must have been published. Do you think this would have mended your position? Elphinstone might have done the same. If they would have voted a resolution, your budget would have come to a premature end. So I am delaying in doing anything."[1] After some hesitation he, however, agreed to give Legislative Councils to the Presidencies, but declared his resolve to restrict their powers as much as possible.[2]

In the meantime, the differences between the Executive Government and the Legislative Council became so acute that Canning had to modify his original proposals. Ricketts, though a member of the Executive, had moved in 1859 for certain documents relating to the tenure of land in the North-Western Provinces,[3] and Jackson had also raised the question of the dissolution of the marriages of Hindu and Muslim converts to Christianity.[4] On both occasions Canning succeeded in silencing them.[5]

But under the leadership of Peacock, the Chief Justice of the Calcutta Supreme Court, who as Vice-President used to preside in Canning's absence, and strongly supported by the

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1. Idem. Wood to Canning, August 27th, 1860, pp.68-70.
2. Idem. L.B., Vol.7, 1861, Wood to Canning, April 9th, 1861.
3. Idem. Canning to Wood, March 24th, 1861. cf. Progs of the I.L.C., Vol.5, 1859, pp.101-107.
4. Idem. Canning to Wood, January 2nd, 1860. cf. Progs of the I.L.C., Vol.5, 1859, p.851.
5. Idem. Canning to Wood, March 24th, 1861.

English Press of Calcutta, the Legislative Council began to assert its supposed rights and privileges more and more.[1] Peacock declared the Income Tax Act and those laws which were not passed by the Legislature to be inapplicable to the Non-Regulation Provinces, and thus encouraged opposition to them.[2] In 1860 Peacock also moved for the papers relating to the grants recently sanctioned by Wood for the family of Tipu Sultan.[3] The motion was, however, carried by 5 to 4 votes, Peacock giving his casting vote in favour. But in spite of the defeat the Government vetoed it and refused to comply.[4] Canning was annoyed at such a defiant attitude of the Legislative Council and complained to Wood: "The Legislative Council has declared war. The Mysore family is the occasion and solicitude for the tax-payer the plea. (A) Larger question than one for the production of papers has been opened, and one which you will have to settle in Parliament. Some decision should be taken during this session".[5]

The increasing hostility of the Legislative Council afforded Canning an opportunity to modify his original proposals submitted in 1859. He would now exclude the judges from both, /the

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1. The "Friend of India", Dec. 13, 1860, pp. 1178-9.
2. P.P. No.307, Vol.43, 1861, H. of C., Canning to Wood, 15th January, 1861, p.15; also see Halifax Papers: Canning to Wood.
3. Halifax Papers: Canning to Wood, December 20th, 1860, cf. Progs. of the I.L.C., 1860, pp. 1400 and 1402.
4. Martineau, op. cit. p.333-334: cf. Progs of the I.L.C., Vol.VI, 1860, pp.1343, 1400 and 1402.
5. Halifax Papers: Canning to Wood, December 20th, 1860.

the Presidency Legislative Councils and the Governor-General's Legislative Council, apparently in accordance with the British Parliamentary practice.[1]

As Wood was already opposed to the inclusion of the Judges in the Legislative Councils,[2] Canning's task had become easier. Welcoming Wood's views, he declared: "They (Judges) show independence, try to be popular, but have no responsibility for peace.....".[3]

According to another important modification, the non-official members in the Governor-General's Council were to be increased to six, or half the proposed total strength of the nominated members; and instead of the Lieutenant-Governor of Bengal being a permanent member, the head of the Government in whose Province the Legislative Council would meet, was to become an ad hoc ex officio member.[4]

It was also proposed to take powers to create legislative Councils in other Provinces and administrations,[5] and further that in the Legislative Councils at the Presidencies the number of non-official Europeans and Indians should be increased from three to five.[7] Wood readily approved Canning's revised scheme,

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1. P.P. No.307, Vol.43, 1861, H. of C., Canning to Wood, 15th January, 1861, p.16.
2. Halifax Papers: I.O.C., L.B., Vol.4, 1860, Wood to Canning November 24th, 1860, p.92.
3. Idem. Canning to Wood, October 8th, 1860.
4. P.P. No.307, Vol.43, 1861, H. of C. Canning to Wood, 15th January, 1861, pp.16-17.
5. Idem. p.15; also see Halifax Papers: Canning to Wood February 4th, 1861.
6. Ibid.
7. Idem., p.16.

stating: "It is exactly what it should be".[1]

But at the same time Wood expressed, in a letter to Frere, a strong disapproval of Canning's practice of absenting himself from the Legislative Council. He wrote: "Dalhousie by generally presiding at the meetings of the Legislative Council had kept things straight. This I believe is not the practice now and everything has gone in the direction of fostering the notion of their being an independent Legislative body".[2] Canning at once defended his conduct stating that Dalhousie had admitted to him that his habitual presence in the Legislative Council was a mistake; and added: "My absence has on more than one occasion given an excuse for postponement and reference to me.....and still more frequently I have been able to stave off privately intended questions or notices",[3] but he assured Wood that "when a strong and unpalatable act has to be done at a stroke, with an authoritative exposition of the necessity of it, the case is quite different, and then he (the Governor-General) ought not to be wanting and I shall certainly not be so".[4]

Canning, however, did not enjoy the unanimous support of the Indian officials. Denison was opposed to the introduction

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1. Halifax Papers: I.O.C., L.B., Vol.6, 1861, Wood to Canning, January 26th, 1861, p.124.
2. Martineau, op. cit. Wood to Frere, February 18th, 1861, p.336.
3. Halifax Papers: Canning to Wood, March 24th, 1861.
4. Ibid.

of the Legislative Councils in India, as he was full of "bitter recollections about his Sydney Legislature".[1] Canning, therefore, warned Wood "to be cautious in accepting his views"[2], and remarked "he has much to learn now".[3] On the other hand Laing was quite openly suggesting to Wood that India should be given a Colonial form of Government. Wood also understood, wrongly, that this was Frere's view too.[4] He vehemently denounced these suggestions: "Everybody here acquainted with India is against the notion that pervades Laing's and Frere's letters.. I believe I might abolish them (Legislative Councils) altogether. Laing is inoculated with the notions of the most radical part of the Calcutta malcontents. A representative body of the dominant class, I hold to be the worst of the tyrannies. During the Mutiny, they would have hanged everybody whose face was not quite white. I am not quite comfortable about these bodies, as they may be the beginning of mischief".[5]

Wood was the still more perturbed, as these suggestions were being thrown out at a time when indigo controversies had heightened race feeling. He expressed his fears to Canning,

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1. Idem. Canning to Wood, May 4th, 1861.
2. Ibid.
3. Idem. Canning to Wood, March 19th, 1861.
4. Idem. I.O.C., L.B., Vol.7, 1861, Wood to Canning, March 26th, 1861, p.78.
5. Ibid.

that "Colonial Government based on free assemblies would soon put India into peril. If there is any revolt of the population[1] we would be exhausted by climate and disease".

Frere soon made it clear that he had never entertained the ideas attributed to him by Wood, but was only opposed to the "attempt to govern India in London".[2] Canning corroborated this[3] and concurred in Wood's views against giving India a Government on the Colonial model. He remarked: "..... you preach to one who needs no conversion".[4]

Canning was extremely anxious that his scheme should be enacted without delay, but Wilson and Frere began to advise Wood to postpone it.[5] Canning hastened to warn the latter against the dangers of this course, which he said, would encourage the representative members of the Legislative Council to exert their claims.[6] He wrote: "The lawyers (the Judges) feel that their days are numbered and desire to go out in a blaze of glory. They desire to be patted on the back from the outside".[7]

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1. Idem. L.B., Vol.9, 1861, Wood to Canning, Oct.9th, 1861, p.26.
2. Martineau, op.cit. Frere to Wood, October 2nd, 1861, p.345
3. Halifax Papers: Canning to Wood, Dec. 3rd. 1861.
4. Idem. Canning to Wood, May 4th, 1861.
5. Idem. I.O.C., L.B., Vol.4, 1860, Wood to Canning, July 10th, 1860, p.218.
6. Idem. Canning to Wood, March 19th, 1861.
7. Ibid.

Wood accepted this advice and accordingly proceeded to embody Canning's scheme into a Bill.[1] He "went over all the points twice with the Council, Lord Stanley, Sir J. Graham, Trevelyan and Lowe", and informed Canning in a cautious language: "It (the Legislative Council) is part of the Governor General's Council as the fourth ordinary Member was. I propose to give locally legislative additions to the Governor's Council at Madras and Bombay..... I have not yet put the Bill before the Cabinet".[2]

The Council approved all the provisions of the Bill;[3] but some of them, which were considered to be "too restrictive", were modified later at the instance of Beadon, who had recently arrived from India, and had brought with him the latest views of Lord Canning's Government on "Councils".[4]

These informal preliminary discussions had revealed that "opinion in England" was against Canning's proposals.[5] The proposed freedom of debate was viewed with general misgiving, and even by Sir Lawrence Peel with alarm. Wood, therefore, informed Canning: "Here all the Indian world except the representatives of the somewhat radical opinion, i.e. Bright

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1. Idem. I.O.C., L.B., Vol.7, 1861, Wood to Canning, April 26th, 1861; p.204.
2. Idem. P.212. Graham and Lowe were Members of Parliament.
3. Idem. I.O.C., L.B., Vol.8, 1861, Wood to Canning, June 10th, 1861, p.36.
4. Ibid.
5. Idem. L.B., Vol.7, 1861, Wood to Canning, April 9th, 1861, p.128, also letter of May 17th, 1861, p.26.

and Co., are afraid of the degree of independence claimed by the Legislative Council, or even of what I propose to give. Ellenborough, ~~&~~ Lyveden and Grey will denounce what I have done as dangerous and revolutionary".[1]

Canning had his arguments ready and promptly retorted: "I could not withdraw the liberty of public debates, as the home Government had let its case against it go by default. Now I consider it quite impossible that the Council which does the work at Calcutta, and in which Calcutta is interested, can be other than a public debating society".[2] The same views were held by Canning's Council who were unwilling to agree to a "complete backing out", and moreover, such a course was bound to provoke the opposition of the European community.[3] Canning castigated Sir Lawrence Peel as "the last man" to criticize the freedom of debate, because he was mainly "responsible for what the Council has come to be".[4] He also reminded Wood that the Court of Directors had "held their tongue" on Dalhousie's "standing orders", probably fearing that their effect would be to enable the Legislative Council sometime "to assume independence", but unfortunately the Board had approved them.[5]

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1. Idem. L.B., Vol.8, 1861, Wood to Canning, July 31st, 1861, p.86.
2. Idem. Canning to Wood, March 24th, 1861.
3. Idem. Canning to Wood, April 10th, 1861.
4. Idem. Canning to Wood, May 18th, 1861.
5. Idem. Canning to Wood, April 10th, 1861.

He, however, assured Wood that if his proposals for the reconstruction of the Legislative Councils in India were carried out, the existing evils resulting from freedom of debate would be neutralized.[1] By these forceful arguments Canning so completely vanquished Wood, that he did not dare to raise this question again.

On the 6th June, 1861, Wood introduced the "Indian Councils Bill" in Parliament[2] and told Canning: "You will see that we have carried out your views. We have given you absolute power enough for your Executive Council when it meets for legislative purposes".[3] Canning was extremely glad when he saw the Bill.[4] Wood too dilated upon its good qualities: "Now you would get rid of Peacock. He has proved the inexpediency of having a Chief Justice in the Council".[5] He had previously spoken in the same strain about Peacock: "There has been a report about Peacock's failing health. He has been a nuisance in the Legislative Council. I certainly began to doubt my own 'Frankenstein' of the Legislative Council".[6]

These ulterior motives were not altogether unknown in Parliament. Lord Lyveden declared in the Lords that the

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1. Idem. Canning to Wood, January 6th, 1861.
2. Hansard, CXLIII, 1861, p.637.
3. Halifax Papers: I.O.C., L.B., Vol.8, 1861, Wood to Canning, June 10th, 1861, p.42.
4. Idem. Canning to Wood, July 14th, 1861.
5. Idem. I.O.C., L.B., Vol.8, 1861, Wood to Canning, August 30th, 1861, p.240.
6. Idem. L.B., Vol.6, 1861, Wood to Canning, January 18th, 1861, p.70.

object of the Bill was "to do away with Sir Barnes Peacock"[1]. But on the whole Wood did not encounter any serious opposition to the Bill in Parliament[2]. It appears that the original apprehensions of some Parliamentary circles were allayed. The Bill received the Royal assent on the 1st August, 1861, and became law[3].

of what?

The Indian Council's Act of 1861, was a great victory for Canning. It embodied all his recommendations and, above all, excluded the "judges"[4]. It provided for the reconstitution of the Governor-General's Council and the Presidency Governors' Councils for legislative purposes. In this capacity the Councils were to consist of additional nominated official and non-official members[5]. The Governor-General and the Governors were authorized to determine rules of procedure for their Councils, and hence by implication, to prescribe the mode for the publication of debates. The Governor-General was empowered to establish, with the previous sanction of the home Government, Legislative Councils in other subordinate Provinces[6].

The exercise of legislative powers by Local Governments,

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1. Hansard, CXLIV, 1861, Lord Lyveden, July 9, 1861, p.606.
2. Hansard, CXLIII, 1861, Wood, June 13th, 1861, p.1026. Wood acknowledged the good spirit in which the Bill was received by Parliament.
3. Hansard, CXLIV, 1861, p.1817.
4. Halifax Papers: Canning to Wood, September 15th, 1861.
5. Judicial and Legislative Despatches to India, 1861, Vol. Wood to the G.G.-in-C., No.14 (Legislative) 9th August, 1861, pp.501-507, also see Mukherji, p. : Indian Constitutional Documents, 1600-1918, Vol.I, 1918: "The Indian Council's Act, 1861", pp.191-211.
6. Legislative despatch to India, No.14, 9th August, 1861, cit supra, p.505-6.

the home authorities explained, would in no way diminish the powers of the Governor-General's Legislative Council to legislate on "all matters, whatsoever, connected with any part of Her Majesty's Dominions in India".[1] Nor could their enactments become law without his assent, but he was required to give reasons if he withheld it.[2] Great care was taken to guard against Dalhousie's error in making the Governor-General's Legislative Council into a Parliamentary body. The home authorities emphasized that it should function as a Committee or a Commission and not as a "House of Commons".[3] Similarly the powers of the Council were strictly confined to law-making with the proviso that no measure or motion concerning finance, religion of Indians, the armed forces or relations with Indian and foreign States should be introduced without the previous sanction of the Governor-General.[4] Canning took immediate steps to reconstitute his Council for Legislative purposes in accordance with the provisions of the Act of 1861,[5] by appointing to it four officials and four non-officials, Indians and Europeans. The Indian members were the Maharajah of Pattcalah, Raja Deo Narain Singh and Dinkar Rao,

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1. Idem. p.506.
2. Idem. pp.505-6.
3. Idem. p.504.
4. Idem. p.505, also Mukherji, op. cit, pp.153-154.
5. Halifax Papers: Canning to Wood, July 2nd, and September 15th, 1861.

the Minister of Scindia, who had been a powerful supporter of the British during the Mutiny. The European Members were two Calcutta merchants, W. S. Fitzwilliam and D. Cowie.[1]

The first meeting of the Governor-General's Legislative Council was held on the 18th January, 1862, under the presidency of Canning. Canning "laid on the table" the "Rules for the conduct of Business at Meetings of the Council".[2] It conducted its proceedings like a Committee. "Everything went smoothly", and it appeared "a good augury for the future". The official members translated important points into "Hindustani" for the Indian members.[3] Canning was satisfied with these proceedings and informed Wood: "The power of directing strangers to withdraw has been reserved to the President, but our discussions will be sufficiently tamed down to make their presence innocuous".[4]

