

Every Sessions division consists of a certain number of districts, to each of which a magistrate, called the District magistrate, is attached. Any number of subordinate magistrates that may be required are appointed in the district, subject to the general control of the District magistrate. In the cities of Calcutta, Madras, and Bombay there are magistrates called Presidency magistrates. To enable a magistrate or judge to exercise jurisdiction over European British subjects, he must be appointed a justice of the peace, and a justice of the peace must himself be a European British subject. There are certain exceptions to this rule. The judges of the High Courts, the Sessions judges, District magistrates, and Presidency magistrates are justices of the peace *ex officio*, and the law does not require that they shall be European British subjects.

A High Court may pass any sentence authorised by the Penal Code or other law. All trials before the High Court are by jury.

A Sessions judge may pass any sentence authorised by law, but sentences of death are subject to confirmation by the High Court. All trials before the Court of Session are either by jury or with assessors.

There are three classes of magistrates :—

(1) Courts of Presidency magistrates, and of magistrates of the first class, in which District magistrates are included ; they can pass sentences of imprisonment not exceeding two years, and of fine not exceeding 1000 rupees. In cases in which they are not competent finally to decide, they commit for trial to the Court of Session or High Court.

(2) Courts of magistrates of the second class. They can pass sentence of imprisonment not exceeding six months, or of fine not exceeding 200 rupees.



(3) Courts of magistrates of the third class. They can pass sentences of imprisonment not exceeding one month, or of fine not exceeding 50 rupees.

In certain cases and under certain restrictions, magistrates of the first class, or, if specially so empowered, magistrates of the second class, can pass sentences of whipping.

Excepting the High Courts established by Letters Patent, the judges of which are appointed by the Crown, all the judges and magistrates are appointed by the Provincial Governments.

While the substantive criminal law is the same for all classes, certain distinctions of procedure have always been maintained in regard to criminal charges against European British subjects.¹ Until 1872, excepting in trivial cases, a European British subject could only be tried or punished by one of the High Courts. The result was often a complete denial of justice, for prosecutors and witnesses might have to travel for many hundred miles before a case could be heard. This state of things was remedied in 1872, when the Code of Criminal Procedure was re-enacted, in accordance with the proposals of Sir James Stephen, who was legal member of Council. It was then provided that European British subjects should be liable to be tried for any offences by magistrates of the highest class, who were also justices of the peace, and by judges of Sessions Courts; but it was necessary, in both cases, that the magistrate or

¹ The following definition of the term "European British subject" is given in the Code of Criminal Procedure:—"European British subject means—(1) any subject of Her Majesty born, naturalised, or domiciled in the United Kingdom of Great Britain and Ireland, or in any of the European, American, or Australian Colonies or Possessions of Her Majesty, or in the Colony of New Zealand, or in the Colony of the Cape of Good Hope or Natal; (2) any child or grand-child of any such person by legitimate descent."



judge should himself be a European British subject. A magistrate might pass sentence of imprisonment for three months and fine of 1000 rupees; a Sessions judge might imprison for one year, and fine. Cases requiring severer punishment were referred to the High Court. In the towns of Calcutta, Madras, and Bombay, the Presidency magistrates were justices of the peace by virtue of their offices, and, whether they were Europeans or Natives, they could try and punish European British subjects.

Matters remained in this position until 1883, when the Government of India considered that the law regarding jurisdiction over European British subjects required alteration. Some of the Native members of the Covenanted Civil Service had reached a stage when, in the ordinary course of promotion, they would become District magistrates and judges in the Courts of Session. Under the Code of Criminal Procedure no Native holding one of these offices could try any charge against a European British subject. The Government considered that the law in this respect ought to be altered. It was stated that "the Government of India had decided to settle the question of jurisdiction over European British subjects in such a way as to remove from the code, at once and completely, every judicial disqualification which is based merely on race distinctions."

This declaration, made in uncompromising terms, provoked a storm of indignation on the part of the European community throughout India. It was not confined to the non-official classes, but extended almost equally to the servants of the Government; it reached a point at which it threatened to become a cause of serious political anxiety, and nothing could be more lamentable than the animosities, the prejudices, and



bad feeling between Europeans and Natives that were excited.

The controversy ended with the virtual though not avowed abandonment of the measure proposed by the Government. Act III. of 1884, by which the law previously in force was amended, cannot be said to have diminished the privileges of European British subjects charged with offences, and it left their position as exceptional as before. The general disqualification of Native judges and magistrates remains; but if a Native be appointed to the post of District magistrate or Sessions judge, his powers in regard to jurisdiction over European British subjects are the same as those of an Englishman holding a similar office. This provision, however, is subject to the condition that every European British subject brought for trial before the District Magistrate or Sessions judge has the right, however trivial be the charge, to claim to be tried by a jury of which not less than half the number shall be Europeans or Americans. No similar claim can be made by Natives charged with offences, and it is a claim which could not be made by an Englishman in any magistrate's court in his own country. The Legislature virtually declared that the summary powers of the European District magistrate over European offenders should be taken away, not because this was held to be in itself desirable, but because such powers could not be given to a District magistrate who is a Native. While this change was made in the powers of District magistrates, the law in regard to other magistrates remained unaltered. All English magistrates of the first class, outside the Presidency towns, other than the District magistrate, are appointed to be justices of the peace, and they exercise jurisdiction over European British subjects as they did before; but no Native



magistrates in similar positions can be appointed to be justices of the peace or exercise such jurisdiction. It may happen, when a charge against a European British subject comes before a District magistrate, that a sufficient number of Europeans and Americans cannot be found in the district to constitute a jury; the case must then, under the orders of the High Court, be transferred for trial to another district where a jury can be formed. Thus a possibility is afforded for the occasional revival of the scandals and denials of justice and hardship which were common before 1872, when the trial of European British subjects could only take place before the High Courts, and complainants and witnesses were liable to be sent away to great distances from their homes. Fortunately this need hardly occur in practice, because the District magistrate, to whom alone these provisions apply, will usually take care to try in his own court no charge against a European British subject, but will transfer it, as he can always do, to one of his European subordinates, whose summary powers of dealing with such cases have not been touched. The law was certainly not changed for the better, but for practical purposes it remained much as it was before Act III. of 1884 was passed. The only other change was that District magistrates trying European British subjects with a jury were authorised to pass sentence of imprisonment, which may extend to six months, or fine, which may extend to 2000 rupees, or both.

It may be feared that the result of all this has been that we must leave to a distant future the hope that the Government of India will be able to place the law regarding jurisdiction over European British subjects on a satisfactory footing.

The codification of the criminal law of British India



is complete. The codification of the civil law is a far more difficult task. Both Hindus and Mohammedans are in possession of great bodies of law, parts of which are believed by them to be of more or less divine origin, containing elaborate instructions on every sort of subject affecting property, inheritance, and the relations of life, and, unless these laws have been modified by British legislation, they are recognised and administered by our courts. Except where Native customs and feelings and prejudices are repugnant to humanity and justice, we are bound to respect them, and the mere suspicion that we desired to interfere with them might be politically dangerous. No one is likely to attempt to codify the Mohammedan law, and there is no single body of Hindu law that is generally recognised; it differs in different provinces, and is constantly modified by local and personal custom. A large part of the substantive civil law is, therefore, and must remain, untouched by our legislation. Those branches, however, both of substantive and adjective law, where these difficulties do not apply, have been dealt with in a comprehensive manner. Codes relating to contracts, negotiable instruments, transfer of property, trusts, easements, and other subjects, evidence, limitation, and a complete Code of Civil Procedure, have already been enacted, and these, with certain exceptions, saving local and other usages and customary rights, are generally applicable throughout British India. Another important chapter of the Civil Code, the Succession Act of 1865, contains the law of intestate and testamentary succession; but the greater part of it applies only to Europeans, East Indians, and some other classes domiciled in British India, and has no application to Hindus or Mohammedans. Subject to the serious exceptions



that I have noticed, there is hardly any country in which the laws are contained in so small a compass, in which they are so excellent both in substance and in form, and in which they are so easily intelligible.

The codification and simplification of the law has been one of the greatest reforms of modern times in India. There has been a prevalent but mistaken notion that India has suffered from over-legislation. Speaking generally, the result of recent legislation, apart from that which must always be required to meet current wants of the day, has been greatly to reduce the body of the law, to get rid of obsolete enactments, and to consolidate and simplify the laws in force. Many illustrations of what has been done in this direction might be given. Thus, the law under which the civil courts in Bengal were constituted had formerly to be searched for in thirteen Regulations and Acts scattered over seventy-seven years; now it is to be found in one short Act of thirty-eight sections. I remember Sir James Stephen giving to the Legislative Council in India ocular demonstration of the nature of the process that had been going on, by pointing to a series of huge volumes which contained the law as it used to be, and which the table before him could scarcely hold, and then showing us a few octavo volumes which contained all the existing Acts of the Legislature.

I have referred, for the most part, to those laws only which are in force throughout India, but local conditions vary so greatly that there are many other laws applicable to particular provinces only.

It cannot be said that the practical administration of justice has been as successful in the civil as in the criminal courts, but the improvement has been



great since the transfer of the Government to the Crown.

Before 1859 the procedure was extremely complex and technical, the delays and opportunities for corruption and fraud were endless, the Native judges were often very imperfectly educated, and their integrity was sometimes open to grave suspicion. They were so miserably paid that no high standard of honesty or efficiency could be expected. In 1859 the Code of Civil Procedure was enacted, and it has from time to time been amended. It has rendered the procedure of the courts simple and reasonable; the position of the Native judges has been greatly improved; they are now a well-educated class, with a good knowledge of law, and highly paid, and an immense change has taken place in their character and competency.

The constitution of the civil courts, below the High Courts of which I have already spoken, varies somewhat in different provinces; but in Bengal, the Agra Province, Madras, and Bombay, it is substantially uniform. There are usually three classes of courts: those of District judges, Subordinate judges, and Munsifs or Subordinate judges of the second class. The judge exercises a general control over all the courts in his district, and hears certain classes of appeals. The Subordinate judge can try, subject to some restrictions, cases of any value. The jurisdiction of the Munsif varies. In some provinces he can hear suits not exceeding 5000 rupees, in others his powers are more limited. Appeals lie to the High Court from the decisions of the District judge. There are also Small Cause Courts, which decide cases of small amount without appeal. In the Punjab, the Central Provinces, Oudh, and Burma the system is somewhat different, but it need not now be described.