In devising the legislative procedure, Canning was extremely careful to avoid Parliamentary forms. But Wood was not "much satisfied with these rules" and strongly objected to the use of the word "Session" in them, stating that "it is the Governor-General-in-Council who legislates, which can be done at any time".[5] Similarly he remonstrated to Lawrence: "You

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1. Proceedings of the I.L.C., 1862, p.1. This vol. contains the "Rules of Procedure".
2. Ibid.
3. Halifax Papers: Canning to Wood, January 19th, 1862.
4. Ibid.
5. Idem. I.O.C., L.B., Vol.10, 1862, Wood to Elgin, March 12th 1862, p.78. Rule 2 states: "During its Sessions and after its first meeting the Council will ordinarily meet every Wednesday at 11 a.m., and on any other day, to which it may be from time to time, be adjourned". See Progs. of the I.L.C., 1862.

should not use such a term as the "Legislative branch" for your Council, when assembled for legislative purposes. We took great care in framing the Act, so as not to give any such idea that it was a separate body from the Governor-General's Council".[1] He also warned Lawrence to avoid "political discussion and agitation in the Council", and added, "authorized publication of proceedings may tend to this".[2]

The first meeting of the newly-constituted Legislative Councils at Madras and Bombay were held on the 22nd January, 1862, under the Presidency of Governors Denison and Clerk respectively.[3] Among the subordinate Governments which were directly under the control of the Governor-General-in-Council, it was only in the Lieutenant-Governorship of Bengal that the Legislative Council was constituted by Proclamation as was desired by the home authorities.[5] Its first meeting was held on the 6th February, 1862, under the Presidency of Lieutenant-Governor Grant.[6]

The progress of the Indian Council's reform showed the immense influence exerted by the Governor-General on important measures. The theoretical and constitutional subservience of the Indian Government to the home Government gave place to a /working

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1. Halifax Papers: I.O.C., L.B., Vol.20, 1862, Wood to Lawrence, March 3rd, 1865, p.73.
2. Idem. L.B., Vol.16, 1864, Wood to Lawrence, April 11th, 1864, p.180.
3. Progs. of the Madras L.C., 1862-1865, p.1, and Progs. of the Bombay L.C., 1862-63, pp. 1-3.
4. Halifax Papers, Canning to Wood, September 15th, 1861.
5. Judicial and Legislative Despatches to India, 1861, Vol.4: Wood to the G.G.-in-C., (Legis.) No.14, 9th Aug.1861, p.505.
6. Progs. of the Bengal L.C., 1862-1864, p.11.

working partnership. Wood's contribution to these measures was also remarkable. With his quick and incisive perception, he detected the weaknesses in Canning's proposals for the reconstitution of the Governor-General's Executive Council. After Trevelyan's challenge to the authority of the Supreme Government, he rightly maintained that Councillors should be "colleagues" rather than "secretaries".

The strengthening of the Supreme Government was necessary at a time when, after the Mutiny, the shattered fabric of the Indian Government was being reconstructed. A weak centre would have provided an incentive for confusing and extravagant claims of local independence. A strong Government with unswerving support from home was indispensible to meet effectively the challenge of the European mercantile community, which was "small ignorant of, and indifferent to, India - very selfish, compact", which had a press and could "make itself heard better than any other class in India".[1]

The task of carrying through these measures had become easy because of the continuous support of the Council; Wood had no need to seek secretly the help of the Governor-General to counter its opposition. He exultingly[2] remarked: "My Council goes with me in all my measures". This unanimity between the home and Indian Governments enabled them to beat the protagonists of the Colonial form of Government, and hence to secure the peace of India.

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1. Halifax Papers: Canning to Wood, April 10th, 1861.
2. Idem. I.O.C., L.B., Vol.8, 1861, Wood to Canning, June 3rd 1861, p.36.

The other important measures of reorganization extended the scope of recruitment to the Civil Service and amalgamated the Queen's and the Company's High Courts of Judicature. The recruitment to the Indian Civil Service in 1858 was regulated by the Charter Acts of 1793[1] and 1853.[2] The former provided that all the civil appointments, carrying a salary of more than £500. O. O. a year should be filled by the Civil servants or the Civil Covenanted servants of the Company, who had already resided in India for three years. The latter Act had thrown open this r recruitment to open competitive examination.

In the meantime, the growing administrative requirements of the Government of India had forced it to appoint several outsiders to posts which, according to law, ought to have been filled by Covenanted Civil Servants.[3] Such appointments were more commonly held by military officers in the Non-Regulation provinces, on the assumption that the posts held were of a political nature, and hence recruitment to them was not governed by the Act of 1793.[4] In 1858, it was found necessary to reform such an anomalous position. Accordingly on the 22nd March, Lord Stanley referred the whole question to the Revenue, Judicial and Legislative Committee of the Council of India.[5] He

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1. Ilbert, Sir Courtenay: The Government of India, ed. 1915, p. 98.
2. Idem. p. 92.
3. Hansard, 163, 1861, Wood's speech, June 6th, 1861, pp. 652-54
4. Ibid. Also Minutes of the Council of India, January to June, 1859, pp. 805-23. Non-Regulation Provinces were the newly acquired territories for which it was assumed, the G.G.-in-C. had the power to make laws, not in accordance with the forms prescribed by the Charter Acts, but by executive orders. See Ilbert: The Government of India, p. 102.
5. Minutes of the Council of India, January to June, 1859, pp. 805-806.

proposed to legalize the existing appointments to the Civil Service and to empower the Government of India to make such appointments under special circumstances, subject to the concurrence of the Secretary of State.[1]

The Committee in its report disagreed with this proposal, mainly asserting that it would "materially affect the constitution of the Civil Service", and by breaking the system of competition, would introduce "jobbing".[2] The Council adopted this report by a vote of ten to two. But Lord Stanley adhered to his point of view and over-ruled the decision of the Council".[3] Among the dissentient Members Macnaghten, Mangles, Lawrence, Mills, Durand and Montgomery wrote long Minutes, mainly elaborating the points raised by the Revenue, Judicial and Legislative Committee.[4] Durand went much further and pointed out that the report of the Committee was not handed over to the Members of the Council sufficiently in time to afford them an opportunity for forming their opinions.[5] But later on he and Mills reconciled themselves to the Bill, as some of its objectionable provisions had been amended.[6]

Wood, who succeeded Stanley, carried on the policy of his predecessor. He introduced the East India Civil Service Bill

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1. Idem. pp.832-833.
2. Idem. pp.821-823.
3. Idem. p.834.
4. P.P. No.352, Vol.43, 1861, H. of C., pp.1-7.
5. Idem. Minute by Durand, 14th July, 1860, p.6.
6. Idem. Memo by Durand and Mills, 14th June, 1861, p.7.

in Parliament on the 6th June.[1] It provoked similar apprehensions there as it had done in the Council of India.[2] On the 4th July, 1861, some members of Parliament who had taken part in the debates on the Bill and a deputation of the members of the Indian Civil Service waited on Wood, insisting that certain restrictions on the power to appoint uncovenanted servants to the covenanted posts should be incorporated in the Bill.[3] Wood agreed to this suggestion. The Bill was accordingly amended and became law on the 1st August, 1861.

Wood had told Canning that his intention in framing the Bill was "to break down the exclusive privileges of the covenanted servants to any extent"[4], but he had taken care that "they (the covenanted servants) should not feel that they are excluded by positive law".[5] As to the position of Indians under this Bill, he stated: "I do not think that many natives can be taken in the Covenanted Service - not ability but character is required of them.[6] I am against opening the Covenanted Service to them more than at present, because they would acquire rights that might be inconvenient". Even within these limits, he favoured "the employment of natives of station and character, independent of their intellectual qualities as tested

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1. Hansard, Vol.163, 1861, Wood's Speech, June 6th, 1861, p.652.
2. Idem. June 13th, 1861, pp.1032-1039 and 1043.
3. Idem. Vol.164, Wood's Speech, July 5th, 1861, pp.367-368.
4. Idem. Vol.164, 1861, p.1817.
5. Halifax Papers: I.O.C., L.B., Vol.4, 1861, Wood to Canning, August 27th, 1860, p.82.
6. Idem. p.84.

tested by examinations".....and did not "care of the crammed Baboo of Calcutta".[1]

By another Act of 1861, the Supreme and Sudder Courts in each Presidency were amalgamated to form the High Courts of Judicature, in which were vested the powers and authority of those Courts. The Supreme Courts had exercised the jurisdiction over Europeans and over the Presidency towns and were composed of the Queen's judges. The Sudder Courts were the Courts of Appeal for the lower Courts of the Company.[3]

The fusion of these Courts had been strongly recommended by several witnesses, who appeared before the Committees of 1852-53,[4] but it could not be carried out as certain forms of procedure were still being devised by the Indian Law Commission.[5] In 1860, the Civil Procedure Code was in full force and the other procedures recommended by it had been approved by a Committee of the Council of India.[6] Thus the necessary basis for carrying out the amalgamation of the two Courts was provided.

In India Canning, Peacock and Grant, were all strong

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1. Ibid.
2. Hansard, Vol.164, 1861, p.1883; also see P.P. No.372, Vol. 40, 1862, H. of C., Wood to the G.G.-in-C., No.24, (Judicial 14th May, 1862, pp.1-7.
3. Idem. Vol.163, 1861, Wood's Speech, June 6th, 1861, p.647.
4. P.P. No.897, Vol.29, 1852-53, H. of C., H. of C.C., 1853, Vol.I, see for instance, Cameron's evidence, p.254; cf. Wood's Speech in Parliament, June 6th, 1861, cit. supra.
5. Wood's Speech, cit. supra, p.648.
6. Idem. pp.649-650; cf. Progs. of the I.L.C., 1859, p.194.

advocates of a uniform system of the administration of justice.[1] Peacock, at Canning's instance, had also agreed to appoint an Indian Judge to the new High Court, but Jackson was opposed to it.[2] Also Canning's and Frere's "breath was taken away by a strong minute of Napier's against the admission of Armenians or any Indian-born subjsects of the Queen as Justices of Peace", unless they were precluded from exercising any authority over Europeans or had acquired their education in England.[3] His views were brushed aside and on Elgin's recommendation Baboo Shambhoo Nath Pandit was appointed a judge of the new High Court at Calcutta.[4] Elgin also obtained an assurance from both Peacock and Wells, whose past conduct had been extremely embarrassing to the Executive Government, "to make the new system go".[5]

The most difficult problem of the organization was presented by the East India Company's Indian Army, which consisted of both European and Indian troops. The revolt of 1857 had demonstrated the serious weaknesses of the British Indian military system. It had also caused the virtual disintegration of the Bengal Army. Therefore the aim of the home and Indian authorities in reconstituting the Indian Army was to provide

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1. Halifax Papers: I.O.C., L.B., Vol.4, 1860, Wood to Canning August 27th, 1860, p.88; also Canning to Wood September 23rd, 1861.
2. Idem. Canning to Wood, October 18th, 1861.
3. Ibid.
4. Idem. Elgin to Wood, September 23rd, 1862.
5. Idem. Elgin to Wood, July 8th, 1862.

against the recurrence of such shortcomings. But still more puzzling was the question of the future status of the Company's European troops - were they to form a local European force, or were they to be merged with the British Army, and hence made liable for general service? On this score there were sharp differences among both the home and Indian authorities.

As a preliminary step the home Government in 1859 appointed a Commission to report on the "Organisation of the Indian Army" under General Peel.[1] It consisted, among others, of Lord Stanley and the Marquess of Tweedale, both of whom had considerable acquaintance with Indian affairs.[2] The Commission, however, failed to come to a unanimous conclusion on the most important question, namely, the future position of the Company's European troops in India.[3] The views of the many distinguished witnesses who gave evidence before the Commission were also divided. The majority of the Commission declared for the fusion of the European portion of the Indian Army with the British Army or the troops of the Line, taking India as part of the regular tour of service. They rightly observed that the Company's European force, as separate from that of the Crown, had its origin in the double Government, which had existed until 1858.[4] The maintenance of the two separate European armies, they remarked, would weaken the military resources of the Empire,

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1. P.P. Nos. C.2515, C.2516, Vol. Report of the Commission appointed to inquire into the Organization of the Indian Army, 1859.
2. Ibid.
3. Idem. p.X.
4. Ibid.

and would deprive the Line Army of the benefits of field service in India, and similarly the Local Army would not be able "to share in the battlefields of Europe". They also feared that a Local Force would steadily deteriorate, as it would not be invigorated by frequent relief which infused into it fresh European notions and the rigours of discipline.[1] They hoped that under careful regulations, Line Regiments would not be more expensive than the Local Corps, and moreover their superior discipline and efficiency would be worth maintaining, even if they were to some extent more costly.[2]

On the other hand the minority of the Commission held that a mixed Local Army, European as well as Indian, was "essential to the efficiency and permanence of British rule in India", as also to the efficiency of the Indian troops themselves. They were also apprehensive that the arrangement proposed by the majority would entail a heavy burden on the already over-loaded Indian finances, and that it would seriously diminish the financial powers of the Secretary of State, who would be obliged to act according to the wishes of the War Office and the Horse Guards.[3]

The views of the majority of the Commission were strongly supported, among others, by Elphinstone,[4] Trevelyan,[5] Sir Patrick

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1. Ibid.
2. Idem. p.XI.
3. Idem. pp. XI-XII.
4. P.P. No.330, Vol.50, 1860, H. of C., Lord Elphinstone, the Governor of Bombay to the Secretary of State, July 20th, 1859, pp.60-62.
5. Idem. Trevelyan to the Secretary of State, 4th November, 1859, p.64.

Grant[1] and Mansfield.[2] On the other hand the views of the minority were most enthusiastically shared by a stronger section of the Anglo-Indian world, consisting, among others, of Canning,[3] Outram,[4] Frere,[5] Wilson and Colonel Norman,[6] Deputy Adjutant-General of the Bengal Army,[7] and above all by the Political and Military Committee of the Council of India, composed of Willoughby, Lawrence, Vivian, Durand and Eastwick.[8] The Committee, like the minority of the Commission, was also apprehensive that if the control of the Secretary of State on the Armies serving in India was diminished, his financial powers would also be curtailed, and hence the Government of India Act, 1858, in which Parliament had "jealously guarded the application of the revenues of India",[9] would be seriously violated.

These fears were not altogether unfounded. Immediately after the assumption of the Government of India by the Crown, the Horse Guard began to manoeuvre for the control over all the Company's armies, European and Indian.[10] The Duke of Cambridge,

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1. Idem. Grant to Trevelyan 27th October, 1859, p.65.
2. Idem. Mansfield to Major-General Forster, Dy. Adjutant-General, 5th June, 1859, p.75.
3. Idem. Canning's Memo. referred to by the Pol. Committee of the Council of India, see below.
4. Idem. Outram's Minute, 2nd January, 1860, p.102.
5. Idem. Frere's Minute, 7th January, 1860, pp.132-134.
6. Idem. Minute by Wilson, 8th March, 1860, pp.168-170.
7. Idem. Norman to the Secretary of State, 2nd Feb., 1860.
8. Idem. Report of the Pol. and Military Commission, 30th June 1859, pp.3-5; also see Minutes of the Council of India, 1859 Vol.2, p.800.
9. Idem, p.4.
10. Idem. No.471, 1860, H. of C., see the correspondence betwee Major-General Peel and Lord Stanley, in 1858, pp.1-2.

the General Commanding-in-Chief of the British Army, proposed that he should have the same official relation with the Secretary of State for India as he had with the Secretary of State for War.[1] Both Stanley and Canning resisted these encroachments on their authority, the latter declaring that as the General Commanding-in-Chief had no knowledge of India, he could not properly administer Indian military affairs.[2]

At home the preponderant opinion was in favour of the amalgamation of the Company's European troops with the Army of the Line. The Prince Consort was "very hot about having all the military force under the Commander-in-Chief in India....."[3], and the Queen after much hesitation agreed that only two-fifths of all the European troops required to be maintained in India might be constituted as a local force, if at all necessary.[4]

These views were greatly strengthened by the Mutinous conduct of the Company's European troops, on the question of their proposed transfer to the Army of the Line, without their wishes being consulted. Under the provisions of the Act of 1858, they had been assured that the assumption of the Government of India by the Crown, would in no way alter the conditions of their service.[5] But the troops insisted on re-enlistment for

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1. Idem. Stanley to Peel, 17th August, 1858, p.2.
2. Halifax Papers: Canning to Wood, January 3rd, 1859.
3. Halifax Papers: I.O.C., L.B., Vol.8, 1861, Wood to Canning August 3rd, 1861, p.166.
4. Idem. L.B., Vol.1, 1859, Wood to Canning, August 26th, 1859, p.84.
5. P.P. No.2, Vol. H. of C., 1858. The Government of India Act, 1858, Cl.LVI, p.387.

general service and also demanded a bounty, mainly because originally they had been recruited for local service.[1] Canning and Lord Clyde, then Commander-in-Chief desired these claims to be conceded. Their proposals were, however, "overruled" by the home authorities, who declared the claims of the Company's European troops to be "inadmissible".[2]

Canning was somewhat irritated by such an outright rebuff. He replied: "I do not object to your hard words upon the 're-enlistment' question. Five years amongst Indian newspapers thicken one's skin".[3] He admitted that the right claimed by European soldiers was a "very imperfect one" and that "prescriptive" was not a "proper epithet" for it.[4] But he emphasized the expediency of conceding that claim declaring: "The force is not in the long usage, but in the universality of the practice, which is not a jot less cogent in the eyes of the soldiers. It has saved us of making enemies of the good and fit men".[5]

These words fell flat, and the home Government only came to their senses when the European troops were almost on the verge of mutiny, and one regiment was actually making overtures to the Sikh troops for throwing the Queen's forces out of India.[6]

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1. Fortescue, J.W.: History of the British Army, Vol.XIII, p.528, ed.1930: also see Innes, P.R.: The history of the Bengal European Regiments, p.529; ed. 1885.
2. Halifax Papers: I.O.C., L.B., Vol.6, 1861, Wood to Canning February 18th, 1861, pp.162-164.
3. Idem. Canning to Wood, March 9th, 1861.
4. Ibid.
5. Ibid.
6. Fortescue, op. cit., p.528.

A Committee was, therefore, appointed on the advice of Clyde to examine their claims, and ultimately they were allowed to re-enlist for general service and were also promised bounty.[1]

In the meantime the dominant opinion at home prevailed and Palmerston's Government decided "to discontinue the local European Army".[2] The Act embodying this decision was passed by Parliament on the 7th August, 1860;[3] and soon Wood was "hard at work" with his Council in preparing the despatch to the Government of India.[4] About his worries with the Council, he wrote to Canning: "It is inconceivable how many points rise up in the discussion, and how difficult it is to work with a matter through a Council of fifteen members. Nobody in the world ever invented so cumbrous a machine for governing an Empire. They work very well, but the quantity of useless talk and bother cannot be easily described".[5]

The details of the several amalgamation schemes were worked out by Wood, Herbert, the War Minister and the Duke of Cambridge, the General Commanding-in-Chief of the British Army.[6] While communicating those schemes to the Government of India, Wood asked Canning to act with Rose, the Commander-in-Chief, "upon the Army despatches", and added: "The Duke of Cambridge also

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1. Ibid. Also see P.P. No. 169, I,II,III, Vol.51,H.ofC.1860.
2. Minutes of the Council of India, 1860, Vol.4, p.668; Wood communicated the decision of the Cabinet to the Council of India.
3. Hansard, Vol.160, p.885.
4. Halifax Papers: I.O.C., L.B., Vol.6, 1861, Wood to Canning, January 3rd, 1861, p.4.
5. Idem. p.6.
6. Idem. Wood to Canning, January 6th, 1861, p.52.

says so. By the confidential despatch which has Queen's entire approval, you are invested with ample discretion in carrying out the measures".[1]

On receiving these schemes from home, Canning was busy with his Council for two days from "9 a.m. to 5 and 7 p.m." in preparing the General Order.[2] He professed to have never experienced "so difficult a matter and so wearisome a talk". He promised Wood that he would publish all the military despatches from the Secretary of State, except the "confidential one", because, as he stated, "it is confidential and also because we would not allow the soldiers of the European Local Regiments to vote for and against the retention of their corps".[3]

The General Order announcing the amalgamation of the "Army in India with the Line" was issued on the 22nd April, 1861.[4] To carry out the details of the Order, Canning appointed a Commission of military officers. It was denounced by Wood as "mischievous" and unnecessary.[5] Canning defended his action on the ground that he and his Councillors or Secretaries were already overburdened with their usual work and could not possibly undertake such a tedious task.[6] The bitter feelings engendered by such an interchange of unpleasant remarks were

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1. Idem. Wood to Canning, January 18th, 1861, pp.66-68.
2. Idem. Canning to Wood, March 24th, 1861.
3. Ibid.
4. P.P. No.353, Vol.42, 1861, H. of C. pp.1-14; also see the despatches from the Secretary of State giving the details of the amalgamation scheme.
5. Halifax Papers: I.O.C., L.B., Vol.7, 1861, Wood to Canning, April 10th, 1861, p.164.
6. Idem. Canning to Wood, May 18th and August 9th, 1861.

soon assuaged, when Wood informed Canning: "Her Majesty is charmed with the success of the amalgamation".[1] Canning reciprocated these feelings of appreciation, declaring: "I am glad to know that the General Order carries out your wishes fairly".[2]

The reorganization of the Indian Army reflected a radical departure from the policy followed in the pre-Mutiny period. The revolt of the Bengal Army in 1857 had frightened the home and Indian authorities and they were anxious to prevent its recurrence in future. They were, therefore, unwilling to weaken European garrisons in India, as Wood candidly told Canning: "Scindia warned you that any rapid withdrawal of English forces would be unwise. European forces in India are sine qua non - you cannot now exist in India without them.[3] With the same object the Peel Commission had emphatically recommended an increase in the proportion of Europeans to Indians in the future Army of India, and also the exclusion of Indians from the artillery, except on stations which were unhealthy for Europeans.[4]

In his private letters which comprised "more than half the correspondence on the Army ....."[5] Wood ceaselessly urged Indian authorities to follow these recommendations. He wrote

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1. Idem. I.O.C., L.B., Vol.8, 1861, Wood to Canning, June 18th, 1861, p.68.
2. Idem. Canning to Wood, July 2nd, 1861.
3. Idem. Canning to Wood, March 26th, 1861.
4. P.P. C2515, Vol.5, H. of C., 1859, Peel Commission's Report, IX.
5. Halifax Papers: I.O.C., L.B., Vol.10, 1862, Wood to Elgin, June 9th, 1862, p.296.

to Canning: "The less the native artillery the better. It should exist in outside places, where it could never form an essential part of an insurrectionary force".[1] As the spread of the Mutiny "was attributed to the identity of feeling in most of the regiments, in consequence of so many men from Oude being scattered through them all", Wood was anxious to maintain social and religious cleavages in the Army so as to prevent any widespread combination among soldiers.[2] "One (regiment) should be so alien as to fire into the other when it mutinies";[3] and again: "..... mix Modammedans and low caste enough in every regiment to prevent its being of one hue".[4] In a subsequent letter to Elgin, he further elucidated his policy: "..... we cannot afford to neglect any means of strengthening our position - depend upon it that the natural antagonism of races is no inconsiderable element of our strength. If all India were to unite against ourselves, how long can we maintain ourselves".[5]

"Regiments should be raised from different places", he continued, "so that little sympathy may be possible between them. I would have each one quite ready to fire into the other. Not for the sake of favouring the Goorkhas that we ordered them to be numbered alone - but to break the long consecutive numbering. Rose says that the inhabitants of India will not neglect any good opportunity of

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1. Idem. L.B. Vol.6, 1861, Wood to Canning, March 11th, 1861. P.152.
2. Idem. L.B. Vol.10, 1862, Wood to Elgin, May 19th, 1862, p.250.
3. Idem. L.B. Vol.7, 1861, Wood to Canning, April 8th, 1861, p. 114.
4. Idem. L.B. Vol.10, 1862, Wood to Elgin, May 10th, 1862, p.222
5. Idem. Wood to Elgin, May 19th, 1862, p.252.

throwing off our yoke. We have maintained our power by playing off one part against the other, and that we must continue to do. We beat the Poorbeahs by the Sikhs and we may have to reverse the operation. Do what you can to prevent all from having a common feeling. You cannot have an army separate from the people, because they renew their connexious when they go home. But you may prevent any common feeling among the different component parts of the Army and that I am anxious to do".[1]

These principles were strictly adhered to when the Indian Army was reorganized. The Eden Commission in 1879 reported: "All the fortresses in the country are now served by British artillery. All the heavy batteries and all batteries of horse and field artillery are manned by Europeans".[2] The European troops which in 1857 had numbered 39,375, had been raised to 62,541,[3] and the Indian troops which had then consisted of 214,985 officers and men had been reduced to 135,000 in 1879.[4] Hence the proportion of European troops to Indian troops was raised approximately to two to one,[5] as had been recommended by the Peel Commission in 1858.

The composition of the regiments was also made hetrogeneous. The Madras and Bombay Armies consisted of "mixed regiments", in which "men of different races, several religions, and many provinces were thrown together into the same company or troop".[6]

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1. Idem. Wood to Elgin, March 3rd, 1862, p.70.
2. Report of the Special Commission appointed by H. E. the G.G.-in-C. to enquire into the "Organization and Expenditure of the Army in India, 1879, p.59.
3. Ibid.
4. Idem. p.70.
5. Peel Commission's Report, op. cit, IX.
6. Army Commission, 1879, op. cit., p.77.

The Bengal and the Punjab armies were organized on the principle of "class-company regiments", which drew recruits from three or more different races and recruiting grounds, but the men of each class or race "were kept apart in separate companies".[1] One of the objections of the Eden Commission to the proposal of "linking battalions" for certain administrative purposes was that there might be a "risk in having larger units of the Native Army sharing in the same impulses.....".[2]

The declared aim of the post-Mutiny military policy was to secure the loyalty of the Indian Army. There is little doubt that this object was achieved. Through the rising tide of Indian nationalism and the outburst of widespread anti-British feeling, the Army maintained its unflinching loyalty to the Government.

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1. Ibid.
2. Idem. 76.

CHAPTER X

THE HOME AND INDIAN GOVERNMENTS

On the 2nd September 1858 the India Office came into being, and Lord Stanley who as President of the Board of Control in Lord Derby's Cabinet had piloted the Government of India Act, 1858, became the first Secretary of State.[1] His tenure of office lasted only to the 18th June 1859.[2] He was, however, able to review the greater part of Indian administrative policy and to lay down the principles for its more vigorous and efficient execution. It was reserved for his successor Sir Charles Wood to reorganize practically the whole Indian administrative system in the light of the experience gained during the Mutiny.

In this arduous and all important task, the Council of India played a very conspicuous role. It was constituted according to the provisions of the Act of 1858.[3] It consisted of fifteen members, seven of whom were elected by the Court of Directors of the East India Company and the remaining were appointed by the Crown.[4] The members were to hold office during good behaviour and were prohibited from sitting or voting in Parliament. Such a tenure of office, although giving the Council considerable independence, tended to make make it a conservative body, and in course of time was bound

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1. Foster, W. Sir: A Guide to India Office Records, 1600-1858

2. D.N.B., LXII, S.V. Sir Charles Wood.

3. P.P. No.2, Vol.139, H. of C., 1857-58., The Act for the Better Government of India, XIX - XXCIII.

4. Minutes of the Council of India, September 1858 to December, 1858, p.1. Also see the "London Gazette" Sept. 21st, 1858, p.4223. The Act of 1858 provided that any vacancy among the elected members would be filled by the Council by election, made at a meeting to be held for that purpose" Cl.IX.

to render its Indian experience out of date. The term of office of the individual councillors was, therefore, fixed at ten years by the Government of India Act of 1869, and the power to appoint them was given to the Secretary of State.[1] The former provision guaranteed a frequent influx of the latest Indian experience but the latter weakened the position of the Council vis-a-vis the Secretary of State.

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All business connected with the Government of India was conducted by the Council, under the direction of the Secretary of State, who was also empowered to overrule it and to give a casting vote when votes were equally divided. But in the latter instance, he was required to give his reasons.

For the convenient transaction of business, Stanley divided the Council into three Committees - Finance, Home and Public Works; Political and Military; Revenue, Judicial and Legislative.[2] Three members were to form a quorum for the meeting of each Committee, which had its own Chairman. Stanley also appointed Sir Frederick Currie, Vice-President, who was elected as a member of the Council by the Court of Directors. As Vice-President, he became an ex-officio member of all the Committees.[3]

The Council had, in fact, succeeded to many of the

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1. Mukherji P.: The Government of India Act, 1869, pp.176-177, Vol.I, ed.1918.

2. Minutes of the Council of India, September 1858 - December 1859, pp.2-4.

3. Idem. p.5.

functions of the Court of Directors, but not to their powers and prestige, and hence it did not command that respect from the Indian authorities which the latter body had received. Canning on several occasions was extremely critical of the mode of its working, and blamed its members for an "absence of responsibility".[1]

"Such a fault", he continued, "could never be alleged against the Court of Directors. They had a strong esprit de corps, thoroughly united and with steady consistency. I never heard them individually quoted against the orders of the home Government, except in the case of Oude. It is common now to hear such individual opinions. So also in despatches, which I believe, are prepared by or submitted to the Committees of the Council. Sometimes there is a balancing of opinion and expressions (as in the Dhar Despatch), sometimes an appearance of seeking safe phrases rather than clear ones (as in the Police Despatch) which betokens as their main object - the accommodation of conflicting views on the part of the composers - not the issue of instructions confidently believed in by those who are framing it. It is no complaint. The assurances you have given me matter. I am quite at ease. The case would be very different, if the Secretary of State were lukewarm or unfriendly. If it is correct you are the chief sufferer".[2]

Wood had already declared that the India Office was not as agreeable a place as was the Board of Control, in transacting the business and the Indian affairs.[3] He, therefore, readily accepted Canning's point of view, stating:

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1. Halifax Papers: Canning to Wood, December 2nd, 1860.

2. Ibid. cf. C.H. Philips: The East India Company, 1784-1834, p. 300; ed. 1940: "The course of events between 1784 and 1834 showed that it was hardly possible to govern India from England, yet the influence of the home Government on British Indian policy was profound. In the first place as was conclusively proved in the cases of Minto and Amherst, the strong support of at least one party (Government or the Court) at home was essential for a successful Governor-Generalship".