Until the year 1836, European British subjects were under the jurisdiction of the Supreme Courts alone. It was then decided, by Act XI. of 1836, that they should be made amenable to the civil courts of the Company, and that in this respect no distinctions should be maintained between them and the Natives of India. This measure, commonly known as the "Black Act," was received in Calcutta with the furious opposition described by Lord Macaulay, the history of which is familiar to the readers of his life. Lord Macaulay was then a member of the Governor-General's Council, and to him is mainly due the honour of having insisted upon passing this wise and necessary law. The opposition of the Europeans, although to the last degree violent, was virtually confined to Calcutta, and as the number of the English outside the Presidency towns was then comparatively small, the outcry against the Government was less formidable than that of 1883. I quote from a minute of Lord Macaulay the following description of the state of things that then prevailed:—

"Till the passing of Act XI. of 1836 an Englishman at Agra or Benares who owed a small debt to a native, who had beaten a native, who had come with a body of bludgeon-men and ploughed up a native's land, if sued by the injured party for damages, was able to drag that party before the Supreme Court of Calcutta (a distance perhaps of 1000 miles), a court which in one most important point—the character of the judges—stands as high as any court can stand, but which in every other respect I believe to be the worst in India, the most dilatory, and the most ruinously expensive. . . . The expenses of litigation in England are so heavy that people sit down quietly under wrongs and submit to losses rather than go to law, and yet the English are the richest people in the world. The people of India are poor, and the expenses of litigation in the Supreme Court are five times as great as the expenses of litigation at Westminster. An undefended cause which might be prosecuted successfully in the Court



of King's Bench for about £8 cannot be prosecuted in the Supreme Court under £40. Officers of the court are enabled to accumulate in a few years, out of the substance of ruined suitors, fortunes larger than the oldest and most distinguished servant of the Company can expect to carry home after thirty or forty years of eminent service. I speak of Bengal, where the system is now in full operation. At Madras, the Supreme Court has, I believe, fulfilled its mission. It has done its work. It has beggared every rich native within its jurisdiction, and is inactive for want of somebody to ruin."

Since 1836 no distinctions of race have been recognised in the civil courts throughout India. At the present time, Native judges preside over the great majority of the courts; excepting the higher appellate tribunals, in which, however, they also have seats, almost the whole administration of civil justice is in their hands. They exercise jurisdiction in all classes of civil cases over Natives and Europeans alike. The Lord Chancellor said in the House of Lords in 1883, as the result of his experience of Indian cases appealed to the Privy Council, that "in respect of integrity, of learning, of knowledge, of the soundness and satisfactory character of the judgments arrived at, the judgments of the Native judges were quite as good as those of the English." In regard to the character and capacity of the Native judges of the High Courts, and of the great majority of those presiding over the subordinate civil courts, the truth of this opinion will not be questioned, and in disposing of business of this sort, superior knowledge of the language and habits of the people often gives to the Native many advantages over the Englishman.

Notwithstanding the great improvement that has taken place, the system under which civil justice is administered cannot be said to be altogether satis-



factory. It is often difficult for an ignorant population to understand, and it is too mechanical and rigid in its operation. For the more difficult class of cases it is excellent, but for the mass of the judicial business in India the machinery is too elaborate for the work. In the vast majority of the suits annually brought before the courts, the value of the property or the amount in dispute is very small. I am afraid there is much truth in a remark of Sir Lepel Griffin, that our courts are often more mysterious to an Indian peasant than the maze at Hampton Court to an uninstructed visitor. They are also too expensive. Heavy stamp duties still exist; they were originally imposed partly as a means of obtaining revenue to meet the expenses of the courts, and partly under the unfortunate notion, not yet altogether exploded, that needless litigation is encouraged by making recourse to the courts cheap and easy.



CHAPTER VIII

THE FINANCES AND PUBLIC REVENUES

Responsibility for financial control—Reforms after the mutinies of 1857
—Financial decentralisation—Existing system—Growth of the
public revenues—Their present amount—Small proportion derived
from taxation—The sources and amount of the public income.

I HAVE explained that the final responsibility for the control of the finances of India has been placed by Parliament on the Secretary of State in Council. He cannot divest himself of this duty, but the administration could not be carried on unless the authorities in India itself were invested with ample financial discretion. The Secretary of State has therefore delegated to the Government of India large but strictly defined powers, under which it can sanction fresh expenditure and create new offices of minor importance. This is for ordinary times, but in cases of emergency, when reference to England would cause delay injurious to the public interests, there is practically no limit to the financial powers which the Government of India exercises.

In the time of the East India Company a properly organised system of financial administration hardly existed. After the mutinies of 1857 an immense increase of expenditure took place; their suppression and the restoration of order involved an addition of more



than £42,000,000 to the public debt; there was hardly a branch of the administration which was not more or less reorganised, and demands arose for every sort of improvement. The revenues were insufficient, and the financial difficulties of the Government were serious. No reforms were more urgent than the establishment of an efficient system of public accounts and of strict financial control throughout India. This work was begun most efficiently in 1860 by Mr. James Wilson, the well-known Secretary to the Treasury in England, and the first financial member of the Governor-General's Council under the Crown, and it was afterwards actively continued and completed.

In carrying out these reforms it was perhaps inevitable at the outset that the Central Government should retain in its own hands a larger measure of financial control than it would ultimately be expedient that it should exercise. In its anxiety to prevent extravagance it imposed rules of such stringency that no financial authority remained except its own. The whole of the revenues from all the provinces of British India were treated as belonging to a single fund, expenditure from which could be authorised by the Governor-General in Council alone. The Provincial Governments were allowed no discretion in sanctioning fresh charges. They could order, without the approval of the Supreme Government, and without its knowledge, the adoption of measures vitally affecting the interests of millions of people; they could make changes in the system of administration that might involve serious consequences to the State; they could, for instance (and this is a case which actually occurred), alter the basis on which the assessment of the land revenue had been made, but they could carry out no improvements, great or small, for



which the actual expenditure of money was required. If it became necessary to spend £20 on a road between two local markets, to rebuild a stable that had tumbled down, or to entertain a menial servant on wages of 10s. a month, the matter had to be formally reported for the orders of the Government of India. No central authority could possibly possess the knowledge or find the time for the efficient performance of such functions throughout so vast a tract of country. The result was complete absence of real financial control, frequent wrangling between the Supreme and Provincial Governments, and interference by the former not only in financial but in administrative details with which the local authorities were alone competent to deal. Under these circumstances, as Sir Richard Strachey wrote at the time, "the distribution of the public income degenerated into something like a scramble, in which the most violent had the advantage, with very little attention to reason; as local economy brought no local advantage, the stimulus to avoid waste was reduced to a minimum, and as no local growth of the income led to local means of improvement, the interest in developing the public revenues was also brought down to the lowest level."

In 1867 definite proposals were made by Sir Richard Strachey for the reform of this system, and in 1871 they were adopted by Lord Mayo, who was then Viceroy. They were based on the principle that there was only one means by which local economy and efficient financial administration could be secured; that each Provincial Government must be made responsible for the management of its own local finances; a certain income capable of expansion by good administration was in each case to be assigned, and, subject to some general conditions, the manner in which that income might be expended on the



various branches of the public service was to be left to the Provincial Government to determine.

The system of financial decentralisation inaugurated by Lord Mayo was largely developed during the viceroyalty of Lord Lytton, when I was myself Financial Member of the Council, and a similar policy has been followed by his successors. The effect has been felt throughout the whole system of Indian administration. While no useful powers of financial control have been surrendered by the Central Government, the Provincial Governments have been freed from vexatious interference which weakened their authority and efficiency, and their relations towards the Government of India have become more harmonious. They are entrusted with the management of those branches of the revenue which depend for their productiveness on good administration, and they have now a direct and, so to speak, a personal interest in rendering that management as efficient as possible, because they know that a large portion of any increase of income that may be obtained will be at their disposal for useful expenditure within their own provinces. There has been obtained, at the same time, a stronger and more real power of control by the Central Government than was before possible.

The financial arrangements between the Supreme and Provincial Governments vary in detail, but are in each case similar in principle. Some branches of the public administration are obviously imperial rather than provincial in their nature. The Government of India must, for instance, be responsible for the military defence of the Empire, for payment of the interest on the Public debt, and for the charges to be met by the Home Government. Some departments, such as the Post Office, Telegraphs, and Mint, must be managed



throughout India on a uniform system, and are more conveniently controlled by the central authority. Receipts and charges under the following heads are treated wholly or chiefly as imperial—Opium, Salt, Customs, Tributes from Native States, Post Office, Telegraph, Mint, the Public Debt, Railways, and Army Services. The revenues from Land, Stamps, Excise, Assessed Taxes, and other sources, are shared in varying proportions between the Imperial and Provincial Governments. In 1900-01, out of a total gross revenue of £75,300,000, the Provincial Governments were entrusted with the expenditure of £18,600,000.¹ From this income they had to provide for the greater part of the expenditure incurred on the various departments of the civil administration entrusted to them; for the collection of the land revenue, for the courts of justice, jails, police, education, medical services, civil buildings and roads, and for a multitude of other charges.

An arrangement is made under which each Provincial Government receives for a specified term, usually for five years, certain revenues from which it has to meet certain charges. The amount in each case is

¹ Before 1873 the gold value of the rupee was usually not much less than 2s., or one-tenth of a pound sterling, and, until 1886, it was the custom, in the public accounts, to convert rupees into pounds at this conventional rate. Thus, for example, Rs.1000 was shown in the accounts as £100. In consequence of the great depreciation in the gold value of the rupee, to which reference will be made hereafter, it became impossible to maintain this system. The accounts were then shown in tens of rupees, and the symbol officially adopted to represent ten rupees was Rx. The rupee having now permanently obtained an approximate value of 1s. 4d., the public accounts are shown at that ratio in pounds sterling, and the English sovereign is received at the Government treasuries as the equivalent of fifteen rupees. The system of currency actually in force is explained in Chapter XIII. It will be understood that the great changes which have taken place from time to time in the gold value of the rupee, and in the unit adopted for the public accounts, make it almost impossible to draw comparisons, except approximately, between the figures of different periods.



regulated by the estimated requirements of the province. Subject to general rules and conditions, the detailed management of the assigned revenues and services is left to the Provincial Governments; they have the benefit of any economies that they can effect; and they receive either the whole or a share of any increase of revenue which may accrue during the period of the arrangements between them and the Government of India. There is under ordinary circumstances a steady growth in the productiveness of the revenues administered by the Provincial Governments. They have thus, if their management be good, an increasing income to meet increasing demands for material and administrative improvements. When the time for a new arrangement arrives, the Imperial Government takes such share as it thinks fit to claim in the increase of the revenue which has accrued.

I have already quoted the opinion of Sir Henry Maine on these measures of decentralisation. I believe with him that no more important and successful reforms have been made in Indian administration since the transfer of the government to the Crown. But they have not reached their final limits. I have repeatedly insisted that the primary fact lying at the root of all knowledge about India is the immense diversity of the countries and peoples which it comprises, but it is a fact which centralisation of the Government ignores. While our empire was being gradually built up, concentration and centralisation in the administration were often inevitable. Now that it has been constituted on a firm and peaceful basis, decentralisation is an essential condition of progress. The time will come when, in regard to many of the ordinary matters of internal administration, each great province of India will be



virtually almost a separate state. Not only will this result be obtained without the sacrifice of any part of that supreme authority of the Central Government which it is essential to maintain, but we shall gain a largely increased measure of political security. No central Government, as Sir Henry Maine has observed, entrusted with the charge of such an unexampled undertaking as the rule of India, can escape serious occasional errors. "Under a centralised Government there is danger of generalising a local mistake. Localised, a mistake can be corrected with comparative ease; it becomes dangerous in proportion to the area of its diffusion."