3. Halifax Papers: I.O.C., L.B. Vol.1, 1859, Wood to Canning, July 11th, 1859, p. 32.

"I will not defend the constitution of the Council of India. It is a most cumbrous machine for the Government of a country ever invented. It is open to all the objections you mention. The wording of despatches does arise from a compromise of opinions. Take your great measures. The majority of the Council was opposed to the Income Tax. The Political Committee (the best members for such matters) did not like the treatment of the talookdars in Oude, that of the Sirdars in the Punjab, or the universality of the adoption plan, or the new scheme of the Police. The Political Committee consists of Sir John Lawrence, Sir F. Currie, Willoughby, Prinsep and Captain Eastwick. Can I or any Secretary of State who has not been in India, pretend to set his opinion in details against such men. No business can be done, if I were overruling them on expressions of opinions on detail."[1]

"I have insisted on the practical result being an approval of the course taken in the main, and that you had officially in every case. It may not have been full - it may have been qualified by doubts and suggestions. I grant that it has, and such, I am afraid will always be the case, as long as the present constitution of the Council exists. They aim at a sort of independence which is a great mistake. They ought never to have been placed in a position to claim it. They have it not in reality, and therefore, make greater pretensions to it. But it leads to interminable waste of time in the first place, and to the kind of despatch which you very justly complain"[2]

These shortcomings in the constitution of the Council might be true in the main, yet the fact remains that on several occasions, specially in the case of the Raja of Mysore, it was with the active connivance of Wood that the despatches were couched in doubtful terms.[3] A strong minority of the Council, however, consistently held a view, which was just and more in accordance with the declared policy towards the

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1. Idem. L.B. Vol.6, 1861, Wood to Canning, January 9th, 1861, p. 14.

2. Ibid.

3. See Chapter VIII pp. 342-343

Indian States. Time and again Wood had to seek secretly the support of the Governor-General and other Indian authorities to counter this opposition, although it came from a minority of his Councillors.[1] He did it in the Kathiawar affair.[2] In the Mysore case, he always communicated his views privately to Canning, Elgin and Lawrence, explaining his objects, which he could not clearly state in the official despatches, because of the opposition of a strong minority of his Council.[3] If he failed to secure the approval of his Council to the proposals or acts of the Government of India, he did not hesitate to ask the Governor-General to act contrary to the instructions, conveyed to him officially. The Police Despatch, No. 69 of 6th July, 1860, sufficiently illustrates this.[4] He wrote to Canning privately:

"If you are clear on your Police, do not be deterred from acting on your own views by our letters and minutes. The more I see of my Council, the more I see it is like a Council of men which does anything but act, and you must not hesitate, when you are convinced that you have all the information before you, and have come to a conclusion deliberately and determinedly".[4]

On the whole the influence of the Council of India on Indian policy was profound - the result of its being the

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2. See Chap. VIII pp. 342-343.
1. Idem. p.355
3. Judicial and Legislative Despatches to India, 1860, Vol.3: Wood to the G.G.-in-C., (Judicial) No.69, 6th July, 1860, pp. 237-241. In para.15, (p.240) it is stated that "this plan appears to Her Majesty's Government to be much preferable to the measure reported in your Judicial Despatch No.28, dated 1st July, 1859". For the last mentioned despatch see "Judicial and Legislative Letters from India, 1859", Vol.2.
4. Halifax Papers. L.B. Vol.4, 1860, Wood to Canning, August 18th, 1860, p.34.

repository of Indian experience. In the formulation of the revenue policy, Wood had claimed a greater share, on the ground that his Council consisted of seven persons thoroughly acquainted with Indian revenue affairs, while Canning's Council had only two such members.[1] Similarly in financial matters, the Council rendered considerable assitance to the Secretary of State, although in technical matters such as currency reform, Wood himself had great experience. Both Wood and Northcote had found Sir Charles Mills, a well-known London banker and an old East Indian Director, to be an extremely useful and valuable adviser on financial questions, in spite of the fact that he was unacquainted with India. After his resignation, Northcote failed to find an equally experienced and gifted Councillor.[2]

The Act of 1858 had given great financial powers to the Council, but they were differently interpreted by different Secretaries of State. The Act clearly stated that no grant or appropriation of any part of Indian revenues could be made "without the concurrence of a majority of votes at a meeting of the Council".[3] Cranborne held that in financial matters the Council had the "power of absolute and conclusive veto by

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1. Idem. L.B. Vol.11, 1862, Wood to Elgin, September 10th, 1862, p. 126.

2. Hansard, 195, 1869, Lord Halifax (Wood), April 19th, 1869, p. 1085; also see Minutes of the Council of India, July to December, 1868, p. 304. Sir Frederick Halliday was elected in the vacancy caused by Mills' resignation.

3. Mukherji, P.: Indian Constitutional Documents, 1773-1915, The Government of India Act, 1858, cl. 41.

a bare majority over the decision of the Secretary of State".[1] The view taken by Argyll better represented the actual constitutional position. He rightly maintained that all the power which had been exercised by the Court and the Board had been vested by the Act of 1858 in the Secretary of State, and that those powers also extended to financial matters.[2] This view is sufficiently borne out by the subsequent clauses of the Act, under which the Secretary of State was authorised to send direct communications on urgent matters to the Government of India, without consulting the Council.[3] Such orders might have concerned questions of peace or war and hence involved considerable expenditure from the Indian revenues. Argyll, therefore, maintained that the intentions of the framers of the Act of 1858, were only to authorise the Council to check the Secretary of State from making "direct grants or appropriations of money to persons either here (England) or in India which might be made for purposes of political jobbery".[4] Without the consent of the Council Wood had also refused to grant a pension to the family of Lawrence's nephew, who had been in the Indian Service. He remarked: "Without my Council, I cannot act in money matters. But I

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1. Hansard, 195, Argyll, April 19th, 1869, p. 1070; cf. Hansard CLXXXIX, 1867, Cranborne, August 12th, 1867, pp. 1381-1382.
2. Hansard, 195, 1869, Argyll, April 19th, 1869, pp. 1074-1075.
3. The Government of India Act, 1858, cl. XXVII.
4. Argyll, cit. supra, p. 1074.

will gladly propose to them the arrangement which you suggest, and I have no doubt they would agree".[1] On the 26th October, 1864, a special meeting of the Council was convened and Lawrence's request was approved.[2]

As stated by Cranborne, the Council of India, also defended the Indian interests against the imperial interests.[3] In a memorandum, submitted to the whole Council by a Joint Finance, Home, Political and Military Committee on the 29th April, 1859, an examination was made of the relations existing between the British and the Indian Governments in regard to the defraying of the charges of British forces and the local Indian forces, when employed on extensive operations of an emergent or expeditionary character. The Committee strongly protested against the failure of the Imperial Government to carry out the agreement made when the first China Expedition was despatched in 1840.[4] That agreement provided that the ordinary expenses would be borne by India and the extra-ordinary expenses by the Imperial Government.[5] Similarly, India had also borne, as was settled, a moiety of the

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1. Halifax Papers: I.O.C., L.B. Vol.18, 1864, Wood to Lawrence, October 14th, 1864, p. 198.

2. Idem. Wood to Lawrence, October 26th, 1864, p. 280.

3. Hansard, CLXXXIX, 1867, Cranborne, August 12th, 1867, p. 1380.

4. Minutes of the Council of India, January to June, 1859, p. 655. "Extraordinary expenditure" included all the charges in excess of those which would /defrayed if the troops had remained in India.

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5. Ibid.

extraordinary expenditure of the Persian expedition in 1856, but the Committee pointed out, its claim had not been justly treated. The Committee also maintained that Afghan War of 1839, was fought for imperial interests as well as Indian interests, but in spite of the repeated requests of the Court of Directors from 1842 to 1846, the British Government had failed to pay its share of the expenses.[1] The Committee, therefore, insisted that India should be afforded a similar relief by not paying the expenses for the Royal troops, which were employed to quell the Mutiny. Its report was unanimously approved by the Secretary of State-in-Council, but in the face of the opposition of the Treasury it came to nought.[2]

The Council of India also protested on several occasions, against the disproportionately high appropriation from the Indian revenues towards the expenses of the Persian Mission and the Consulate in China. The Compact of 1835 provided that the East India Company should pay £12,000 and that "any unavoidable excess of expenditure" on the Persian Mission beyond that sum would be paid by the British Government.[3] India's share in the total expenses of the Consulate in China was fixed at one-third.[4] On the assumption of the Government of India by the Crown, the superintendence of British relations with Persia was transferred to the India Office.[5] Stanley declared this

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1. Idem., pp.656-658
2. Idem., pp.658-659
3. P.P.100, Vol.38, 1835, H. of C.
4. Letters on Finances to India, 1867-68, Vol.16: Cranborne to the G.G.-in-C., No. 20 of 1868, 16th January, p.420
5. Minutes of the Council of India, 1858, p.299.

arrangement to be beneficial to India, as the latter was more closely concerned with developments in Persia. He therefore asked his Council to sanction the necessary funds for its maintenance. The Council agreed to do so, but insisted on the revision of the Compact of 1835, on the ground that the financial burden imposed by it upon Indian revenues was unjust[1] Lord John Russell, the Foreign Secretary in Palmerston's Liberal Government, refused to agree to this proposal.[2] The Chairman of the Finance Committee regretted such an obstinate attitude, but most reluctantly acquiesced in the existing arrangement, declaring that the Council would reserve to themselves the right of reopening the question on a future occasion.[3]

Similarly Wood and the Council resisted the demands made upon the Indian revenues by the Treasury, for sums larger than the amount which had been agreed upon in 1834, on account of the Superintendence of Trade and Consular Establishments in China.[4] In 1862 they refused to contribute towards the expenses of the Consular Establishments in Siam and Lord Elgin's special Mission to China.[5] They insisted that the British Government should share the expenses of the Aden Establishment, which was maintained by India solely, because the principle of joint interests was involved in both the cases.[6]

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1. Ibid.
2. Ibid.
3. Idem. pp.829-832.
4. Idem. January to June, 1860, pp.85-86.
5. Idem. January to June, 1862, pp.418-419.

See Chap. III P. 106

These remonstrances came to nothing. The question was, however, again raised by Lawrence's Government in 1866.[1] They pointed out that from 1860-61 to 1866-67, India had contributed a total sum of £152,186 to the British Government on account of the Consular Establishment in China. They requested to be relieved from such a heavy financial burden, stating that the grounds for such an arrangement were no longer existing, because Hong Kong had been maintaining a surplus budget, and the "charges at other Treaty Ports" (in China) were "doubtless not costly".[2] Cranborne agreed with the argument of the Indian authorities, but he reminded them of the unsuccessful efforts made in 1860 and 1862 by the home authorities to revise the Compact of 1834. The stubborn attitude of the Treasury, he stated, had not undergone any change since then, and therefore, he considered it useless to reopen the question under such unfavourable circumstances.[3]

The Secretary of State and the Council did not always succeed in their attempts to protect Indian interests from any ~~more~~ encroachment by the Imperial Government, but sufficiently checked the temptations of the latter.[4] In spite of such useful functions the Council suffered from certain limitations which were the result of the peculiar antecedents of its

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1. India. Financial Letters, 1866, Vol.72, G.G.-in-C. to Cranborne, No.191 of 1866, 27th August, pp.785-786.
2. Ibid.
3. Letters on Finances to India, 1867-1868, Vol.16: Cranborne to the G.G.-in-C., No.20 of 1868, 16th January, p.420.
4. Hansard, CXCVI, 1869, Lord Halifax (Wood), p.693; also see CLXXX, 1867, Cranborne, Aug.12th, 1867, pp.1380-1381.

members. They had been either East Indian Directors, with considerable commercial and financial experience, or had been in the Indian services passing most of their time in particular provinces. They could not, therefore, consider some important measures from a wider perspective of the statesmen who had their training in the national and international sphere of politics and administration. For instance several members of the Council looked at Wilson's income tax proposal from the narrow point of view of their respective Provinces, as Wood wrote to Canning: "The 'Bengalees' are for it (Income Tax), 'the outsiders', if I may so call them, are against it."[1] Similarly Willoughby most foolishly refused to recognize the necessity of organizing the Kathiawar affairs in accordance with the changed circumstances, although his experience of that territory dated back to 1851, when he had retired as a Member of the Governor's Council at Bombay.[2] Durand, another active and otherwise a clear-headed Member, was extremely conservative. With great difficulty Wood acceded to Canning's request for his appointment as Foreign Secretary. Originally he had told Canning: "I will not send you Durand, who is against everything and cannot reconcile himself to the necessity of change, even when it is law - another obstacle in the way of what should be done".[3]

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1. Halifax Papers: I.O.C., L.B., Vol.3, 1860, Wood to Canning, April 3rd, 1860, p.2; also Vol.2, 1859, letter to Canning, November 8th, 1859, p.226.
2. D.I.B., S.V. Willoughby, Sir John Pollard. Also see Chap. VIII, p.354.
3. Halifax Papers: I.O.C., L.B., Vol.6, 1861, Wood to Canning, December 25th, 1860, p.216.

On the whole the Council of India amply justified its existence by providing the Secretary of State with expert advice on Indian affairs and thus fulfilled the object held out by the framers of the Act of 1858. Although Wood occasionally complained of its cumbrous character , but on the other hand, he also applauded its usefulness. The relationship between the succeeding Secretaries of State and the Council generally remained cordial. The decision of its majority was very seldom overruled.[1] A perusal of its proceedings conclusively proves that a greater part of Indian business was carried through by the Secretary of State with its concurrence.

The other parts also of the home Government, the Crown and Parliament, influenced considerably the Indian policy. During the sixties the "great knowledge and acquired experience in affairs" of the Queen was being felt as a serious power in the general conduct of the British Government.[2] Moreover, the Queen felt the deepest interest in her Indian Empire, and had insisted that in conformity of the practice of the Foreign Office the

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1. During the whole tenure of his office, Wood overruled his council four times on minor points and once on the question of the discontinuance of the local European Army in India. See Algernon West's "Sir Charles Wood's Administration of Indian Affairs, 1859-1866", p.18. 1867; also Chap. IX, pp. 411-414. During the following four years, 1866-1870, of the four Secretaries of State, Derby, Ripon, Cranborne, Northcote and Argyll, only Northcote overruled the council twice. See Chap. IV, p.149 and Chap. VIII, p.359.

2. Fitzmaurice, Lord Edmond. Life of Second Earl Granville II, p. 5. 1905

India Office should submit to her the drafts of the despatches and the copies of the Minutes of the Council.[1] The Queen also carried on private correspondence with the Governors-General of India in order to obtain information on Indian affairs. She was so keen in this matter that once Wood had to write to Lawrence:

"The Queen begs that you will not wait for an answer from her before you write again to her, and that the oftener you write, the better she would be pleased".[2]

In the realm of the Indian administration the influence of the Queen was marked in military and political affairs. She was consulted on every aspect of the Indian military reorganisation scheme, and her views and those of the Prince Consort carried great weight with both the home and Indian Governments.[3]

In their dealings with Indian States, the Indian authorities found that the name and the prestige of the Queen had made their task easier. The Governor-General was also her viceroy and in this capacity conducted the British relationship withe Indian States. Presents were exchanged between the Queen and some Indian Princes as a mark of mutual respect. The Maharaja of Kashmir received the present of a small steamer in return of those sent by him to the Queen.[4] Similarly presents

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1. Journal of the East India Association, 1937, XXVIII, "India and Queen Victoria", by C.C. Davies, pp.207-208.