It has been said with truth that India has become one of the great powers of the world, and so far as her public finances are concerned she has practically no dependence on Great Britain. Financially this country contributes nothing to the maintenance of her Indian Empire. For all the work that she undertakes for India, whether it be for the British army by which India is garrisoned, the charges for the India Office at home, or for any other services, great or small, she receives full payment. Although, in some matters, India has sometimes been treated with scant generosity, there can be no doubt that the general principle which England has laid down has been altogether wise. Great dependencies, if they are to be permanently maintained, must, as M. Harmand has observed, "be organised like true States, provided with all the organs essential to the existence and working of a State, and possessed of all the characteristics which go to form a State, excepting one—political independence. . . . An autonomous administration alone is in a position to develop local resources, to utilise them judiciously, and to administer them with prudence



and foresight, to become acquainted with the needs of the subject populations, to legislate in conformity with their special conditions, and to lead them onward to prosperity; in short, to enable these communities to live their own life, to defend themselves with their own unaided resources from the attacks of external foes, and to keep them, when peace is concluded, still attached to the mother-country."¹

A few figures will show what India has become financially, and they will illustrate the remarkable changes of the last half-century.

In 1840 the gross revenues of India were £21,000,000; in 1857, the year before the assumption of the Government by the Crown, they were £32,000,000; in 1901 they were £75,000,000. Equally remarkable figures might be given for the public expenditure. I will give one example only. In 1840 the gross expenditure on account of all classes of public works in India hardly exceeded £200,000; in 1857 it had risen to nearly £3,000,000; in 1901, including the cost of working the railways and canals, interest on the public works debt and capital outlay on construction, it exceeded £30,500,000.

It is true that few of these figures are really comparable, but I give them to illustrate the magnitude of the changes that have taken place in India. One fact, which I have already mentioned, is sufficient to show that it is only for this purpose that such comparisons can usefully be made. Since 1840, six great provinces, covering some 500,000 square miles, with a population of more than 60,000,000, have been added to the empire.

¹ *L'Inde*. Preface by M. Jules Harmand to the French translation of the first edition of this work.



The immense growth of the revenues has not been due to increased taxation. If, without going back to a time with which no comparisons are possible, we compare the present revenues of British India with those of thirty or forty years before, we shall find that there has been a diminution rather than an increase in the public burdens. The land revenue, measuring it by its incidence on the area assessed, is everywhere lighter than it was. The salt duties were generally higher than they are now. Customs duties heavier than those now imposed were levied in the former period on almost every article of import and export.

I do not propose to speak of the present financial position of India, of surpluses, deficits, and so forth. It is sufficient to say that there is no great country in Europe, except our own, where that position is, on the whole, so satisfactory. The amount of the public income and expenditure is affected in all countries by circumstances which are constantly changing. But I shall describe the principal sources from which the revenues are derived, and give some of the more important facts connected with Indian taxation, trade, and economical interests.

The gross annual revenues of British India at the present time amount to more than £75,000,000, but it would be a mistake to suppose that this sum represents the amount taken from the people by taxation. The State in India has at all times reserved to itself resources which in other countries belong to individuals, and which render heavy taxation unnecessary. There is certainly no country in the world possessing a civilised Government in which the public burdens are so light. The taxation falling annually on the population of British India is about 1s. 9d. per head. If we



were to include the land revenue it would be less than double that amount, but this would be no more reasonable than, in a similar calculation for our own country, to reckon as taxation a large proportion of the rent paid to private landholders.

In 1900-01, out of a gross income of £75,272,000, only £20,816,000 was raised by taxes properly so called; £54,456,000 was derived from other sources. If we compare these figures with the corresponding figures of the English revenues, we find that, in the latter case, in 1900-01, out of a total revenue of £130,385,000, more than £100,000,000 was derived from taxation. In England, taxation supplies five-sixths, and in India not much more than one-fourth of the public income. The difference is really greater, for the Indian figures include not only the receipts of the Imperial Government, but those derived from provincial and local sources of revenue throughout India, excepting taxes raised in municipalities for the service of the towns.

The following table shows the actual gross revenues of India for 1900-01 under each of the principal heads :—



Sources of Revenue.		Receipts, 1900-01.	
		£	£
Gross revenue derived from sources other than taxation	Land revenue	17,503,000	
	Opium	5,102,000	
	Forests	1,298,000	
	Tributes from Native States	578,000	
	Interest	651,000	
	Post Office and Telegraph	2,253,000	
	Mint	3,173,000	
	Receipts by civil departments and miscellaneous	1,773,000	
	Railways	18,294,000	
	Irrigation works	2,556,000	
	Other public works	458,000	
	Receipts by military departments	817,000	
			54,456,000
Gross revenue derived from taxation	Salt	5,967,000	
	Stamps	3,343,000	
	Excise	3,937,000	
	Provincial rates	2,563,000	
	Customs	3,372,000	
	Assessed taxes	1,322,000	
	Registration	313,000	
			20,816,000
Total gross revenue			75,272,000

Many of these receipts do not represent sources of net revenue. In the Indian accounts the gross receipts in every branch of the administration are entered, whether net revenue is yielded or not. For example, the Government lends money to Native States and to various public bodies, and receives from them payments of interest; these are shown among the gross receipts; but on the other side of the account there is an entry for interest on the public debt. Until not long ago the income received from railways and irrigation works was exceeded by the expenditure on those classes of works. Under other heads, representing real sources of net revenue, the expenses of collection are shown on the



other side of the account. Thus, for instance, while in 1900-01 £17,503,000 was entered as the gross amount of the land revenue, £2,816,000 appeared under expenditure as charges of collection. There are other receipts called "departmental," but with one or two exceptions I need not refer to them, or to receipts under heads which do not show a net income. Setting off against expenditure receipts of this kind, and deducting from the gross revenues charges of the kind that I have mentioned, the actual net revenue of British India in 1900-01 was £42,343,000.

I shall now explain what are the great sources of revenue.



CHAPTER IX

REVENUES OTHER THAN THOSE DERIVED FROM TAXATION

The land revenue—Its nature described—Its incidence under Native and British Governments—Moderation of assessments—Aurangzeb's revenues—Rates on land.

THE most important of all the sources of revenue in India is the Land revenue, which yields a gross amount of more than £17,000,000 a year, and this is not derived from taxation properly so called.

From time immemorial the ruling power throughout India has been entitled to a share of the produce of every acre of land, unless it has transferred or limited its right, and this share is the so-called land revenue. Regulation XIX. of 1793, by which the Permanent Settlement was created in Bengal, declared that right to be "the ancient law of the country," and it is a right that has never been disputed or doubted.

Mr. Fawcett has described the land revenue of India in a passage which I cannot do better than quote:—

"The Government in India exercises over a great portion of the soil the same rights of property as those which an English landlord exercises over his own estate. The Government in India takes the place of individual landlords, and the cultivators of the soil rent their land from the Government instead of from private landholders. . . . As far as the cultivators of the soil are concerned, it can be a matter of no consequence whatever to them



whether they pay a land tax to the Government, or whether they pay rent to private landowners. Hence a land tax is no harder upon the cultivator; nor does this impost cause any loss to the rest of the community. It, therefore, follows that a land tax, so long as it does not exceed a rack-rent, cannot increase the price of products raised from the land, for those who grow products would not sell them cheaper if they paid rent to a private landlord instead of paying the same amount to the Government in the form of a land tax. A land tax consequently differs from all other taxes, for it possesses the excellent quality of providing a large revenue for the State without diminishing the wealth of any class of the community. Those, therefore, are completely in error who quote the aggregate amount of taxation which is raised in India in order to prove how heavily the people of that country are taxed. At least £20,000,000 per annum is obtained in India by the land tax, but it would be as unreasonable to consider this amount as a burden laid upon the people as it would be to consider that the whole rent which is paid to English landlords in this country is an impost levied on the cultivators of the soil.”¹

Instead of giving opinions of my own to the same effect, I will make another quotation from Mr. J. S. Mill:—

“A large portion of the revenue of India consists of the rent of land. So far as this resource extends in any country, the public necessities of the country may be said to be provided for at no expense to the people at large. Where the original right of the State to the land of the country has been reserved, and its natural—but no more than its natural—rents made available to meet the public expenditure, the people may be said to be so far untaxed; because the Government only takes from them as a tax what they would otherwise have paid as rent to a private landlord. . . . It is, of course, essential that the demand of revenue should be kept within the limits of a fair rent. Under the Native Governments, and in the earlier periods of our own, this limit was often exceeded. But, under the British rule, in every instance in which the fact of excessive assessment was proved by large outstanding balances and increased difficulty of

¹ *Manual of Political Economy*, 5th edit., p. 568.



realisation, the Government has, when the fact was ascertained, taken measures for reducing the assessment. The history of our government in India has been a continued series of reductions of taxation; and in all the improved systems of administration the object has been not merely to keep the Government demand within the limits of a fair rent, but to leave a large portion of the rent to the proprietors. . . . Thus, by far the largest item in the public revenue of India is obtained virtually without taxation, because obtained by the mere interception of a payment which, if not made to the State for public uses, would generally be made to individuals for their private use."¹

Since the middle of the last century the land revenue of British India has more than doubled in amount, but it must not be supposed that the burden on the land has become heavier. The truth is that the process, described by Mr. Mill as "a continued series of reductions of taxation," has gone on during this period without intermission. The increase of land revenue has been mainly due to the extension of the empire. Since 1840 there has been, as I have already noticed, an addition of some 500,000 square miles of territory. In our older provinces the growth of the land revenue has been entirely the result of increase in the area of cultivation and in the value of agricultural produce, and in no instance has it been due to enhancement of the incidence of the Government demand. There has been, on the contrary, in the words of the Government of India, "a progressive reduction of assessments extending throughout the last century, and becoming more instead of less active during its second half."²

There has never, so far as our knowledge goes, been a Government in India that has taken so small a share

¹ *Memorandum of the Improvements in the Administration of India*, 1858.

² Papers regarding the Land revenue system of British India. Presented to Parliament 1902.



in the profits of the soil as that taken by ourselves. This is true of every province of British India. Under all preceding Governments, and under Native Governments to this day, there has been, in the words of Mr. Thomason, "no other limit to the demand upon the land than the power of the Government to enforce payment and the ability of the people to pay."