2. Halifax Papers: I.O.C.,L.B. Vol. 17, 1864, Wood to Lawrence, Aug. 2nd, 1864, p.222.

4. Journal of the East India Association, XXVIII, op.cit. pp.204-205; also see Chap. IX, p.415.

4. Halifax Paper: I.O.C.,L.B.Vol. 6, Wood to Canning, Jan. 9th, 1861, p. 12.

were exchanged between the Queen and the Rajah of Mysore.[1] The latter also cleverly tried to exploit for his own advantage the prestige of the Queen and the love she inspired in the hearts of her British subjects. On several occasions he told Wood, Canning and Lawrence that he would bequeath his state to the Prince of Wales, if it were restored to him during his lifetime.[2]

The Queen was also the "fountain of honour in the realm", and had insisted to retain this part of her royal prerogative from the beginning of her reign.[3] Therefore after the Mutiny, the titles of honour were granted in her name to high Indian officials, the Princes and other persons who had rendered loyal services to the Government.[4]

In carrying through the Council of India important measures of policy, the Secretary of State found the support of the Queen to be extremely helpful. After the Queen had approved Canning's adoption scheme, Wood easily overcame his Council's opposition to it.[5] Similarly Northcote had obtained her consent to recognise the adopted son of the Rajah of Mysore as his heir to the State, before he decided to overrule the majority of his Council, who were determined to annex the State to the British Indian dominions.[6]

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1. Idem. L.B. vol. 10. 1862. Wood to Elgin, May 19, 1862.
2. See Chap. VIII, p.346
3. Davies, op.cit., pp.206-207.
4. Ibid. also see Chap. VIII, p.360.
5. See Chap. VIII, p.303.
6. Idem. p. 349.

During the period, 1858-1870, although Parliament showed very little interest in Indian affairs, its influence on Indian policy could not be doubted. In England attention was more keenly concentrated on Parliamentary reform, Irish church and foreign affairs, which were disturbed by the rising power of Prussia, the ambitions of Napoleon III and the intrigues of Austria in Central Europe and Italy. But no sooner had the Mutiny broken out in 1857 than the indifference of Parliament gave place to a greatly excited interest in Indian affairs. Palmerston, the Prime Minister in the Liberal Government, saw in this state of public feeling a suitable opportunity to abolish the East India Company, hoping that such a measure would provide a "counter irritant" to "Reform" and also that it would prove a distinguished event in his administration.[1]

It was fortunate for Canning that at such a juncture his own party was in power and his most intimate friend, Granville, was the leader of the House of Lords. Canning constantly kept Granville informed of the happenings in India, and of his policy and asked for his help.[2]

Granville stood by Canning firmly and defended him against the attacks made by Ellenborough and other members of the Opposition.[3] The Cabinet also was "in the best possible frame

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1. Fitzmaurice, Lord Edmond: Life of the Second Earl Granville, I, Granville to Canning, Sept.24, 1857, p.260
2. Idem. Canning to Granville, May 19,1857, pp.247-248; also letter of June 20, 1857, pp.250-251.
3. Idem. Granville to Canning, June 10, 1857, pp.249-250.

frame of mind....."[1] and had full confidence in Canning. The Prince Consort and the Queen also, expressed their concurrence with his policy.[2]

The issue of Canning's Oude/"Proclamation" after the Mutiny, the "Clemency Proclamation" as it was called by his critics and enemies, gave a temporary set back to his popularity at home. Those sections of the Press, including the "Times" which had supported him, turned against him.[3] Even Palmerston was for a shortwhile strongly against it, but at a Cabinet meeting was ultimately convinced of its wisdom by Granville, Clarendon and Harrowby.[4]

On the 20th February, 1858, Palmerston's Government resigned over the Foreign Conspiracy to Murder Bill, and was succeeded by Lord Derby's Tory Government, in which Lord Ellenborough became the President of the India Board.[5] Canning was taken aback by this news and for sometime seriously contemplated resignation.[6] He could not feel comfortable under a Ministry whose members, while in opposition, had been so hostile to him. But on reflecting calmly, he decided to stay /unless

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1. Idem. Granville to Canning, July 10, 1857.
2. Idem. Granville to Canning, Sept. 24, 1857, p.261.
3. Idem Granville to Canning, Oct. 24, 1857, pp.261-262. For the "Proclamation" see Chap.VI, p.223, and PP 265, vol. 43, 1857-58, pp.3-4. In this document amnesty waspromised to all whose hands were not "stained with English blood". Also see Chap VI. p. 223.
4. Idem. Granville to Canning, Nov. 1857, p.263. Clarendon and Harrowby were members of Palmerston's Cabinet.
5. Idem, p.292
6. Idem. Canning to Granville, Apr. 6, 1858, p.302

unless he was recalled by the home Government.[1] Granville also gave him the same advice.[2]

Ellenborough had to resign in May 1858, when his blunder in publishing the despatch in which he had denounced the Oude Proclamation recoiled on him. The Liberal Opposition and Canning at once began to proclaim loudly that Ellenborough's precipitate conduct had weakened British authority at a critical moment. The Queen was also annoyed. But the Liberal party, because of the serious dissensions in its ranks, failed to benefit by this grave mistake. A censure motion was brought, but it was withdrawn by Palmerston.[3]

Ellenborough was succeeded by Lord Stanley, who was destined to become the first Secretary of State for India. He too was opposed to Canning's Oude Proclamation. As the council of India did not share his views, Stanley disapproved the reply prepared by one of its Committees. He then himself wrote "an offensive" despatch, which the Political Committee of the Council refused to approve. It was, however, approved by the Cabinet and "much corrected by the Queen". Thereafter it was sent to the Government of India, without having been submitted to the Council, who then began to proclaim loudly "their non-participation in and disapproval of it."[4]

The Opposition again tried to embarrass the Government. In the Lords there was a debate on the motion of Clanricade in which the

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1. Idem. p.302.
2. Idem. Granville to Canning, May 7, 1858, p.307
3. Martin, T.: The Life of His Royal Highness, The Prince Consort, IV, Chap. LXXXV, pp.221-232.
4. Fitzmaurice op.cit. Granville to Canning, Nov.19,1859,p.316. also see Chap. VI, p. 226.

which the Government came out poorly, and "the feeling of the House" was "all that one could wish".[1]

"In the House of Commons" wrote Granville to Canning, "I am told that the scene was most dramatic. Johnny in his best manner, holding his arm and stroking his elbow, expressed his indignation in the most dignified way. Stanley reeled and tried to evade the question. When Pam hit him under the ear on the other side and laid him prostrate amid cheers which rang all round the House. General Peel nudged Dizzy to come to the rescue, but, although delighted to get up in order to answer another question, he did not say a word for his friend. Stanley was seen soon in violent altercation with him".[2]

From these controversies in Parliament, Canning's reputation emerged triumphant. On April 14, 1859 Derby and Stanley spoke highly of his "great merits and services, and the feeling of both Houses was unequivocal,.....".[3]

After this skirmish the attitude of Derby and Stanley towards Canning changed remarkably. On the motion, moved on the 14th April, 1859, for offering the thanks of Parliament to the Government and the Army in India, Derby and Stanley spoke very highly of Lord Canning's merits and his successful suppression of the Mutiny.[4]

Derby's Government had to resign in May 1859, after its

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1. Ibid. cf. Hansard cliii, p.347.
2. Idem. p.317. cf. Hansard Cliii, 312-330, 343-347.
3. Idem. Granville to Canning, Apr. 16, 1859, p.317.
4. Ibid. cf. Hansard cliii, 1690-1727, 1729-1765

defeat on Lord John Russell's motion on the Reform Bill.[1] Parliament was dissolved and after the general election that followed the Liberals were able to consolidate their ranks and Palmerston succeeded in forming a strong Government, in which Sir Charles Wood took the India Office. Of him Granville wrote somewhat disparagingly to Canning:

"I believe you will like the Spider (Wood). I do not think you will mind his pert letters. Clarendon mimics at the Cabinet, pulling out his pencil, writing a few words or figures on a bit of paper, and throwing it over with 'There, you d—d fool' sort of look. He showed great cleverness in securing his place. Pam was not anxious to have him, and Johnny determined that he should not be in the Cabinet, but the Spider stuck so close to his corner that there was no brushing him off. G. Lewis and I think he is too much an old Company man, but I am not sure that you do not approve".[2]

The uncomfortable position of the Governor-General, when the party opposite to his once was in power at home, was clearly revealed during the short period while Derby's Tory Government remained in office. Canning therefore received "the news of the completion of Lord Palmerston's Cabinet" from the "Bombay Telegraph" with great relief, and as he wrote to Wood: "It is so fit to be true that I shall take it for truth without waiting to hear from you".[3]

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1. Idem. p. 329
2. Idem. Granville to Canning, 1859, pp. 344-345.
3. Halifax Papers: Canning to Wood, June 21, 1859

With the end of the Mutiny, the interest excited in England and Parliament on Indian affairs also waned. The Indian Office was referred with truth as the "padded room of the Cabinet" and its affairs tended to remain beyond the ken of the party politicians, and the controversial issues of the period.[1] Year after year, the Secretaries of State submitted to a "sullen", indifferent and thinly-attended Parliament Indian financial statements, which were always carried through the House of Commons or the House of Lords without opposition.

It must not be supposed that opinion in Parliament, howsoever limited it might have been, did not influence the conduct of the home or Indian authorities. On all important questions, Wood always consulted Lord Stanley[2] and secured his concurrence, and thus successfully warded off the danger of hostile criticism from the Conservative Opposition. Lord Stanley continuously participated in the deliberations over the Indian Council Bill.[3] Wood kept him informed of all his plans to acquire Mysore, and even then time and ~~time~~ again he instructed the Indian authorities to manage the Mysore question in such a way as not to give any appearance of deviating from the declared policy of the British Government towards the Indian States. He also armed himself with the authority of the succeeding Governors-General to defend his policy in Parliament.[4] It was due to Lord Stanley's insistence that Dhar was restored to the Rajah, whom Wood and Lord Canning's Government had decided to exclude.[5] Similarly

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1. Cecil, Lady Gwendolen: Life of Robert, Marquis of Salisbury, I, pp. 204-205; 1921.
2. Halifax Papers: I.O.C. L.B. Vol.9,1861-62, Wood to Canning January. 10, 1862, p.188
3. See Chap. IX, p.386.
4. See Chap VIII p.331 and p. 347
5. Idem. p. 351.

when Stanley was alarmed at the news that Lawrence was planning to overthrow Canning's Oude Settlement, Wood seriously remonstrated with the Governor- General warning him from such a course. He handed over to Stanley all the private letters on the question of the Oude land tenure, received from Lawrence, in order to reassure him that his apprehensions were without foundation.[1]

During the indigo crisis Wood and Canning rejoiced to see that Parliament was indifferent to the cries of the planters and were, therefore, encouraged to protect the cultivators from the exploitation by the planters.[2] Later Wood wrote to Elgin: "The question of waste lands and Contract Law is between the Englishman and the Native, and I am determined to support the latter. Mr. Preston blamed Sir John Lawrence by saying that he has been so much with the natives that he cannot judge them. I am sure I am right and Parliament is at my back".[3]

On the other hand the Secretary of State's fear of Parliament had a beneficial effection Indian policy. Wood time and again warned the Indian authorities not to give their operations on the North-west and North-eastern frontiers, "the appearance of war" as it could not be declared without the sanction of Parliament. He thus succeeded to a great extent in controlling the ambitions of the Indian civil and military officers.[4]

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1. See Chap. VI, p.237
2. See Chap. VII, p.285
3. Halifax Papers: I.O.C. L.B. Vol.II, 1862, Wood to Elgin Nov. 17, 1862, pp. 270-272.
4. See Chap. VIII, p.317.

The Indian authorities were equally anxious not to adopt measures, which were likely to be disapproved by Parliament, because in such circumstances, their prestige and power would be weakened. Such were the considerations which forced Canning to give up the Tobacco Tax proposed by Wilson.[1]

Sometimes Wood made a very ingenious use of Parliament for example in refuting the findings of the Sanitary Commission, 1863, fearing that its report might "discourage people from volunteering or taking service in India". He, therefore, wrote to Elgin: "Send a despatch, pointing the mistakes of the Commission in moderate terms. Lord Stanley was the Chairman, but he was imposed upon by the Doctors. You send a despatch before Parliament meets, and I shall have it moved and it will acquire publicity".[2]

Shortly after Elgin died and his successor, Lawrence, following Wood's instructions, sent a despatch home in which the views of the Sanitary Commission were refuted and were declared to be erroneous. Wood gladly presented this despatch to Parliament.[3]

In July 1865 Parliament was dissolved and in the general election that followed, India did not become one of the issues on the agenda of any of the rival parties. But in his own constituency Wood experienced some difficulty. He found that his constituents /at

1. See Chap. II, p.77
2. Halifax Papers: I.O.C. L.B. Vol.14,1863, Wood to Elgin, Oct. 30, 1863, p.144. also Sanitary Commission Report, P.P. C.3184 Vol.19, H. of C. 1863, pp. IX-XIII.
3. P.P. 324, Vol.40, 1865, H.of C. G.G.-in-C. to Wood, 20th May, 1865.

at Halifax had been "crammed by the Cotton people". He successfully satisfied them that he and the Government of India had done everything in their power to help the British cotton industry. His speech at Halifax and the several despatches addressed by him to the Government of India on the subject of Cotton were published in the "Cotton Supply Reporter", the organ of the Manchester Cotton Supply Association, which was at one time seriously contemplating the impeachment of Wood for his alleged failure to promote the cultivation of Cotton in India.[1] Also the missionaries considering the time favourable, attacked the candidates of both parties because the policy of religious neutrality in Government educational institutions, as evolved by the Court of Directors, was followed by both Stanley and Wood.[2]

The Liberals again returned to Parliament with a heavy majority, but Palmerston died on the 18th October, 1865, at the age of eighty-two, while at the height of his power and prestige. He was succeeded by Lord John Russell.[3] Wood retained the India Secretaryship, but owing to a fall from the horse in February, 1866, his health suffered severely and he was compelled to resign.[4] He was succeeded by Lord de Grey and Ripon, who was at the War Office and had been the Parliamentary Under-Secretary of State for India under him.[5]

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1. Halifax Papers: I.O.C.,L.B. Vol.12, 1862, Wood to Elgin, Jan.6 and Feb.2, 1863, pp.24 and 58.
2. See Chap. V., p.195.
3. Fitzmaurice, op.cit I, pp. 485-486.
4. Halifax Papers: I.O.C.,L.B. Vol.22, 1856-66, Wood to Lawrence, February 19, 1866, p.174.
5. Fitzmaurice, cit.supra., p.500

On the 19th June, 1866, the Liberal Government was defeated in the Commons on an amendment to its Reform Bill and on the 28th June Lord Russell submitted the resignation of his Government.[1] Lord Derby then formed a Conservative Cabinet in which Cranborne held the India Office.[2] His tenure of office lasted only for nine months, from July 1866 to March 1867. He resigned due to his differences with Disraeli on the Reform Bill and was succeeded by Sir Stafford Northcote.[3]

In the meantime on the retirement of Derby early in 1868, Disraeli became Prime Minister.[4] But the days of the Tory Government, which had carried through Parliament the Reform Act of 1867 under the leadership and tactful political manoeuvring of Disraeli, were numbered. Disraeli was, however, defeated on the "Church Resolutions", and consequently Parliament was dissolved. In the general election that followed Liberals secured a majority and formed a Government under Gladstone. In this Government Argyll became the Secretary of State for India, as he had taken a prominent part in Indian questions and in the time of Wood had served as Parliamentary Under-Secretary of State for India.[5]

Despite all these changes throughout this period, from 1858-1870, there was a remarkable continuity and stability in the home Government's Indian policy. Even the brief interregnum of Conservative administration from 1866-1868 did not change it.

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1. Idem. p.509
2. Cecil, Lady Gwendolen, op.cit. pp.204-205.
3. Idem. pp. 230-236.
4. Fitzmaurice, op.cit. I. p. 519
5. Idem. p. 538, also see Argyll, The Dowager Duchess of : Duke of Argyll, II. p. 269. 1906.