Under the system laid down by Akbar, and carried into effect in the year 1582 by the famous settlement of Todar Mal, the sovereign was held to be practising a wise moderation when he fixed his share of the gross produce of the land at 33 per cent, but this was much less than was ordinarily demanded. The Maráthas took at least one-half; and the same proportion was ordinarily assumed to be their proper share by the Governments that preceded us in Madras. The result of minute inquiries made towards the end of the last century showed that the Native rulers in Bengal usually took about 54 per cent. In the Punjab, when we first occupied the province, it was found that the share of the gross produce taken by the Sikh Government was from 40 to 50 per cent. Elphinstone, in his *History of India*, thus sums up the facts in regard to the land revenue under Native Governments: "The sovereign's full share is now reckoned at one-half. A country is reckoned moderately assessed if he only takes one-third"; and in one of his minutes, referring to the Deccan, he says that it seems to have been "the original principle in all settlements for the Government to take half and leave half to the cultivator."

Compare the foregoing facts with the following.

Instead of sweeping off the whole or the greater part of the surplus profit of the land, our Government never takes more than a fixed share, the rate of which



necessarily varies, but which only in exceptional cases exceeds 7 or 8 per cent of the gross out-turn. Many of the Native States of Bombay have been surveyed and settled on the system adopted by our Government, and their rates are usually 10 to 15 per cent higher than in the British districts. In the Agra Province, where the basis of the assessment is the rental of the land, and not the gross produce, our Government, at the beginning of last century, took 90 per cent of the rent. We took the same proportion under the permanent settlement in Bengal. In the United Provinces of Agra and Oudh the share of the State is now less than 50 per cent of the rental, an amount estimated to be equivalent to 7·8 per cent of the gross produce.¹

In Bengal the incidence is much less, but this has been the result of special causes, to which I shall again refer.

Although the demands made upon the land by the British Government are far lighter than those of the Governments that preceded it, it must be remembered that the principles on which our demands have been regulated are altogether different from theirs, and comparisons between the two are misleading. While our policy has been to encourage the growth of private property in land, and to take for the State only a moderate share of the rental or produce, former Governments hardly recognised the existence of such property, and frequently took from the cultivator an amount as large as the full rack-rent which might have been taken by a private landlord, or the whole of the

¹ In regard to the proportions of the gross and net produce now taken as revenue, see the Reports of the Indian Famine Commissioners of 1880 and 1901, and the Resolution of the Government of India, 16th January 1902, on the Land Revenue system of British India, presented to Parliament 1902. See also Chapter XIX. and note on p. 324.



surplus profit after the expenses of cultivation had been defrayed. The cultivator was entitled to subsistence; everything else belonged to the State.¹ This is often the assumption in Native States at the present time. In the words of Mr. J. S. Mill: "Except during the occasional accident of a humane and vigorous local administration, the exactions had no practical limit but the inability of the peasant to pay more." At the same time, when the peasant has no rights of property, and cultivates as a rack-rented tenant, it cannot be assumed that he pays less under our system than he paid before, when there was no private landlord between him and the State.

An interesting investigation was made by the late Mr. Edward Thomas, in his *Revenue Resources of the Moghul Empire*, into the question of the amount of the revenue derived from the land and other sources by the Moghal Emperors; but the materials which he was able to collect were very imperfect. The revenues doubtless reached their highest point under Aurangzib. Mr. Thomas tells us that two manuscripts in the British Museum, copies apparently of official docu-

¹ "The following maxim is believed to express the ruling idea of the revenue system maintained under the Emperor Akbar:—'There shall be left for every man who cultivates his land as much as he requires for his own support till the next crop be reaped, and that of his family, and for seed. This much shall be left to him; what remains is land-tax, and shall go to the public treasury.'"—Sir E. Buck's *Statistical Atlas of India*, p. 22.

I quote also the following passage from the Report of the Indian Famine Commission of 1901. "We have in the *Ain-i-Akbari* an authoritative contemporary record of what the share and the method of assessing it were in the most highly organised and efficient native administration that India has had. Briefly stated, the land was classed according to its productiveness; . . . a general average out-turn for each kind of crop was struck, 'one third part of which is exacted as the royal dues.' . . . We know that this third part of the produce was constantly exceeded under the pressure of State necessity, or by farmers who contracted for the payment of the land revenue; but apart from such excesses it is manifest that in the Moghul régime the land revenue assessments were far more severe than any now enforced by the British Government."



ments, give the land revenue of the empire for 1664-65 at £26,743,000 and £24,056,000.¹ Bernier, about the same time, gave the amount as £22,593,000; his details for the various provinces differ greatly from those in the Museum manuscripts, and Bernier himself describes his list as "ce mémoire que je ne crois pas trop exact ni véritable." Towards the end of the seventeenth century a Venetian physician, Manucci, was employed at the Court of Aurangzíb, and an account of much that he learned there is to be found in Catrou's *Histoire générale de l'Empire du Mogol* (Paris, 1702). A list is given by Catrou, on Manucci's authority, of the amount of the land revenue in each province in 1697, when Aurangzíb's empire was much larger than it had been thirty years before. The total reaches the sum of £38,719,000. Whether these figures represent the demand or the collections is not stated, but no doubt the former is intended. Three manuscripts in the India Office Library give the amount of Aurangzíb's land revenue at sums varying between £34,187,000 and £34,641,000; the years to which they refer are not stated, and although the totals do not much differ, the discrepancies in the details are great.

Considering that the present land revenue of the British Government amounts only to £17,500,000, drawn from a more extensive empire than that of Aurangzíb, the sums said to have been received or demanded from the land by the latter seem at first sight to deserve little credit. It seems, however, by no means impossible that even the largest amount mentioned may be approximately correct, because, as I

¹ In these and the following figures taken from Mr. Thomas, the rupee is assumed to have been equivalent to 2s.



have just explained, no comparisons are really possible between the land revenue of former Governments and our own. The £38,000,000, or whatever may have been the actual amount of Aurangzib's revenue from land, included not only all that we now take as land revenue, but the greater part of the profit that we leave to private proprietors. For example, the rental of the landholders of Bengal is now probably not less than £12,000,000, of which less than £3,000,000 is taken by the State. If a ruler like Aurangzib were to take our place, nearly the whole sum would be claimed by him which is now intercepted by the zemindars.¹

¹ After detailing the revenues of Aurangzib, Manucci says:—"On est étonné sans doute d'une si prodigieuse opulence, mais il faut considérer que tant de richesses n'entre dans les trésors du Mogol que pour en sortir tous les ans, du moins en partie, et pour couler une autre fois sur ses terres. La moitié de l'empire subsiste par les libéralités du prince, ou du moins elle est à ses gages. Outre ce grand nombre d'officiers et de soldats qui ne vivent que de la paye, tous les paysans de la campagne, qui ne labourent que pour le souverain, sont nourris à ses frais, et presque tous les artisans des villes, qu'on fait travailler pour le Mogol, sont payés du trésor impérial. On conjecture assez quelle est la dépendance des sujets, et par conséquent, quelle est leur déférence pour leur maître."

Although I see nothing incredible in the amount which Aurangzib's land revenue is said to have reached, the evidence given by Mr. Thomas to support the opinion that the total revenue of the empire was £77,438,000 seems to me altogether insufficient. It is arrived at by doubling the amount of the land revenue, and is based on the following passage from Catron's work. After enumerating the miscellaneous sources of revenue, he says, on Manucci's authority: "Tout ce casuel de l'empire égale, à peu près, ou surpasse même, les immenses richesses que l'empereur perçoit des seuls fonds de terre de son domaine." Another Italian traveller, Careri, writing in 1695, says: "I was told that the Mogul receives from only his hereditary countries 80 crores of rupees (£80,000,000) a-year." There is apparently no other authority, excepting these general statements, for the conclusion that the total revenues of Aurangzib approached £80,000,000, and I cannot think that they deserve credence. This question of the amount of the revenues of the Moghal Emperors has been reconsidered by Sir W. Hunter in his *Indian Empire* (3rd edition, 1893, pp. 357 and 547). His conclusion is that during the last century of the Moghal empire the average net land revenue demand was probably about £32,000,000. An elaborate discussion of the subject will also be found in Mr. Stanley Lane-Poole's *Aurangzib* (Rulers of India Series). His conclusions are that in 1700 A.D. the Moghal land revenue was as much as



Although the land revenue of India is not derived from taxation properly so called, but is a portion of the rent or produce reserved by the State, in accordance with immemorial custom, the land is not entirely exempt from taxation. It is liable to certain rates which vary in the different provinces, but which are everywhere light. They are mainly applied to local purposes, such as the construction and maintenance of roads, schools, hospitals, and dispensaries.

The subject of the manner in which the land revenue is assessed and administered is one which I shall notice in a subsequent chapter.¹

£43,000,000. I have left my own remarks on this subject unaltered, as they stood in the first edition of this work, because they seem to me to be as good an approximation to the truth as with our present information can be given. No confidence can, in my opinion, be placed in particular figures which purport to represent the amount of the Moghal revenues.

¹ See Chapter XIX.



CHAPTER X

REVENUES OTHER THAN THOSE DERIVED FROM
TAXATION (*continued*)

The opium revenue—Its amount—Mr. Batten on the opium question—Introduction of opium into India—State monopoly under Moghal Government—Existing system—Value of Indian poppy crops—Alleged reasons for suppression of opium trade—Opium in China—Wars with China—Chefoo Convention—Effects of consuming opium—Consumption in China and India—Society for suppression of the opium trade—Its misrepresentations—Consumption by Sikhs and Rājputs—System of excise—Royal Commission of 1893—Forests—Tributes from Native States—Post office—Telegraphs.

NEXT to the Land revenue and Salt, the most productive source of the public income in India is Opium. The gross amount of the opium revenue in 1900-01 was £5,102,000. The average net annual revenue shown under that head for the five years ending with that year was £2,540,000, but to this must be added revenue obtained from opium consumed in India and credited under the head of Excise. It consists of duty and license fees for the sale of the drug, and an acreage tax on poppy grown in the Punjab. The average receipts from these sources for the same period were £668,000, making a total average net revenue from opium of £3,208,000. The seasons for the greater part of this quinquennial period were abnormally bad, and the actual net revenue for the year 1900-01 exceeded £4,000,000.

Questions connected with the system under which the Indian Government derives this great revenue have been the subject of so much discussion in this country, and of so much ignorant, although honest misrepresentation, that it is desirable to state somewhat fully what I believe to be the truth. I am fortunate in being able to do this with an authority and accuracy not dependent on my own knowledge and experience alone. No more complete account of the facts regarding opium in India has ever been made public than that contained in a paper read by Mr. G. H. M. Batten, formerly of the Indian Civil Service, before the Society of Arts in March 1892, and Mr. Batten has been good enough to make the following abridgment of his paper, and to allow me to insert it in this chapter of my work. When necessary, the figures have been corrected to bring them up to date:—

“Apart from moral considerations, the opium question, so far as India is concerned, is generally discussed as if it were one affecting only the public resources of the Indian Administration, but it is much more far-reaching. The amount of revenue realised is but a part and not the greater part of the actual pecuniary value of the poppy crop and its products, while the well-being and happiness of hundreds of thousands of the people of India would be greatly affected by its extinction.