Both Cranborne and Northcote followed and developed the several Indian administrative measures as had been worked out by Wood. Northcote parted company with the latter when he recognised the adopted son of the Maharaja of Mysore as the rightful heir of that State. But he supported his action as being in conformity with the declared policy of the British Government towards the Indian States.[1] Moreover such a change, cannot be said to have been the result of the party affiliations of the Secretary of State. It was purely an administrative action.

The close participation of Stanley in the deliberations at the India Office during the period of Wood's Secretaryship and the uniform continuity of Indian policy clearly shows that Indian affairs were not judged in a party spirit.[2] In this process the Council of India also constituted an element of strength and stability. The intentions in this respect of the framers of the Act of 1858 were fulfilled. In 1866 India Office was held by three Secretaries of State - Wood, de Grey and Ripon and Cranborne. Under such contingencies the new Secretaries of State inevitably relied on the Council as a ready source of Indian experience and knowledge.

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1. See Chap. VIII, 349-350.
2. Halifax Papers: I.O.C., L.B. Vol.9, 1861-62, Wood to Canning, January 10th, 1812, p.188; also see p.430 Supra.

The home Government had always retained and exercised the statutory powers of supremacy and control over the Governments in India. The constitution and the working of its organs had been changed from time to time, but as a unit it had always possessed overruling powers over the Indian authorities. The Act of 1858, which vested in the crown the powers hitherto exercised either jointly or separately by the Board of Control and the Court of Directors had made no difference to the status of the Government of India vis-a-vis the home Government. Henceforth these powers were exercised by a Secretary of State who was a member of the Cabinet, and was also responsible to Parliament.[1]

The exercise by the home authorities of the powers of supremacy and control was becoming increasingly effective in proportion to the improvement of rapid means of communications between Britain and India. With the opening of steam communications on both sides of the Isthmus of Suez in 1830, a new epoch dawned in Indo-British relations.[2] After a decade mails were being transmitted at regular intervals either direction in little over a month's time.[3] India was also linked with England by telegraph which worked for a shortwhile during 1857, but was regularly established in 1865.[4] These developments were

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1. Mukerji, P.: "The Indian Constitutional Documents, 1773-1915". See the Government of India Act, 1858, cl.3.
2. Journal of Indian History, II, 1922-23: "The Growth of British Interest in the Route to India" by H.L. Hoskins, pp. 176-177.
3. I.O. Pamphlets, P/V, 719-29, H.L. Hoskins: "The Opening of the Overland Route to India"; also see Chaps XVI and XVIII in "British Routes to India" by the same author.
4. The Cambridge History of the British Empire, II, Chap XXI, p. 762-763.

consolidated when the Suez Canal was formally opened on the 17th November, 1869, and the Mediterranean-Red Sea cable carried through to Bombay in 1870.[1]

Occasionally the home and Indian Governments transmitted to each other important and urgent communications telegraphically But the home authorities discouraged this mode of communication in cases which required to be considered in detail. In 1870 when Mayo's Goverment transmitted by telegraph the Resolution, which embodied their proposals for reducing educational expenditure, in a brief form, Argyll seriously remonstrated.[2]

As these improvements in the means of communications tended to increase the control of the home authorities over the Indian Governments, the latter were becoming more and more impatient, and were claiming independence on various grounds. Canning, Elgin, Lawrence, Frere, Beadon and Laing were all strong advocates of the doctrine that the "rule of India should be in India".[3] Canning had strongly protested when Wood, without having consulted the Government of India, sanctioned pension to the Mysore Princes, the descendants of Tipu Sultan.[4] Wood had to reassure Canning that he did not intend to lower the authority of the Governor-General.[5] Canning was also critical of the

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1. Idem. Chap XV, p.589.
2. See Chap. V, pp.183-184.
3. Halifax Papers: Elgin to Wood, Aug.2, 1862.
4. Idem. Canning to Wood, July 20th and December 2nd, 1860.
5. Idem. I.O.C., L.B. Vol.6, 1861, Wood to Canning, January 9, 1861, pp. 12-14; also see Chap. IX, p.381.

methods of the Council of India and blamed it for the lack of responsibility.[1]

Similarly Laing and Frere resented the close control exercised by the home authorities over the Government of India:

"Laing", wrote Elgin to Wood, "desires to be a Finance Minister - imposing taxes and apportioning proceeds on representations to him. He regards the home authorities as the Visitor by my Oxford University".[2]

"Sir Bartle Frere", he continued, "talks of the extreme danger of the interference by the home authorities with the Governor-General. He is sure if the home Government uses its powers of check as the Court of Directors was apt to do, it would be harmful. Such instances of harmful interference have been brought forward which I could not dispose of".[3]

Frere also deplored the death of Canning, as he had been hoping that the latter would convince the "Minister at home of the extreme danger of interfering constantly with the Governor-General", and he considered this tendency "to be the great peril for ten year next".[4]

Wood had already expressed his disagreement with these views, stating:

"I cannot subscribe to Frere's and Laing's doctrine. The Government of India is not like a Colonial Government of an Anglo-Saxon race, taxing and managing its own affairs. Public opinion in India is that of the English community, adverse in general to the mass of the population.

"The check on the Government of India is the Government at home, not in details, but in principle and great matters always. The principles of banking and currency are better understood here than in India and so of public accounts".[5]

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1. See p. 412 Supra.
2. Halifax Papers: Elgin to Wood, April 28th, 1862.
3. Idem. Elgin to Wood, August 2nd, 1862.
4. Ibid. Frere to Elgin, July 17th, 1862.
5. Idem. I.O.C., L.B. Vol.10, 1862, Wood to Elgin, June 9, 1862, p.298.

In a subsequent letter to Elgin, he repeated these views and still more emphatically:

"The Indian Government in India is checked by the home Government. That is the only security for good Government to the Natives. There can be no representative Government on the Colonial model. The whole theory is despotism and the influential public opinion is that of the Houses of Parliament, which operates on the Secretary of State"[1].

The view taken by Wood was not only sound but justifiable. The Secretary of State was responsible to Parliament and therefore was bound to exert his powers of supervision and contrl over the Indian Government more effectively. The frequent exercise of these powers sometimes caused delay, but under the peculiar set-up of the Government of India, it was better that the latter were subjected to the authority of a popular Minister.

The home Government had displayed a better knowledge of the technicalities of the financial and currency problems, and had shown greater moderation in the revenue policy, than the Indian authorities. It had rectified the several blunders in financial and currency matters, committed by the Government of India while acting under the guidance of Laing.[2]

Moreover, as pointed out by Professor Philips, the home Government enjoyed the great advantage of detachment; "it could view the Indian scene from afar, it could compare developments in Madras with those in Bengal. As a consequence, the home Government at times pierced to the heart of the matter more quickly than the 'men at the spot',....."[3]. This tendency had become more pronounced with the development of rapid means of

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1. Halifax Papers: I.O.C., L.B. Vol.II, 1862, Wood to Elgin, August, 28th, 1862, pp.96-98.
2. See Chaps. II and IV, pp. 51-53 and 131-135.
3. Philips, C.H.: The East India Company, 1784-1834, p.304.

communications between England and India. In a letter to Frere, Wood emphasised the same view of his advantageous position, stating:

"Indeed, nothing is so useful to a person in my position, having to decide on questions concerning a country so unlike anything he has seen, as to be in possession of the views regarding all questions which may arise of different people in the country, to be possessed of the means of forming a judgement from different points. All the Punjabees have a notion of their own and it is quite well to check it by the views of others. Sir George Clerk had already differed from them and there is a remarkable unanimity in my Council".[1]

It was due to such a position that Wood was able to judge the significance of Trevelyan's challenge to the authority of the Supreme Government, in publishing his minutes on the financial measures of Wilson. He, therefore, modified Canning's proposals for the reconstruction of the Governor-General's Executive Council, which would otherwise have been weakened and hence might not have been able to exert its legitimate authority over the subordinate Governments.[2]

Wood enjoyed this advantageous position to judge Indian affairs, as he kept an extensive private correspondence with high officials in India and at home. He, therefore, obtained from and communicated to his correspondents opinions and views more frankly than could be exchanged in official despatches.

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1. Halifax Papers: I.O.C., L.B., Vol. 15, 1864, Wood to Frere, January 16th, 1864, p.194.

2. See Chap. IX, pp. 370-371.

Thus he also successfully overrode the statutory provisions which permitted only the Government of India and the Governments of the Presidencies of Bombay and Madras to correspond directly with the home Government.[1]

Sometimes Wood's information about Indian affairs was more complete than that of the Governor-General himself. Once he surprized Canning by informing him that the "Times" correspondent was an officer in the Government of India.[2] After an inquiry Canning found out that it was Captain Malleson to whom Wood had referred. Canning was still more surprized to learn that Wilson, while Financial Member of his Council, used to indoctrinate Malleson secretly on financial matters. Canning strongly reprimanded Malleson, but allowed him to continue in service, when he gave up his connection with the "Times".[3]

Elgin resented these methods by which Wood secured information on official questions and he pointed out that "the home Government should not rely on news from unauthorized people in India", otherwise the authority of the Government of India would be weakened. Wood at once retorted: "We do not act on it, but write to you for your opinion or correction. The Government of India has been remarkably slow in communicating with us".

In spite of such mutual recriminations the opinions and decisions of the Indian authorities carried great weight and were often/

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1. See infra, p. 446

2. Halifax Papers: I.O.C., L.B. Vol.8, 1861, Wood to Canning, July 3, 1861, p.88.

3. Idem. Canning to Wood, August 22nd, 1861.

often confirmed by the home government. The latter examined and judged the proceedings of the Governments in India on their merits, except when they had to act under pressure from powerful interests. Several important measures, such as those relating to Income Tax, the Talookdaree System in Oude, the Adoption scheme and the Indian Councils Reform were initiated and evolved in India and were approved by the home government.[1] When Canning congratulated Wood on the success of the latter's Indian administration, stating: "We are very proud of finding Indian affairs the best feather in your Parliamentary cap",[2] Wood reciprocated this feeling of appreciation and remarked: "..... the chief measures were entirely due to your advice - the Councils Act was framed on your despatches".[3]

There were also cases when the Government of India acted in direct opposition to the instructions of the Secretary of State, and was allowed to have its own way. It had done so when it fixed the lowest denomination of notes at Rs.10/-/- instead of Rs.5/-/-. Wood had to acquiesce in this decision.[4]

In the matter of appointments to the various Indian services the Governments in India enjoyed considerable freedom, and their views carried great weight even in the case of higher appointments made by the home authorities. Wood had consulted Canning before appointing Ward to the Governorship of Madras.[5]

/Generally

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1. See Chaps. II, VI, VIII, and IX, pp.31-32,222-237,312-313.
2. Halifax Papers: Canning to Wood, September 2nd, 1861
3. Idem, I.O.C. L.B. 9, 1861, Wood to Canning, October 18th 1861, p.32.
4. See Chapter IV, p.128.
5. Halifax Papers: I.O.C., L.B. Vol. 3, 1860, Wood to Canning May 16, 1860, p. 113.

Generally he accepted Canning's recommendations for the appointments to the Governor-General's Council; the appointments of Frere and Beadon were made on his recommendation.[1] Similarly Wood had ascertained Elgin's views before appointing Trevelyn as the Financial Member of the Governor-General's Council.[2] Mansfield's appointment as the Commander-in-Chief of India was made on the recommendation of Lawrence.[3]

But the home Government forcefully exerted its powers of revoking the appointments made by the Indian authorities when it found the incumbents unworthy of holding official positions. Wood dismissed Wortly from the job he was holding in India, and told Canning: "The Council is unanimous against his appointment. I cannot defend it, as it is against the rules. He got into debt, so went to India".[4]

Sometimes the Secretary of State had to act under strong pressure from outside interests in deciding Indian appointments. Wood dismissed Sir A. Larpent, the Secretary of the Income Tax Board, Bengal, because the "City World" was very indignant.[5] He wrote to Canning:

"He (Larpent) is considered here a little better than a cheat, a mild word. Lord Ellenborough has written to me that he drew bills in India on the House of Cockerill, Larpent etc., when he knew that it had failed. Lord Dalhousie is said to have forbidden him to come to the Governor-General's house, and turned

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1. Halifax Papers: I.O.C., L.B. Vol.I, 1859, Wood to Canning, August 3rd, 1859. also see Canning to Wood, December 3rd. 1861. Later on Frere's appointment to the Governorship of Bombay was also made on the recommendation of Canning.
2. See Chap II, p.60.
3. Halifax Papers: Lawrence to Wood.Nov. 19, 1864 and Aug. 14, 1865.
4. Halifax Papers: I.O.C., L.B. Vol II, 1859-1860, Wood to Canning, February 3rd, 1860, p.118.
5. Idem. L.B. Vol.6, 1861, Wood to Canning, March 11.1861.p.248

him out when brought by Lord Arthur Hay, his brother-in-law, and the latter also for doing so. People here who suffered more by the bankruptcy are angry. The House paid 9d. in the pound. He has certificates from mercantile Houses. Grant's appointments are questionable: Plowden — his brother-in-law, after being suspended — Richardson in the Education Department, with whom I believe he (Grant) is connected. Grant is unpopular with the English party at Calcutta and at home. He should not give them a handle against himself."[1]

The Council of India was also very "hot" at Larpent's appointment as it considered him to be a "swindler and bankrupt" and therefore unworthy of holding any responsible official position.[2]

Canning explained to Wood that Larpent's appointment was made in his absence. Moreover, he continued, the post was offered to other persons who refused to accept it, and that people were satisfied with Larpent.[3] He also defended Grant against the imputations of Wood, stating:

"Larpent is not connected with Grant, who has no weaknesses for relatives or of nepotism and jobbery. He took him (Larpent) because of his acceptability to merchants. His (Grant's) fault is to look for one pedantic speciality required for an office".[4]

Great as was the respect shown by the home Government for th opinions and decisions of the Indian authorities, it most emphatically asserted its supreme statutory powers of controlling the Indian policy both in principle and in detail, whenever those powers were challenged by the Government of India. It did so in

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1. Idem. L.B. Vol.6, 1861, Wood to Canning, Feb.26th,1861,p.18
2. Idem. L.B. Vol.8,1861, Wood to Canning, Jan.18th, 1861,p.114
3. Idem. Canning to Wood, April 9th,1861, also see letter of June 8th, 1861.
4. Ibid, Larpent died on his way home. see I.O.C., L.B. Vol.8, 1861, Wood to Canning, July 26th, 1861, p.126.

1864, when Lawrence, in response to the suggestion made by Wood to postpone the enactment of the Code of Civil Procedure, stated that the home Government, in accordance with the provisions of the Indian Councils Act, 1861, could only veto the law passed by the Governor-General's Council for legislative purposes, but could not stay a Bill regularly introduced in that Council.[1]

Wood declared this interpretation of the Indian Councils Act of 1861 as erroneous, and stated that it had not curtailed the powers of the home Government to control and direct either the legislative or the executive actions of the Government of India.[2] He added:

"It is also most conducive to a good understanding that extreme claims should not be put forward on one side nor extreme rights enforced on the other; and I cannot entertain a doubt but that with an earnest desire on the part of the various bodies amongst whom the different parts of the Government of India are distributed to maintain harmonious action, the well-being of that vast and important Empire may best be promoted".[3]

This controversy dragged on until the time of Argyll. He reiterated the view taken by Wood and accordingly emphasized the complete subserviance, both in the legislative and executive sphere, of the Government of India to the Imperial Government.[4]

"That Government (the Inperial Government)", he continued, "must hold in its hands the ultimate power of requiring the Governor-General to introduce a measure, and of requiring also all the members of his Government to vote for it".

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1. P.P. No. 102, Vol.56, 1876, H.of C., G.G.-in-C. to Wood, No.15 of 1864 (Legislative), 15th December, pp.3-4, also see Chap. VII, p.290.
2. Idem. Wood to the G.G.-in-C. (Legislative) No.12, 31st March, 1865, p.5.
3. Ibid.
4. Idem. Argyll to the G.G.-in-C. (Legislative) No.47 of 1870, 24th November, p.9.

"I need hardly say that I am speaking on a question of abstract right, not on a question of ordinary procedure. .....As regards ordinary procedure, it is only needful to bear in mind where the seat of ultimate authority is placed, in order to secure on both sides that forbearance and moderation without which no political constitution can be worked with smoothness and success".[1]

Lord Mayo's Government had ultimately to accept this, but were reassured that the home Government did not intend "to apply that principle to matters of ordinary procedure" and that it would "be used with great deliberation and on the rarest occasion".[2]

Sometimes the home Government had to exercise its powers to settle disputes between the Government of India and the subordinate Governments of Madras and Bombay. These disputes mainly resulted from the peculiar nature of the constitution of the Government of India. This constitution was laid down in several Acts of Parliament, in which the powers and functions of the several organs of the home and Indian Governments had been defined. Its framers had at once vested the Government of India with supreme powers over the subordinate Governments of Madras and Bombay and had also tried to encourage local autonomy in various ways.

Thus the British India had a written constitution and the powers of Government were distributed among several units. But

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1. Ibid

2. Idem. G.G.-in-C. to Argyll (Legislative) No.2 of 1871, 21st February, 1871, p.10.

this political frame-work lacked an element essential for such political organizations, namely, an impartial judicial authority to interpret its constitution and it devolved on the Secretary of State, as the ultimate authority, to adjudicate upon the disputes between the Supreme and the Subordinate Governments. Here was another reason for home Government interference, which was so much resented by the Indian authorities.

The Presidencies of Bengal, Madras and Bombay had grown almost independently of each other. But under the Act of 1773, the latter two Governments were, made subordinate in matters of peace and war to the former, to whom they were also instructed to submit their proceedings. Henceforth the Governor of Bengal was to be styled the Governor-General of Bengal and to be given a Council of four.[1]

These arrangements continued until the passing of the Charter Renewal Act in 1833. It vested the Superintendence, Direction and Control of the whole Civil and Military Government of India in the "Governor-General of India in Council". But the right of direct correspondence with the home authorities was expressly reserved to the subordinate Governments of Madras and Bombay. At the same time the latter were required to submit to the Government of India copies of all letters addressed by them to the home Government.[3]

In spite of severe protests by the Court of Directors, the Presidency Governments also were deprived of their legislative powers, which were henceforth to be exercised by the Governor-

/General's

1. 13 Geo. 3, C.63, cl. 7 and 9.
2. 3 and 4. William IV cl.C.85, cl.39. 3. Mukherji,P: Indian Constitutional Documents, 1773-1915, Court of Directors to the Government of India, No.44, 10th December, 1834, para.8

General's Council meeting for legislative purposes.[1] These legislative functions were restored to the Governments of Madras and Bombay under the Indian Councils Act of 1861, but the Governor General was authorised to veto[2] their enactments.

In the explanatory despatch that accompanied the Act of 1833, the Court of Directors had laid down principles, which, they hoped, would mitigate the evil consequences of a highly centralized system of Government. The despatch stated:

".....it will be incumbent upon you to draw, with much discrimination and reflection, the correct line between the functions which properly belong to a local and subordinate Government and those which belong to the general Government ruling over and superintending the whole."[3]

"It was impossible for the legislature (Parliament)", the despatch proceeded, "and it is equally so for us in our instructions, to define limits between just control and a petty, vexatious, meddling interference. We rely on the practical good sense of our Governor-General-in-Council, and of our other Governors, for carrying the law into effect in a manner consonant with its spirit, and we see no reason to doubt the possibility of preserving to every subordinate Government its due rank and power without impairing or neutralising that of the highest".[4]

These instructions were couched in such general terms that they could not obviate the frequent conflicts between the Supreme and the Subordinate Governments. Time and again the latter blamed the former for unnecessary and vexatious interference in their affairs. While the Government of India justified its intervention on constitutional grounds and charged them with having acted in excess of their legal powers.

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1. 3 and 4 William IV, cl.42. also see Philips: The East India Company, 1784-1834, p.396. 1940
2. See Chap. IX, 390
3. Courts Despatch, No.44, 10th December, 1834 op.cit., para.80
4. Idem. para.74.

The home Government, therefore, had to interpret the relevant provisions of the Acts of Parliament in which the powers and functions of Indian authorities were defined.

This function was most advantageously exercised by Wood in resolving the tussle between Trevelyan and the Supreme Government on Wilson's financial proposals.[1]

Conflict between the Supreme and the local Governments was becoming more frequent with the growth of the centrifugal tendencies, which had been brought about by general increase in administrative work and the construction of public works and railways on a large scale. It was becoming extremely difficult for the Government at Calcutta to exercise a close supervision over the proceedings of local Governments and Administrations directly under its control, and it was so much more/with regard to those of the Governments of Madras and Bombay, which had long-standing traditions of autonomy. Considerable power, therefore, was passing imperceptibly but rapidly into the hands of local Governments.

This process of the devolution of power had attained such dimensions that Elgin, shortly after his arrival in India, complained to Wood of the tendency, which was growing since Dalhousie's time, "to reduce the Governor-General's authority".[2] "Patronage and power" he stated, "are with the Lieutenant-Governors, and the Chief Commissioners and the Home Government.

/Dalhousie

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1. See Chap. II, pp. 37-38.
2. Halifax Papers: Elgin to Wood, July 22nd, 1862.

Dalhousie repented of having created the Lieutenant-Governorship of Bengal, when he found that power had passed out of his hands. I do not want to change the system, but the conception of the Governor-General's authority is so different than what the facts are. He cannot know of the officers of the Government.

Dalhousie had his annexations and vast territories to exercise his administrative talents."[1]

Elgin also feared that appointments made by the Provincial Governments and Administrations would not be "conducive to public interest", because those authorities were not under the influence of public opinion like the Supreme Government. The latter had to take into account the views expressed in the local newspaper.[2] He declared that the doctrine of local self Government was being applied in India in "a preposterous manner". He desired that it should conform to the Canadian system. "I treat these local Governments", he added, "with respect, but they do not raise the money they spend. Only in a very figurative and conventional sense that they can be said to represent the communities to which they belong".[3]

He assured Wood, however, and stated:

"I am no advocate for excessive centralization, but having had some experience of the working of popular institutions, I cannot confound with them a system, which is wanting in almost all the securities against jobbery, hasty legislation and the rule of cliques which they furnish, however imperfectly".[4]

Here Elgin was taking a mistaken view of the system of Indian Government, as he tried to judge it on the analogy of Canada

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1. Idem. Elgin to Wood, December 9th, 1862
2. Idem. Elgin to Wood, July 22nd, 1862.
3. Ibid.
4. Idem. Elgin to Wood, August 2nd, 1862

Canada, where he had been Governor-General from 1846 to 1854. Wood corrected him, stating that the Government of India was not a Colonial Government, having representatives institutions and that it was checked by the home Government. He agreed, however, that the Governor-General should enforce his general authority and should make "big appointments"; and also declared that the home Government would support the Governor-General.[1] On the other hand the subordinate Governments also blamed the Supreme Government for excessive and vexatious interference in their affairs. In 1863 Frere reported to Wood that Elgin's Government had reduced Public Works expenditure by Rs.10,000,000. Wood was exasperated[2] and at once asked Elgin to give reasons for this reduction. Elgin retorted:

"The interference, which is complained against, is because we would not allow expenditure in excess of what has been sanctioned. Men who have authority for a short while should resent interference which delays projects by which they think that good would be effected".[3]

Wood was satisfied with this reply and remarked:

"I did not accept the view of the Madras and Bombay Governments that there was too much interference. Your control (over them) should be financial, political and now legislative. In Public Works matters you should have a general control and not detailed as to the plan of work. But Political is the complete control".[4]

This deliverance from the Secretary of State could not /reduce

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1. Idem. I.O.C., L.B. Vol.11, 1862 Wood to Elgin, August 28, 1862, pp.96-98; also see India, Public Despatches, 1863, Vol.6: Wood to the G.G.-in-C., No.15 of 1863, 9th February, p.59.
2. Idem. I.O.C.,L.B.Vol.12,1863,Wood to Elgin, March 16,1863 pp.130-132.
3. Idem. Elgin to Wood, April 4,1863; also see Chap.VII, pp. 263-264.
4. Idem Wood to Elgin, April 18, 1863, p.210.

reduce the conflicts between the Supreme and local authorities. He had to keep a vigilant eye over their proceedings in order to hold them within their constitutional limits. Wood seriously remonstrated with Elgin on the appointment of Bruce , as Inspector-General of Police for all India, declaring: "This is centralization more than ever done before".[1] In a subsequent letter he remarked:

"Bruce should not curtail the authority of the local Governments. If his mission is to help them to put their police in good order, he would do good service, but they should be responsible".[2]

Wood and his Council were also "disposed to think that the place was made for the man, perhaps, but that it was not necessary for any supervision which the Central Government need exercise".[3]

Ultimately Lawrence's Government had to cancel Bruce's appointment as Inspector-General of Police of India. He was, however, appointed Inspector-General of Police for Bengal. Lawrence explained to Wood that he himself was opposed to Bruce's former appointment, but "a strong party" in his Council was in its favour.[4]

In spite of the efforts of the Secretary of State the differences between the Supreme and the Subordinate Governments of Madras, and Bombay became so acute that Lawrence's Government had to appoint a Committee, consisting of its Secretaries "to prepare a paper showing the relations of the Government of India with local Governments". The Committee strongly refuted /the

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1. Idem. Wood to Elgin, March 3rd, 1863, p.104
2. Idem. L.B.Vol.13, 1863, Wood to Elgin, August 17,1863,p.230.
3. Idem. L.B. Vol.18,1864, Wood to Lawrence, September 24,1864, p. 164.
4. Idem. Lawrence to Wood, November 19, 1864.

the allegations, brought forward by the Governments of Madras and Bombay, of the meddlesome and unnecessary interference in their affairs by the Supreme Government. It declared that the control of the Supreme Government over the Subordinate Governments had been of a "judicious and reasonable character".[1] Lawrence's Government while submitting these findings of the Committee to Northcote, put forward a strong plea for further strengthening the hold of the Supreme over subordinate Governments. It remarked that the political conditions in Europe and the East, the close commercial and financial relations of India with the West "render necessary the consolidation of our political authority, of our military system and our financial resources; the spread of European civilization, education and the improved means of communications, make uniformity in the principles of legislation and administration generally more desirable and more practicable than heretofore".[2]

These ever-recurring collisions between the Supreme and the local authorities made it evident that in order to minimize interference by the former, it was necessary to delegate certain defined powers to the latter. Immediately after the assumption of his office in 1859, Wood had asked Trevelyan's opinion on decentralization in India.[3] A great step forward in this direction was taken when, under the Indian Councils Act, 1861,

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1. India: Public Letters, 1867, Vol.11: G.G.-in-C. to Wood, No. 217 of 1867, 7th December, p.431.

2. Ibid.

3. Halifax Papers: I.O.C., L.B.Vol.1, 1859, Wood to Trevelyan August 25th, 1859, p. 76.

Legislative Councils were constituted in Bengal, Madras and Bombay.[1] Wood had also welcomed the "local budgets" of Laing. The difficulties experienced by the Supreme Government in controlling the local Governments were expressed most trenchantly by Massey in the course of his financial Statement in 1867. He remarked:

"..... These local charges are the most unsatisfactory part of the Budget. We can exercise no control over them, for we know nothing about them; and we must either comply implicitly with the requisitions of the local Governments, or take upon ourselves the responsibility of disallowing such requirements. In either case we may do mischief..... We desire, therefore, that the Local Governments shall in future determine their own expenditure, so far as that expenditure concerns merely local objects; and that they shall provide the ways and means for themselves".[2]

Massey had already obtained through demi-official correspondence the views of the heads of the several local Governments and Administrations in support of this policy. He, therefore, declared that the Government of India would endeavour "to bring these arrangements to maturity before the close of the ensuing financial year".[3] On the 14th December, 1870, Lord Mayo's Government adopted the famous resolution which embodied the measures for financial decentralization. The departments of Jails, Registration, Police, Education, Medical Services, Printing, Roads, Miscellaneous Improvements and Civil Buildings were permanently handed over to the Provincial Governments, and also a sum of £4,688,711 from the Indian

/revenues

1. See Chap.II, p.50; also see Halifax Papers: I.O.C., L.B. Vol. 9, 1861, Wood to Canning, 9th October, 1861.
2. Progs. of the I.L.C., 1867, Massey's Statement, 5th March, 1867, p.154.
3. Ibid.

revenues to defray the expenses of those branches of administration.[1]

The Government of India, however, retained in its own hands sufficient powers to ensure that the Provincial Governments would exercise economically and efficiently the authority delegated to them. For instance, no appointment carrying a salary of more than Rs.250/-/- per month could be created without the previous sanction of the Supreme Government, to whom also all financial returns, estimates and accounts were to be submitted regularly.[2] Argyll readily approved these arrangements declaring that the object to be kept in view should be "to secure the greatest degree of economy consistent with efficiency ....."[3].

The grant of defined financial powers to local Governments constitutes a land-mark in the development of Provincial autonomy. It was a wise step in that it provided an arrangement which at once afforded considerable scope to Provincial Governments to exercise their authority independently and responsibly and reduced the grounds of interference by the admittedly overburdened Supreme Government. At the end of the Resolution it was significantly added that "in divesting himself of the control the Governor-General-in-Council divests himself also to a large extent of his former responsibility".[4]

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1. India. Financial Letters, 1870, Vol.84: G.G.-in-C. to Argyll No.265 of 1870, 14th December, p.1975; and India. Enclosures to Financial Letters, 1870, Nos.160-272, Vol.86: Enclosure 265 of 1870, Resolution No.3384, 14th December, 1870, pp.3-4.
2. Ibid. See "Resolution" p.4, cit. Supra.
3. Letters to India on Finances, 1870-1872, Vol.18: Argyll to the G.G.-in-C. No.59 of 1871, 23rd April, pp.207-208.
4. Enclosures to Financial Letters, 1870, Nos.168-272, Vol.86: P.T.O.

Enclosure 265 of 1870, Resolution, No.3334, 14th December, 1870, p.4.