“India is essentially an agricultural country, and nearly the whole of its exports consist of products of the soil. One of the most important and valuable of these products is the opium-yielding poppy. It is impossible to state with accuracy when this plant was first introduced into India. There is little record of its early history, but it is known that the Mohammedans had succeeded, in the fifteenth century, in introducing the cultivation of the poppy into Cambay and Malwa, and that when the Emperor Akbar, in the latter half of the next century, established the Moghal Empire over Central India, he found Malwa opium a characteristic product of that country. He and his successors regarded opium as of necessity a State monopoly. There is ample



evidence to prove that a large trade had been going on in opium between India and surrounding countries long before the East India Company, in 1773, undertook the supervision of the manufacture of opium in Bengal, Behar, and Orissa.

"The Company, in fact, inherited from the Moghal Government this important and legitimate source of revenue on an article of luxury which India had shown itself capable of producing in high perfection, and for which there was a large demand both in and out of that country. At first they continued the system of farming the exclusive right of opium manufacture, but this was found to entail many abuses. Amongst them was the pressure brought by the contractors, in spite of the most stringent regulations to the contrary, on the cultivators, whom they forced to carry on the cultivation, and whom they cheated in various ways. It also led to the adulteration of the drug and its illicit sale. The consequences were so injurious to the revenue that, in 1797, the contract system was abandoned, and the Government assumed the monopoly of manufacture through its own agencies, a system which has remained in force until the present day. There was, indeed, at that time, no practicable alternative. The strongest opponent to the system of Government manufacture would hardly contend that the growth of the poppy and the manufacture of opium should have been left free and unrestricted, as that would infallibly have led to a great increase in the produce of the drug, and probably to its deterioration. On the other hand, if it ever entered into the conception of the Court of Directors to suppress, in the interests of morality, the cultivation of the poppy in the territories then in their possession, it is doubtful whether they would have had the power in those times to have done so, and it is certain that they could not have controlled the production of the vast poppy-growing tracts outside those territories in Malwa, Cambay, and elsewhere. The only result would have been that the opium consumers in India would have been supplied from sources outside British territory, and that the export trade would have been transferred to ports other than British. It would certainly have been impossible in those days to establish a Customs line to prevent the entry of opium into the Company's possessions. The Company would have sacrificed its revenue, and no one would have been benefited except the people of the territories outside the Company's possessions, at the expense of those within them.



"The State monopoly continues to be administered by the Bengal Government, although its operations now extend into the United Provinces of Agra and Oudh. Under it, no person may cultivate the poppy except with a license from the Government, and every cultivator is bound to sell the opium produced from his crop to the Government, in whose two factories, at Patna and Ghazipur, it is manufactured into the opium of commerce. A portion of the manufactured opium is retained for consumption in India through vendors licensed by the Excise Department, and the remainder is sold monthly, by auction, in Calcutta to merchants, who export it. The Government prescribes rules for the cultivation of the poppy, the manufacture, possession, transport, import or export, and sale of opium, and any contravention of such rules is subject to stringent penalties, which may extend to imprisonment for one year or fine of 1000 rupees, or both. Poppy illegally cultivated, and opium the subject of any offence against the law, is liable to confiscation, together with the vessels, packages, and coverings in which it is found, and their other contents, and the animals and conveyances used in carrying it.

"Like most crops, the poppy is subject to wide seasonal fluctuations, which formerly greatly affected the market prices of opium, led to speculation and gambling amongst the buyers for export, and caused corresponding uncertainty in the Government revenue. When, owing to the shortness of the supply, the price in Calcutta rose high, the direct effect was to stimulate the production of other opium competing in the foreign market with the Bengal drug, and amongst these the native production of China. Thus—and I would call particular attention to this fact, as having an important bearing on the question before us—the diminution of the supply of Indian opium to China was an incentive to the extension of poppy cultivation in China. To remedy the evils thus arising from the uncertainties of the seasons, the Government decided, thirty-five years ago, to limit the sales of opium in Calcutta to a quantity which would permit the formation of a reserve stock in plenteous years to meet deficiency in years of scarcity.

"Recognising the fact that the Chinese demand a large supply of opium, and that to whatever extent India was unable to satisfy that demand, it would be met, either by increase of the produce in China itself or by increased imports from other countries, the



Government of India has thought it right, in the interests of the people of India, to shape its measures so as not to lose the natural advantages India possesses in the superior quality of its produce. Any one familiar with the records of the Government of India relating to this subject, must admit this is a fair representation of its policy and motives, and that nowhere in those records can be found any indication of a desire to stimulate the consumption of opium by the Chinese.

"In pursuance of this policy, the Government yearly regulates the extent of the poppy cultivation, guided chiefly by the market prices and the stock of opium in hand. No one is forced to grow a crop of poppy against his will. The sole inducement is the price offered by the Government for the produce. Since 1895 this price has been 5 rupees a seer, which is exactly equivalent to $2\frac{1}{2}$ lbs. troy. The Government makes advances, not bearing interest, before the crop is sown, and from time to time during its progress, thus saving the ryots from the exorbitant demands of the village money-lender. The crop, which is sown in the autumn and gathered in the spring, succeeds an autumn crop usually of Indian corn. The yield of opium per acre varies. For the five years ending 1900-01, the average produce per acre was 12.7 lbs. avoirdupois, which, at 6 rupees a seer, gave the cultivator a gross return of nearly 37 rupees per acre. In addition to this, he receives payment for the poppy flower petals and the stalks and leaves, which are used in the factory for packing the opium cakes. The total average annual payments by the Bengal Government to the poppy cultivators exceed £1,500,000.

"Besides the produce purchased by the Government, the seeds of the poppy are an important article of consumption and commerce. They are eaten parched, or employed as a condiment in the preparation of food; but perhaps their chief use is for the expression of oil, for which purpose they are not only largely used in India, but are exported in considerable quantities, chiefly to Belgium, France, and the United Kingdom. The average produce of seed per acre, after deducting what is required for sowing, is stated to be about 260 lbs., yielding by native processes from 80 to 100 lbs. of oil. This oil is edible, and is used largely in Europe, either as a substitute for, or adulteration of, salad oil. It is also used for illumination, mixing with paints, soap, and varnish-making. The oil-cake is eaten by the poorer classes and



by cattle, being rich in nitrogen. The young seedlings, which are removed at the first weedings of the crop, are sold and eaten as a salad. These by-products of the poppy crop are perfectly free from opium.

"In spite, therefore, of the labour entailed in the culture of the poppy, which requires frequent watering, and in spite of the vicissitudes of the season, which greatly affect this crop, the cultivation is popular, and the refusal of licenses is looked upon as a grievance by the ryots, as well as the landowners to whom they pay their rent.

"As I have already stated, the cultivator is bound by law to deliver the whole of the opium produced to the Government agents. It is manufactured at the factories at Ghazipur and Patna into the opium of commerce, under the supervision of the scientific experts who are employed by the Government, and is then sent to Calcutta, where it is sold for export at auction by monthly instalments. The greatest care is taken to preserve the purity of the drug and the uniformity of its consistence. It is owing to this care, added to the natural advantages of soil and climate, that Indian opium has maintained its high reputation in the Chinese market, where it is admitted by the practical test of price to be far superior to the drug produced in China. Sir Robert Hart, the Inspector-General in China, in a report written in 1881, states that 'the native product sells for one-half of the price obtained for the foreign drug.' In determining the number of chests to be annually manufactured and sold, the Government is guided principally by the state of the reserve stock, the aim being to keep up a reserve equal to half a year's supply. It is also guided, as I have already stated, by the prices obtained at auction. If the prices rise much, production in China and Persia is stimulated, and it is necessary to increase the production in India to maintain its market; on the other hand, if the prices fall low, and opium becomes cheap, consumption is stimulated, and the production has to be restricted. The object of the Government, as I have explained, is to maintain, so far as possible, uniformity in the price, and thus to avoid fluctuations in the market and in the revenue.

"The average annual auction sale proceeds for the five years ending 1900-01 were £3,234,700; the annual average number of chests sold was 40,890, each chest containing 140 lbs. The price



per chest was thus a little under £80. In the first four of these years the crops were abnormally bad, and the average gross annual revenue may be taken at £4,000,000. This is a considerable falling off from the revenue of former years, and is ascribed to the extension of cultivation in China and to the improvement in that country of the preparation of the drug.

"The Bengal Government supplies the Excise Department not only in Bengal, but also in all the other Provinces, except the Madras and Bombay Presidencies, with opium for consumption in India. The average receipts from this source amount to about £150,000 a year. The opium is sold to the consumers through licensed vendors, to whom it is supplied at an enhanced price, and who have to pay fees for the licenses to vend. The average receipts by the Local Governments from this source amount to about £650,000 a year.

"The declared value of the poppy seed exported from Bengal on the average of the five years ending 1900-01 was £163,400. In 1900-01 it amounted to £207,700.

"Summing up these figures, we obtain the following result for the Bengal poppy crop :—

Auction sale proceeds on opium for export	£4,000,000
Excise opium credited to Opium Department.	150,000
Receipts of Provincial Governments from the	
vend of Excise opium	650,000
Value of poppy seed exported	200,000
Total	£5,000,000

"In order to arrive at the ultimate annual value of the Bengal poppy crop, we must add several items which cannot be precisely estimated. These are the profits to Indian merchants and shippers on the opium exported, the profits to the Indian vendors of Excise opium, the value of the poppy seed consumed in India as seed-oil or oil-cake, and of the young plants used as food, and finally, the value of the illicit opium, which, in spite of all precautions, the cultivators are able to pass into consumption. On a moderate estimate, the value of this large trade cannot be taken at less than £2,000,000, bringing up the annual total value of the Bengal poppy crop to over £7,000,000.

"The territory in which this crop is produced may be described



as a belt of country between 500 and 600 miles in length, with an average breadth of 180 miles, running north-west and south-east, between the 78th and 85th parallels of longitude, and the 24th and 29th parallels of latitude. The total area may be taken at about 100,000 square miles, lying in the Province of Behar (Bengal), and in the United Provinces of Agra and Oudh. The average area cultivated with poppy for the five years ending 1900-01 was 586,400 acres, or less than one per cent of the whole tract referred to, and this for only half the year, as another crop is almost invariably obtained from the same land during the other half. In the year 1900-01 no fewer than 1,477,000 cultivators were employed on the crop.

"The only other province in British India where the poppy is allowed to be cultivated is the Punjab. It is there grown under license in nearly every district. The cultivator may dispose of his poppy crop standing to license-holders, who extract the opium; or he may extract the opium himself, and dispose of it, or of the produce, in the shape of poppy heads, to licensed vendors. The poppy heads are used as an infusion, forming a poppy tea, which is drunk by the Sikhs, who are forbidden by their religion to use tobacco in any form. The public revenue derived from the opium crop is included in the Excise receipts of Provincial Governments shown above. The profits to the cultivators and vendors are difficult to estimate. For the four years ending with 1900-01 the average area under poppy cultivation was 6258 acres, and the average production of opium was 106,300 lbs., besides poppy heads and other by-products.

"Outside of British India, the cultivation of the poppy is confined to certain native States in Central India and Rajputana, and the territory of the Gaikwar. The opium there produced is known by the generic name of Malwa opium. There are no trustworthy statistics showing the acreage under poppy, or the total quantity of opium produced. After providing for the home consumption within the native States, which must be a very large quantity, as the habit of consuming opium there has been long established and is widespread, the remainder is consumed in those parts of British India not supplied with Bengal opium, also in Hyderabad and Mysore, or is exported by sea to China, the Straits Settlements, etc.

"The importation of Malwa opium into British territory is



subject to very stringent regulations. Previous to the year 1831, by separate treaties with the Native States, the British Government reserved to itself a monopoly of Malwa opium, which was purchased by the British Resident at Indore, and sold by auction either at Bombay or Calcutta. But in that year it was deemed advisable, chiefly on account of the large quantity of opium smuggled to the Portuguese settlements on the coast, to relinquish the monopoly (which involved much unpalatable interference in the internal affairs of the Native States), to open the trade to the operations of private enterprise, and to substitute, as a source of revenue, the grant, at a specified rate of duty, of passes to cover the transit of Malwa opium through British territory. The present rate on opium for foreign export is Rs.500, or £33 : 6 : 8 a chest.

"All opium transported out of the Native States of Central India, Rajputana, and Baroda, has to be weighed and tested at scales established at convenient places in those States under the superintendence of officers of the British Government. The transport is permitted only under passes granted on payment of the duty and by certain specified railway routes. The average number of chests that passed the scales in the five years ending 1900-01 was 24,155, and the average number exported by sea from Bombay was 23,310, the average declared value of which was £1,926,270. The remainder of the Malwa opium leaving the Native States—about 875 chests—is consumed in India, chiefly in the Bombay Presidency; but the Madras Presidency, Hyderabad, and Mysore are also supplied from this source, and some goes to the Punjab. The value of these 875 chests may be taken at about £7000, making a total value, for 24,155 chests, of £2,096,000. To this must be added, as in the case of the Bengal opium, the profits of the merchants and shippers exporting the opium, and of the vendors in India, say nearly £1,000,000.

"The average annual exports of poppy seed from Bombay are valued at £250,000. Thus, the total annual value of the Malwa opium brought into British territory, and of the Malwa poppy seed exported from India, cannot be less than £3,250,000.

"There remains to be considered the value of the Malwa opium consumed in the Native States of Central India, Rajputana, and Baroda; also the value of the Malwa poppy seed not exported from India, and of the other by-products of the crop. As



I have already said, there are no data available for ascertaining or estimating the acreage under poppy cultivation in the Native States in question, much less for determining the quantity and value of the whole products of that crop. The population of those States is more than 20,000,000. We know that a considerable proportion of the people of these States has, for centuries, been in the habit of consuming opium, we know that the restrictions placed on the cultivation of the poppy, and on the vend of opium in British India, do not exist in these States, and we know that a vast quantity of opium is smuggled out of them. If we estimate the value of the crop, exclusive of the value of the product licitly exported, at £2,000,000, it will certainly be under the real value.

"The total annual value of the poppy crops in India may thus be estimated to be as follows:—

Bengal crop	£7,000,000
Malwa crop, licitly consumed in British India and exported by sea	3,250,000
Malwa crop, consumed in Central India, Rajputana, and Baroda, and smuggled thence	2,000,000
Total	£12,250,000

"This, less cost of production and transport, is divided between the producers and manufacturers, the landlords, the British and native administrations, the middlemen, merchants, shippers, vendors, etc., of India, and is paid by the ultimate consumers, principally Chinese.

"This is a very moderate estimate of the sum India is asked to sacrifice annually by suppressing her opium trade. The demand for this sacrifice is made not by the people of India, not by the people of China, not by the responsible administrators of those countries, but by an irresponsible party of philanthropists seeking to obtain their ends by the despotic action of the Parliament of the United Kingdom, in which India has no representatives.

"What are the reasons put forth for demanding the destruction by a foreign country of a valuable Indian industry which, besides



satisfying an internal demand in India itself, provides one-tenth of the whole export trade of merchandise from India?

"The basis of this demand is the hypothesis that, except for medicinal purposes, the use of opium is wholly pernicious, that it demoralises and ruins, body and soul, the consumer, and that it produces no countervailing benefits which for a moment can be compared with the evils it causes.

"A second reason given is that the English people have created the demand for opium by the Chinese, that they have compelled the importation of Indian opium into China by force of arms, and that they are, therefore, morally responsible for the asserted degradation of the Chinese from the use of this drug.

"If there is one fact more certain than any other connected with this question, it is that the people of China had used opium for centuries before the people of England had any voice in the affairs of India. A valuable *Historical Note on Opium in China* has recently been drawn up by Dr. Edkins, of the Chinese Customs Service, and published by order of Sir Robert Hart, the Inspector-General of the Imperial Maritime Customs of China. From this Note it appears that opium was first brought to China by the Arabs early in the eighth century, and it is frequently mentioned by Chinese writers of that time.

"But, it is said, the English have forced Indian opium on the Chinese. The war with China, which terminated in 1842, has been called the Opium War, and its immediate cause was no doubt the seizure and destruction by the Chinese of a large number of chests of Indian opium belonging to English merchants. But contemporary history shows that the real objections of the Chinese were not to the import of opium, but to the necessity of paying for it in silver. Commander J. Eliot Bingham, who served in that war, and wrote its history, shows that the imports into China of opium, metals, cotton, etc., exceeded the exports of tea, silk, etc., by £2,500,000. The Chinese held the economic fallacy that this state of things was injurious to their country, as it drained away their silver. The Imperial edicts enlarged more on the abstraction of their sycee silver than on the injury from opium to the morals of the people.

"But to whatever extent the wars with China were connected with the smuggling of Indian opium, it is certain that since 1858, when the Treaty of Tientsin was signed, the Chinese Government



has had a perfectly free hand in the matter of the importation of opium. By that treaty certain commercial concessions were arranged, which included the legitimatising of the import of opium, subject to a duty being levied thereon. But in the treaty itself there was no mention of, or allusion to, the opium trade. Lord Elgin wrote that he intentionally abstained from urging any treaty recognition of that trade. The preparation of the tariff devolved on Mr. Lay, the Chinese Secretary to Lord Elgin's special mission, at the desire of the Chinese no less than that of Lord Elgin. Mr. Lay, in a letter to the *Times* of the 22nd October 1880, wrote:—

“When I came to “opium,” I inquired what course they proposed to take in respect to it. The answer was, “We have resolved to put it into the tariff as foreign medicine.” I urged a moderate duty in view of the cost of collection, which was agreed to. This represents, with strict accuracy, the amount of “extortion” resorted to. . . . The Chinese Government admitted opium as a legal article of import, not under constraint, but of their own free will deliberately.’

“In the *Times* of the 25th of same month, a letter appeared from Mr. Laurence Oliphant, who was secretary to Lord Elgin's Mission, in which he confirmed the statement made by Mr. Lay. He says he, with the Commissioner appointed by the Chinese Government, went through the tariff elaborated by Mr. Lay with the subordinate Chinese officials:—

“When we came to the article “opium,” I informed the Commissioner that I had received instructions from Lord Elgin not to insist on the insertion of the drug in the tariff, should the Chinese Government wish to omit it. This he declined to do. I then proposed that the duty should be increased beyond the figures suggested in the tariff; but to this he objected, on the ground that it would increase the inducements to smuggling. . . . I trust that the delusion that the opium trade now existing with China was “extorted” from that country by the British Ambassador may be finally dispelled.’

“In 1876, an Agreement, called the Chefoo Convention, was arrived at between the Governments of Great Britain and China, in which the British Minister, Sir Thomas Wade, promised to move his Government to make certain special arrangements as to the import of opium. These arrangements were finally carried



out by an additional Article, signed at London in 1885. By this Article an addition to the import duty of 30 taels per chest was agreed to. It amounts to a further 80 taels per chest, and frees the opium from any further duty or tax whilst in transport in the interior, being, in fact, a composition of the *likin* tax. When the package is opened at the place of consumption, it is subject to any tax which may be levied on native opium.

"The receipts of the Chinese Government from the import of opium average 8½ millions of Haikwan taels a year. The great appreciation which has taken place in the value of gold has, of course, lowered the exchange value of the silver tael, and this, no doubt, affects China in the payment of debts to gold standard countries; but for internal purposes the value of the tael has been little affected. This large revenue, equal now to about £2,000,000, and forming more than one-third of the entire Customs revenue of China, is collected by the department presided over by Sir Robert Hart—a department admirably administered, and scrupulously accounting for its collections to the Imperial Government at Peking. The *likin*, for which the payment of 80 taels per chest is a composition, was formerly collected as transit duties by the local Chinese authorities through whose provinces the opium passed. The Imperial Government received only such portion of the collections as they could manage to get out of the Provincial Governments, who, on the other hand, strove to retain as much as possible. The arrangements under the Chefoo Convention are, therefore, very advantageous to the Imperial Government at Peking, which cannot afford to dispense with this large revenue derived from the import of opium.

"It is clear that Indian opium is now imported into China with the full approval and consent of the Chinese Government. It is equally certain that Great Britain would never fire a gun to force Indian opium on the Chinese.

"I have already referred to the early history of opium in China. Sir Robert Hart said, in 1881, that 'Native opium was known, produced, and used long before any European began the sale of the drug along the coast.' The production of opium in China has gone on steadily increasing, and has been encouraged by the restrictions and heavy taxation placed on Indian opium by the Government of India. All travellers and the Consular authorities testify to the vast areas under poppy cultivation. The produce



of native opium has been estimated to be from three to ten times the quantity of the imported drug. Chinese opium is now much better prepared than it formerly was, and it has practically driven Indian opium out of the markets of Northern China, and, so far as we know, it supplies the bulk of the demand in the inland and western provinces. The local drug is much cheaper than imported opium. The Burma revenue officers are constantly striving to prevent importation of cheap Chinese opium into Burma.