The differences that arose from time to time among the Indian authorities themselves or between them and the home authorities were inevitable under a system which provided for the Government of a vast territory and a heterogeneous and numerous population. The variety and the complexity of the subjects considered and administered were in themselves sufficient causes for the divergence of opinion. But these differences, except in the case of Trevelyan and Laing,[1] never reached a breaking point and generally were resolved. Argyll stressed the same point when he remarked:

"It cannot be denied that some theoretical inconveniences are inseparably connected with the working of such a machinery of government as that through which the Empire of India is ruled from home. In practice these inconveniences may be, and have actually been, reduced to a minimum by mutual respect on the part of those who discharge various functions and exercise different powers in a divided and complex system of administration".[2]

Argyll's contention is true, because most cordial relations did exist between the Secretaries of State and the Governors General of India. Wood expressed his "sincere sorrow" to Canning for having differed with him, and added: "It has not been often or on material points".[3] He also paid Canning high tributes, before the latter's departure from India, stating: "No one can retire from such a position with stronger testimony to the ability and judgement with which he has conducted the affairs

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1. Chap.II, pp.39-40, and p.53.
2. P.P. No. 102, Vol.56, 1876, H.of C., Argyll to the G.G.-in-C. (Legislative) No. 47 of 1870, 24th November, p.9.
3. Halifax Papers: I.O.C. L.B. Vol.3, 1861, Wood to Canning, July 3rd, 1861, p.88.

of the largest Empire in the World, and filled a position far more important than any I know of, more powerful for good or for evil".[1] Canning also thanked Wood for the "kindness and consideration of the official intercourse".[2]

Similarly Wood had entertained very high respect for Elgin's abilities for the beginning. He told Canning: "I think he (Elgin, is the best man I could find".[3] These notions were strengthened by the moderation and the skill displayed by Elgin during his short but admirable Indian administration. When Lawrence became the Governor-General, his antecedants proved to be more conducive for a good understanding between him and Wood. The latter wrote to Lawrence:

"We have known each other, have worked together and know each other's opinions on Indian matters. That is an advantage in our present relative positions".[4]

Lawrence's relationship with Cranborne and Northcote also remained friendly.[5] Similar feelings of respect and friendship existed between Argyll and Mayo, although the latter had been appointed by Disraeli's Conservative Ministry. In his first letter to Mayo, Argyll frankly stated:-

"Indian politics are, fortunately, for the most part,

/unconnected

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1. Idem. L.B. Vo. 9. 1861-62, Wood to Canning, January 26th, 1862, p.234.
2. Idem. Canning to Wood, March 4, 1862.
3. Idem. I.O.C., L.B. Vol.9, 1861-62, Wood to Canning, October 3, 1861, p.12.
4. Idem. L.B. Vol.17, 1864, Wood to Lawrence, July 16, 1864, p.182.
5. Bosworth-Smith, Life of Lord Lawrence, II, Cranborne to Lawrence, March 4, 1867, p.515 and Northcote to Lawrence, October 1, 1867, p.529.

unconnected with party struggles at home, and I hope that there will be nothing to prevent me from having open and confidential communication with you on every question affecting the Government of India. You will always find me most anxious to know your views in time upon all questions on which you may wish or may require to consult the Government at home".[1]

On the 12th February, 1868, unfortunately Lord Mayo was assassinated. Argyll announced this sad news to the House of Lords and remarked:

"I am happy to say that from that time our (between Argyll and Mayo) negotiations have been most friendly and most cordial".[2]

Such cordial relations between the home and Indian authorities enabled them to benefit from each other's experience and advice, with the result that the Indian administration, which had been seriously disorganized by the Mutiny, was rapidly reorganized. In 1870 the Government of India was a vigorous and developing political system.

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1. Argyll, The Dowager Duchess of: The Duke of Argyll, Autobiography and Memoirs, II. Argyll to Mayo, December 18th, 1868, pp. 269-270, 1906.

2. Idem. p. 275.

APPENDIX I

THE HOME GOVERNMENT, 1858 -1870

Prime Ministers		Secretaries of State for India	
25 February 1858	Lord Derby	2 September 1858	Lord Stanley
18 June 1859	Lord Palmerston	18 June 1859	Sir Charles Wood
6 November 1865	Lord John Russell becomes Prime Minister after the death of Palmerston	16 February 1866	Earl de Grey and Ripon
6 July 1866	Lord Derby	6 July 1866	Lord Cranborne
27 February 1867	Disraeli	4 March 1867	Sir Stafford Northcote
9 December 1868	W.E. Gladstone	9 December 1868	The Duke of Argyll

THE COUNCIL OF INDIA, 1858-1870

Members elected by the Court of Directors:-

Sir Frederick Currie	(V.-P. 1858-1860)
Charles Mills	(V.-P. 1863)
Sir James W. Hogg	(V.-P. 1861)
Elliot Macnaughton	(V.-P. 1865)
Ross D. Mangles	(V.-P. 1867)
William J. Eastwick	
Henry T. Prinsep	(V.-P. 1869)

Nominated by the Crown:-

J.P. Willoughby	(V.-P. 1864)
Major-General Sir Robert J.H. Vivian, K.C.B.	(V.-P. 1866)
Sir Henry C. Montgomery	(V.-P. 1868
Sir John Lawrence	(V.-P. 1862
Colonel Sir Proby T. Cautley, K.C.B.	
William U. Arbuthnot	(V.-P. 1870)
Colonel H.M. Durand	
Sir Erskine Perry	

Colonel E. Baker	(Elected in 1861 Vice Col H.M.Durand)
Sir George Clark	(Elected in 1864 vice Sir John Lawrence, appointed Governor-General and Viceroy of India)
Sir Henry Bartle Frere	(Elected in 1867 vice Sir J.P. Willoughby, who died on the 15th September, 1866)
Sir Frederick S. Halliday	(Elected in 1868 vice Sir Charles Mills, retired)
Sir Robert Montgomery	(Elected September 21, 1868, vice Eastwick).
Sir H.C. Rawlinson	(Nominated 9th October, 1868, vice Col. Sir Proby T. Cautley retired)

APPENDIX II

GOVERNMENT OF INDIA, 1858-1870

Governors-General and Viceroys of India, 1858-1770

26 February, 1856	Earl Canning	
2 September, 1858	Earl Canning	Governor-General and Viceroy
12 March, 1862	Earl Elgin	(died 20 November, 1863)
	Sir William Denison,	Governor of Madras (acting G.G. and Viceroy)
12 January, 1864	Sir John Lawrence	
12 January, 1869	Earl Mayo.	

Governors of the Presidence of Madras

Sir Charles E. Trevelyan,	28 March, 1859 - June, 1860.
Sir Henry George Ward	5 July, 1860 - 2 August, 1860
Sir William Denison	18 February 1861 - 27 March, 1866
The Rt. Hon. Lord Napier	17 March, 1866 - February, 1872

Governors of the Presidency of Bombay, 1858-1870

Lord Elphinstone	16 December, 1853- May, 1860
Sir George Clerk	11 May 1860 -April 1862
Sir Bartle E. Frere	24 April, 1862 - March, 1867
Sir William Fitzgerald	6 March, 1867 - 6 May, 1872

Lieutenant-Governors of Bengal

Sir J.P. Grant	1859 - 1862
Sir Cecil Beadon	April, 1862 - April 1867
W. Grey	1867 - 1 March, 1871.

GOVERNOR-GENERAL'S EXECUTIVE COUNCIL, 1858-1870

(See Chapter IX, pp. 378-384. It has not been possible to find the exact dates of retirement or resignation in many cases.)

The Commanders-in-Chief of India and the Extraordinary Members:-

31 August, 1857 General Lord Clyde
6 July, 1860 Sir Hugh Rose
10 April, 1865 Lieutenant-General Sir William Mansfield
25 May, 1870 General Lord Napier of Magdala
and the Governors of Presidencies when the Council assembled within their territory.

Ordinary Members:-

1 May, 1854-1859 J. P. Grant
6 April, 1858-1860 Lieutenant-General Sir James Outram
1 May, 1858-1860 Henry Ricketts.
12 December 1859-1862 Sir Bartle Frere
11 November 1859- 11 August, 1860 The Rt. Hon. James Wilson (Financial Member).
1 December 1860- 1862 Cecil Beadon
10 January, 1861 - 10 July, 1862 Samuel Laing (Financial Member)
11 February 1861 - March 1865 Major-General Sir Robert Napier
13 June, 1862 - April, 1867 W. Grey
13 June, 1862 - March 1865 H.B. Harrington
12 November 1862 - 9 October 1869 H.S. Maine (Legal Member)
13 January 1863 - April 1865 Sir Charles E. Trevelyan (Financial Member)
10 March, 1865 - 1870 G.N. Taylor
10 April 1865 - 25 April 1868 The Rt. Hon. W.N. Massey (Financial Member)
27 April 1865 - 1 June 1870 Col. H.M. Durand.
25 April 1868 - 1874 Sir R. Temple (Financial Member)
14 December 1869 - 12 April 1872 J. Fitzjames Stephens (Legal Member)
2 June 1870 - 1877 Major-General H. Wylie Norman
17 September 1869-1875 B.H. Ellis.

The Governors-Council, Madras:-

10 June, 1856-26 Dec/1861 Sir Patrick Grant, The Commander-in-Chief.
16 December 1854 - 16 December 1859 Walter Elliot
29 October 1857 - 29 October 1862 W.A. Morehead
16 June 1858 - 16 December 1864 Edward Maltby (Provisional Member)
26 December 1861 - 25 May 1865 Lieutenant General Sir Hope Grant (Commander-in-Chief)
T. Pycroft (Provisional Member)
29 October, 1862 - 29 October 1867 T. Pycroft (Member)
1864 H.D. Philips (Provisional Member)
16 December 1864 - 7 March 1870 H.D. Philips (Member)
25 May, 1865 - 8 November 1867 Lieutenant-General Sir J.G. Le Marchant, (Commander-in-Chief)
1866 A.J. Arbuthnot (Provisional Member)
29 October 1867 - 19 October 1872 A.J. Arbuthnot (Member)
8 November 1867 - 30 May 1871 Major-General W.A. McCleverty (Commander-in-Chief)
7 March 1870 - 9 March 1875 J.D. Sim

The Governor's Council, Bombay:-

26 March 1855 - 29 June 1865 Lieutenant-General Sir Henry Somerset, the Commander-in-Chief
7 April 1855 - 7 April 1860 Arthur Malet
15 August 1857 - 24 November 1862 H.W. Reeves
6 April 1858 W.E. Frere (Provisional Member)
7 April 1860 - 13 April 1865 W.E. Frere (Member)
29 June 1860 - 4 December 1865 Lieutenant-General Sir William Mansfield (Commander-in-Chief)
24 March 1862 - 13 October 1865 J.D. Inverarity
13 April 1865 - 7 April 1869 B.H. Ellis
31 October 1865 - 14 May 1867 C.J. Erskine
4 December 1865 - 30 August 1868 Lieutenant-General Robert Napier (Commander-in-Chief)
14 May 1867 - 26 June 1872 S. Mansfield
7 April 1869 - 7 April 1874 H.P. St. George Tucker (Provisional Member)
30 August 1869 - 9 December 1874 Lieutenant-General The Hon. Sir A. L. Spencer (Commander-in-Chief).

APPENDIX III

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At the Commonwealth Relations Office (India Office Records)

	No	Date
Revenue letters from Bengal, India, Madras and Bombay.	13	1856-1859
Revenue letters received from India	1 to 13	1858-1870
Revenue despatches to India	3(a)	Oct. 1858-1860
	4	1858-1867
	5	1868-1874
Revenue letters received from India	1 to 12	1859-1870
Revenue despatches to Madras	1 and 1A	1858-1860 & 1860-1874
Revenue letters received from Bombay	1 to 12	1859-1870
Revenue despatches to Bombay	1 and 3	1858-1860 & 1865-1874

Collections to Revenue Despatches to India	Vols. 1-27,	1859-1870
Collections to Revenue Despatches to Madras	Vols. 1-45	1859-1870
Collections to Revenue Despatches to Bombay	Vols. 1-35	1858-1870

Separate Revenue letters Received from India	1 to 4	1858-1870
Separate Revenue Despatches to India	2 to 4	1859-1870
Separate Revenue Despatches to Madras	1	1867-1875
Separate Revenue letters received from Madras	1	1864-1869

Collections to Separate Revenue Despatches to India	1 to 9	1859-1870
Collections to Separate Revenue Despatches to Madras	1 to 2	1864-1871-79

JUDICIAL and LEGISLATIVE

Judicial and Legislative letters received from India	No. 1-14	Date 1858-1870
Judicial and Legislative despatches to India	6-10	1857-1870
Judicial and Legislative letters received from Madras	1- 4	1857-1870
Judicial and Legislative despatches to Madras	1- 3	1858-1870
Judicial and Legislative letters received from Bombay	1- 5	1859-1870
Judicial and Legislative despatches to Bombay	1- 6	1858-1870

Collections to Judicial despatches to India	1-43	1858-1870
Collections to Judicial despatches to Madras	1- 8	1858-1870
Collections to Judicial despatches to Bombay	1-14	1859-1870
Collections to Legislative despatches to India	1- 9	1860-1870
Collections to Legislative despatches to Madras	1	1863-1868
Collections to Legislative despatches to Bombay	1	1862-1866

PUBLIC, ECCLESIASTICAL and EDUCATIONAL

Public and Ecclesiatical letters received from India	No.	1-14	Date 1858-1870
Educational letters received from India		1- 2	1859-1870
Public despatches to India		1-13	1858-1870
Ecclesiastical despatches to India		1- 4	1858-1870
Educational despatches to India		1- 5	1858-1870
Public and Ecclesiastical letters received from Madras		1- 9	1858-1870
Educational letters received from Madras		1- 2	1861-1870
Public despatches to Madras		1- 8	1858-1870
Public, Educational and Ecclesiastical despatches to Madras		1- 3	1858-1866
Educational despatches to Madras		1- 4	1858-1870
Public and Ecclesiastical letters from Bombay		1- 8	1859-1870
Educational letters received from Bombay		1- 3	1859-1870
Public despatches to Bombay		1- 8	1858-1870
Public, Educational and Ecclesiastical despatches to Bombay		1- 3	1858-1866
Ecclesiastical despatches to Bombay		1- 4	1858-1870
Educational despatches to Bombay		1- 3	1858-1870

Collections to Public despatches to India	1-52	1858-1870
Collections to Public despatches to Madras	1-16	1858-1870
Collections to Public despatches to Bombay	1- 9	1858-1870
Collections to Educational despatches to India	1-13	1858-1870
Collections to Educational despatches to Madras	1- 3	1858-1870
Collections to Educational despatches to Bombay	1- 4	1858-1870

FINANCIAL

Financial letters and enclosures received from India and Bengal	No.	44-86	Date 1859-1870
Financial despatches to India		10-17	1859-1870
Financial letters received from Madras		9-18	1858-1870
Financial despatches to Madras		5-16	1858-1870
Financial letters and enclosures received from Bombay		9-18	1850-1870
Financial despatches to Bombay		7-18	1858-1870
Enclosures in financial despatches to India, Madras and Bombay		7- 9	1858-1870
Financial (Secretary) letters and enclosures received from Madras		1- 3	1864-1870
Financial (Secretary) letters and enclosures received from Bombay		1- 9	1858-1870
Financial letters and enclosures received from Madras	Vols.	9-18	1859-1870
Financial letters and enclosures received from Bombay	Vols.	9-18	1859-1870

PUBLIC WORKS, RAILWAYS AND TELEGRAPHS

	No	Date
Public Works letters received from India	8-17	1859-1870
Railway letters and enclosures received from Bengal and India	17-32	1858-1870
Telegraph letters and enclosures received from India	1-3	1860-1870
Railway and Telegraph letters received from Bengal and India	6-12	1859-1870
Public Works despatches to India	1-3	1860-1870
Railway despatches to Bengal and India	2-5	1858-1870
Telegraph despatches to India, Madras and Bombay	1-3	1858-1870
Public Works letters and enclosures from India	56-58	1870
Public Works letters received from Madras	3-8	1859-1870
Railway letters received from Madras	3-4	1858-1870
Public Works despatches to Madras	1	1860-1870
Public Works letters and enclosures received from Madras	23	1870
Railway despatches to Madras	1-2	1858-1870
Public Works letters received from Bombay	3-7	1858-1870
Railway and Telegraph letters received from Bombay	4-7	1859-1870
Public Works despatches to Bombay	1	1860-1870
Railway despatches to Bombay	1-4	1858-1870
Collections to Public Works despatches to India	1-60	1858-1870
Collections to Public Works despatches to Madras	1-23	1859-1870
Collections to Public Works despatches to Bombay	1-19	1859-1870
Collections to Railway letters received from Madras	11-14	1858-1870
Collections to Railway letters received from Bombay	18-34	1858-1870
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