"Of the numerous recent travellers in China, I will quote only Mr. Hosie, a Consular Agent, who, in 1883, travelled from February to June through the provinces of Sse-ch'uan, Yünnan, and Kueichon. His diary has almost daily references to the extensive poppy cultivation through which he passed. In many places it was the principal crop. With regard to the Government prohibition, he writes :—

"‘I have noticed in several places west of the provincial capital a proclamation dated the 9th November 1882, by the Governor-General of Sse-ch'uan, prohibiting the cultivation of the poppy, and enjoining a more extended sowing of the cereals. It was always more or less mutilated, whether intentionally or not I cannot say. At all events, poppy was frequently growing on the side of the road opposite to that on which the proclamation was posted. It is one thing to issue instructions, another to see that they are carried out.’

"The prohibition is evidently in the nature of a pious opinion, meant for show and not for use.

"Mr. Hosie, writing on the 5th June 1883, says :—

"‘It seems superfluous daily to mention poppy as a crop. To-day, however, it was exceedingly prominent, growing everywhere on the hill-sides and Bottom lands. Large rice bowls heaped with the drug were exposed at the door of almost every shop in every hamlet and village, not a bowl here and there, but several, eight being a very common number. In fact, the whole country reeks and stinks of opium.’

"With these facts before us, how can it be maintained that the consumption of opium in China can be affected by the imports of Indian opium, except in so far that these supply a purer and more expensive article, the suppression of which would lead to larger products of native opium of inferior quality?

"I could multiply to any extent the evidence of the extensive



cultivation of poppy in China, but I think I have said enough to show that it is a fact which cannot be denied.

"I will now proceed to discuss the crucial question as to the effects of consuming opium, of which there are various forms. In China the usual form is by what is called smoking opium. In India it is eaten. In Europe it is drunk in the form of laudanum, or a tincture prepared in spirits of wine. We must consider what is the effect on the average consumer, and not confine our attention to the cases of those persons only who indulge in the habit to excess, cases which I shall show are exceptional.

"It may be safely said that all but a very small percentage of the people of this country are absolutely ignorant of the normal effects of the habit of using opium. The popular ideas on the subject which prevail are largely due to De Quincey, who, in 1822, published the confessions of an English opium-eater. Many have read this fascinating work, and many more have heard of it, and look upon De Quincey as the 'shocking example' of such a habit. But I venture to say that his confessions completely disprove the allegations put forward by the opponents of the use of the drug. He was a man of a naturally delicate and nervous constitution, whose early life was subject to great physical hardship and exposure. He was driven at the age of nineteen by excruciating rheumatic pains to the use of opium, in which he indulged during the rest of his life, for a long period in excessive quantities. He married, and had a large family of sons and daughters. He retained his mental qualities unimpaired, led an active literary life, was one of the most brilliant, accomplished, and intellectual writers England has produced, and lived to the good age of seventy-five years. De Quincey's experiences are quite consistent with the assertion that the moderate use of opium, by a person in good health, may be continued for years, not only without any harmful effects, but with absolute benefit.

"Let us now see what is the effect on the Chinese, who resort to the more innocuous habit of smoking opium. In February 1882, three lectures were given in St. James's Hall by the late Mr. William Brereton, and were subsequently published under the title, *The Truth About Opium*. Mr. Brereton lived and practised as a solicitor for nearly fifteen years in Hong Kong, where he had daily experience of the custom and effects of opium-



smoking. He was in no way engaged in the opium trade, and had no pecuniary interest in it, but felt it his duty to endeavour to dispel what he called the unfounded delusions which have taken possession of the public mind on the subject. His book is a storehouse of facts and arguments. It is written in a bright and intelligent style, and I strongly recommend its perusal to any one interested in the question. The facts have never been denied, or the arguments answered by any one having a personal knowledge of the subject.

“Mr. Brereton states that, having had daily intercourse with the people from whom the best and most trustworthy information on the subject of opium and opium-smoking could be obtained, his experience is that opium-smoking as practised by the Chinese is perfectly innocuous, and that this is a fact so patent that it forces itself upon the attention of every intelligent resident in China who has given ordinary attention to the subject. He quotes numerous high authorities in support of this view. Amongst these I may mention Dr. Philip Ayres, for many years Inspector of Hospitals in Hong Kong; Mr. John Crawford, F.R.S., a *savant* of high reputation, who had been Governor of the Straits Settlements, and had travelled for many years in the East; Dr. Oxley, a physician and naturalist of eminence, and who has had a larger experience than any man in Singapore, where there is the highest rate of the consumption of the drug; Dr. Sinibaldo de Mas, who had been for many years the Envoy Extraordinary and Minister Plenipotentiary of the Court of Spain at Pekin: he had travelled much in China, India, Java, Borneo, and Malacca, and learned the Chinese language; Baron Richthofen, the most experienced traveller who ever visited Sse-ch’uan, where the habit of opium-smoking is extraordinarily prevalent; Mr. Colborne Baber, who knew more of that province and its people than any living Englishman; Mr. W. Donald Spence, Her Majesty’s Consul at Tehang, who in 1881 visited the capital of Sse-ch’uan; Sir Henry Pottinger, Her Majesty’s Governor-General and Minister Plenipotentiary in China, and others. The evidence of all these persons, given from their own personal knowledge and experience, confirms that of Dr. Eatwell, which was as follows:—

““Having passed three years in China, I may be allowed to state, as the result of my observation, and I can affirm thus far, that the effects of the abuse of the drug do not come very



frequently under observation, and that when cases do occur, the habit is frequently found to have been induced by the presence of some painful chronic disease, to escape from the suffering of which the patient has fled to this resource. . . . As regards the effects of the habitual use of the drug on the mass of the people, I must affirm that no injurious results are visible. The people are generally a muscular and well-formed race, the labouring portion being capable of great and prolonged exertion under a fierce sun, in an unhealthy climate.'

"The picture drawn by the opponents of opium is that those who are in the habit of using it are a set of degraded, depraved, miserable wretches, enfeebled in mind and body, unfit for the active duties of life—thieves, vagabonds, and beggars. They do not admit—or, at any rate, never refer to the possibility of—the existence of moderate consumers, who, although they take their daily dose, are not only none the worse for it, but are actually benefited. Yet we know from numerous unimpeachable witnesses that the abuse of opium by the Chinese is the exception and its moderate and beneficial use is the rule.

"Turning now to the evidence as to the effect of opium consumption by the people of India, we find that early in 1892 a Parliamentary Blue-book (c. 6562) was published on this subject. It contains the reply of the Government of India to a memorial of the Society for the Suppression of the Opium Trade, complaining of the increased consumption of the drug in India—a complaint which has been triumphantly disproved. This Blue-book contains the opinions of experienced officers engaged in the administration of the country, writing from their own personal knowledge, which it was a part of their duty to acquire, as to the effects of opium consumption on the people of India.

"The evidence of these officers from every part of India is singularly unanimous, and it completely establishes the contention that it is the abuse and not the use of opium which is harmful, that moderate use is the rule, and that excess is the exception.

"The most eminent medical officers in India have testified to the same effect. The only Province in which the local authorities have given a contrary opinion is Burma, and even there they declare that 'there are large numbers of the non-Burmese community (Chinese and Indians), constituting, perhaps, the most



thriving and industrious section of the population, to whom the drug is a necessity of life and by whom it is rarely abused.'

"We have, then, a great *consensus* of opinion arrived at by a number of independent persons of high character and reputation; gentlemen of ability and integrity, who have attained to responsible positions, in which they have had the best opportunities of ascertaining the truth; whose duty it has been to state the truth, and who have had no personal interest in perverting it. They deliberately declare that the daily use of opium in moderation is not only harmless, but of positive benefit, and frequently even a necessity of life; that this moderate use is the rule, and that excess is the exception. On the other hand, we are told by a society, chiefly consisting of Englishmen who have no personal knowledge of the facts, that all this evidence goes for nothing, and that the use of opium, except for strictly medicinal purposes, is an unmitigated evil, and ruins every one who habitually has resort to it. If we accept this view, which differentiates opium from every other stimulant used by great masses of people, we must believe that all those experienced persons who have testified to the direct contrary are either grossly incapable or grossly dishonest. It is no use mincing words; a man must be one or the other who, having lived for years amongst an opium-consuming people, and having made a careful study of the effects of the habit, deliberately declares as the result of his inquiries that which is untrue.

"The Society for the Suppression of the Opium Trade proposes—

"1. That the Bengal system of licensing the growth of the poppy and of manufacturing opium be at once stopped, except so far as may be needful for legitimate medical use.

"2. That the necessary measures be at once taken, by raising the tax or otherwise, to prevent any extension of the cultivation of the poppy in Malwa, so as to compensate for the diminution of the supply from Bengal.

"What is meant by 'legitimate medical use'? When we find whole tribes of people, living in malarious and fever-stricken tracts, using the opium daily as a prophylactic, is that a legitimate medical use? Or is it intended that no one shall be permitted to purchase opium except under the written authority of a duly certificated member of the medical profession? How many



of the opium consumers in India are within reach of an English doctor? Could you trust the native Baidis, Hakíms, and Pansáris, the doctors and druggists of the country, with this power? Anybody with any knowledge of India would laugh at such an idea. How then are you to meet this great practical difficulty?

"It may be possible in British territory, by the exercise of despotic power, to prevent the poppy being grown, but what are 'the necessary measures' so vaguely suggested for preventing its extension in the native States? Every tyro in Excise or Customs administration knows that the power to raise duties on an article in large demand is limited by the means of preventing its illicit production and sale, and that if you increase the profits of smuggling, you will proportionately have to increase your preventive measures. Unless British officers and establishments were appointed to overrun the native States, and to interfere with the agricultural operations of the people, the cessation of the growth of the poppy in British territory would infallibly lead to an enormous extension of the cultivation in native States. The export thence of opium could only be prevented by Customs barriers, and patrols round Rajputana and Central India, involving a line between 2000 and 3000 miles in length, and heavy expenditure on the establishments. How would the native States concerned regard such measures? I have no hesitation in saying that the discontent occasioned not only in those States, but amongst our own people, including the Sikhs—from whom the flower of our native army is recruited—would constitute a very serious political danger.

"But how are you to conciliate the native States for interference in their poppy cultivation? Will the people of India, or the people of this country, submit to be taxed in order to compensate these native States, and to reconcile their rulers to an army of British preventive officers scattered over their territories? And if you reconcile the rulers by paying them, how are you to conciliate their people, who have been accustomed for centuries to the unrestricted use of opium? Without such preventive measures British India will be supplied with the Malwa drug, which, from its great value in a small bulk, is comparatively easy to smuggle. And these preventive measures must be of the strictest kind, involving the searching of the persons and goods of all travellers,



and domiciliary visits, to detect the carriage, and prevent the storing of the drug.

"I now come to the third proposal of the Society for the Suppression of the Opium Trade. It is as follows:—

"3. That the Chinese Government be approached with proposals for diminishing the export of Malwa opium, simultaneously with the suppression of the growth of the poppy throughout China.

"I do not wish to use disrespectful language, but I can hardly speak of such a proposal with gravity. The Chinese Government, who have for centuries fulminated futile edicts, threatening the heaviest pains and penalties against the growth of the poppy and the use of opium, but whose officials have never had the will or the power to enforce them, and who are known to connive at the open and unconcealed infringement of the law, are to be 'approached' by the British Government, with this request:—'Now that we are doing our best to deprive you of Indian opium, which your people for centuries have demanded on account of its superior quality; now that we have, by our restrictive measures, encouraged the growth of the poppy in China, and the home production of an inferior article, to such an extent that whole provinces are covered with its cultivation; now that we are mulcting your import customs revenue of about £2,000,000 sterling a year: will you be good enough at once to stop the cultivation in China, and deprive your people of an article which we believe to be an unmitigated evil; although there is a large body of Englishmen who, from personal experience, have testified that it is harmless to the great mass, who are moderate consumers?' How would such a request be met? If the solemn and self-possessed Chinaman has any sense of humour, by inextinguishable laughter.

"I am aware that many of the opponents of opium would also prohibit the use of alcoholic drinks in the United Kingdom, but before 'approaching' China, let the people of this country set the example, and make the liquor traffic, except for purely medicinal purposes, illegal; let them forbid by law the cultivation of the hop plant, and the growth of barley for distillation or malting; let them forbid the import of wine and spirits from the Continent of Europe and elsewhere, and then they will be in a position to 'approach' China with a prayer for the destruction of the poppy cultivation and the trade in opium."



"It has been suggested that if the culture of poppy were prohibited other crops would take its place and thus supply a great part of the loss. But would the farmers of Kent be satisfied if the temperance party were to say to them, 'We will pass a law to prohibit your cultivating hops. You can, however, grow potatoes or gooseberries instead'?"

"It is true that a more moderate party in this country does not go the length of prohibiting the cultivation of the poppy and the manufacture of opium in Bengal. They are shocked at the direct management by the Government of these industries. No question has been more fully discussed in India than this, there are volumes of correspondence relating to it, but the upshot of all these discussions has invariably been the recognition of the fact that, under any other system, the cultivation could not be so well restricted, that smuggling would be more rife, that the cultivators would be brought under influence of speculators, from which they are at present guarded, and that whatever evils now exist would be largely increased. The Society for the Suppression of the Opium Trade recognise this, and in the pamphlet I have quoted, declare that the proposal is entirely inadequate, and that their demand is nothing short of absolute prohibition.

"India has had the advantage of drawing from England, for more than one hundred years, a number of upright, honest, and able administrators. It is remarkable that there is not a single instance of an Englishman who has been directly responsible for the well-being of India, and who has had an important voice in its administration, who has ever suggested the prohibition of the cultivation of the poppy. That has been left for a party of irresponsible persons in this country, whose want of knowledge is patent to every one who has studied the question on the spot.

"In conclusion, I would say to the Society for the Suppression of the Opium Trade—You may make this a party question; you may win votes relying on the uninstructed philanthropy of your fellow-countrymen; you may, through Parliament, use the despotic power of the British Government to destroy one of the most valuable products of India, and subject the people to new taxation in order to supply the loss of revenue now paid chiefly by the Chinese; you may deprive hundreds of thousands of Her Majesty's Indian subjects of a prophylactic which enables them to resist fatigue, to sustain privation, and to save life; you may



thereby increase suffering, sickness, and mortality; you may cover India with an army of preventive officers to watch another army of smugglers, created to satisfy a natural demand of which you have suppressed the legitimate supply; you may harass the people by personal searches and domiciliary visits; you may thus create discontent amongst our native subjects, and disaffection in the best forces of our native army; you may, by unwarranted and unprecedented interference in their internal administration, and, owing to the pecuniary losses both rulers and subjects will sustain, disgust and alienate the native States of Central India and Rajputana, our bravest and most loyal allies; you may drive the consumers of opium to alcohol and hemp; you may do all this, but you will never persuade the Chinese to follow in your footsteps, and abandon the ever-increasing culture of the poppy. In short, you may inflict on India a cruel injury, the extent and the consequences of which you are incapable of calculating; but you will fail in any way to benefit China, unless you count it a benefit greatly to extend the cultivation of the poppy, and the manufacture of opium within her borders."

I can add very little to the account which has thus been given by Mr. Batten. I passed thirty-eight years of my life in India, and during that time I held a great variety of offices, beginning with those of little importance, to the very highest posts in the civil service of the State. I was brought into personal communication with all classes, from the greatest princes to the humblest ryots. I endeavoured to learn the truth upon this subject, and I am entitled to say that I can speak with knowledge of the facts, both as regards the people of India and the policy of the Government. I can confirm, in every respect, Mr. Batten's conclusions. Taking India as a whole, the proportion of its vast population that is accustomed to the use of opium is extremely small. Certain classes, however, have long been in the habit of consuming it, and it is a remarkable fact that



these classes include the races that are physically the finest in all India. Among them the Sikhs and Rájputs are especially conspicuous. The Sikhs are the flower of our Indian army, and one of the bulwarks of our Indian Empire ; it would be difficult to find in any country of the world a more manly, handsome, and vigorous people, and their use of opium is almost universal. Statements that the consumption of opium in India has been fostered by our Government with the object of obtaining revenue are absolutely without foundation. There is little doubt that more opium was consumed in India under Native rule, one hundred and fifty years ago, than now, and the stringent system of excise established by our Government has so greatly increased the price of the drug that consumption is reduced to a minimum. The danger is that this policy may be carried too far, and that, by making opium too dear and too difficult to obtain, we may not only encourage smuggling, but may cause people who have been content with the moderate and beneficial use of opium to have recourse to alcohol, or to cheaper and more noxious stimulants, the consumption of which no Government can prevent.

As regards China, as Mr. Batten has shown, the population practically depends for the supply of opium not upon the imports from India but on that produced at home. If all that were said about the ruin of the Chinese by opium were true, instead of being, as it is, altogether false, the prohibition of the imports from India would afford no remedy. If the richer classes in China were deprived of Indian opium they would suffer as the richer classes in Europe would suffer if they were deprived of the choice vintages of Bordeaux and Burgundy, or as tobacco-smokers would suffer if no more cigars were to come from Cuba. In such a case,



in our own country, the frequenters of public-houses would be conscious of no hardship, and the vast majority of the opium-smokers of China would be equally unconscious if they received no more opium from India. If, in deference to ignorant prejudice, India should be deprived of the revenue which she now obtains from opium, an act of folly and injustice would be perpetrated as gross as any that has ever been inflicted by a foreign Government on a subject country. India now possesses the rare fortune of obtaining from one of her most useful products a large revenue without the imposition of taxes on her own people, and we are asked to sacrifice the manifest and vital interests of these people, to whose good we are pledged by the highest duties, in hope of protecting others, against their will, from imaginary evils; in other words, to inflict certain injury where we have the power, in pursuit of a benevolent chimera which must elude us. Truly, to use the words of Condorcet, "*l'enthousiaste ignorant est la plus terrible des bêtes féroces.*"

Mr. Batten has brought out very clearly the essential fact, usually altogether ignored, that the revenue derived from opium exported to China constitutes a comparatively small part of the Indian interests involved. There has been much idle talk about the readiness of England to bear, in whole or in part, the loss that the suppression of the cultivation and sale of opium would cause. It would be waste of words to say much regarding a proposition which it is certain will never be carried into effect. England, which levied in 1900-01 a revenue of £32,700,000 from alcoholic liquors, and whose "drink-bill" is said to amount to more than £150,000,000 a year, would never



be guilty of such extravagant and hypocritical folly as to think of paying for the suppression of opium cultivation in India. But it is well that English people should understand that no money payment, however large, could make good to India the loss of this great industry. If England were to make to her a free gift of £100,000,000, or indeed much more, it would be no compensation for the material injury that she would suffer, and still less could there be compensation for the ruinous political consequences that would inevitably follow.

In 1893, a year after Mr. Batten's paper, and the greater part of the present chapter were written, a Royal Commission under the presidency of Lord Brassey was appointed, in accordance with a Resolution of the House of Commons, to inquire into the whole subject of the cultivation of the poppy in India and the manufacture and sale of opium. The Commission met in Calcutta in November 1893; it spent several months in India; it visited many parts of the country, and examined more than 700 witnesses, of whom 466 were natives of India or China and 257 Europeans. The Commission submitted its Report in April 1895. Its work was mainly devoted to an inquiry into the facts connected with the consumption of opium in India. China was not directly included in the Order of Reference, nor was that country visited by the Commission. In regard to India, the Report of the Commission and the voluminous evidence taken by it so entirely confirmed the conclusions stated by Mr. Batten and by myself that reference to it in detail is needless, nor have I thought it necessary to make any changes in this chapter as it was originally written. No change whatever was recommended by the Com-



mission in the principles on which the administration of the opium revenue is carried on in India, and no change has been made. In regard to China, comparatively little evidence was taken by the Commission, but its conclusions, so far as they were stated in its Report, were the same as those given in Mr. Batten's paper.

"On a review," it said, "of the whole evidence in regard to opium-smoking among the Chinese, we conclude that the habit is generally practised in moderation, and that when so practised injurious effects are not apparent, but that when the habit is carried to excess, disastrous consequences, both moral and physical, inevitably follow. Assuming this conclusion to be well founded, we may fairly compare the effects of opium-smoking among the Chinese to those of alcoholic liquors in the United Kingdom. . . . Upon the general question, the position which Great Britain may properly take up is clearly put by Mr. O'Connor, Her Majesty's representative at Peking, in his covering letter addressed to the Commission. He says: 'If the use of the drug in China depended on the supply received from India it might be a practical question what measures could or ought to be taken to discourage its importation. But this is not the issue. The quantity of opium grown in China is increasing enormously. Even the nominal prohibition of the cultivation of the poppy no longer exists throughout the whole empire, and were the importation of Indian opium to be stopped, China would in a few years so increase her production, as not only to supply her own wants, but probably to export opium to foreign countries.'"

I may leave this subject with the following quotation from one whose knowledge and authority no one can call in question :—

"In speaking of the occasional sources of friction between China and ourselves, I do not allude to the opium question, which, in the hands of enthusiastic or prejudiced ignorance in London, has been presented to English audiences in a guise that excites a smile in every Treaty Port in China. There, at least, everybody knows that the helpless Celestial is neither being forced nor



befooled by an insidious and immoral Government at Calcutta ; that if not an ounce of Indian opium ever again passed through a Chinese custom-house, Chinamen would go on smoking their own inferior drug as keenly as ever ; and that the pretence that China is hostile to the British people or to Christian missions because we introduced to her the opium habit (which she had already practised for centuries), is about as rational as to say that the national soreness that sometimes arises between England and France is due to our resentment at having to cross the Channel for our best brandy."

"Indian opium," Lord Curzon adds, "is only smoked by about two in every thousand of the population."¹

There remain to be briefly noticed a few other heads of revenue not derived from taxation.

In 1900-01, £1,298,000 was received under the head of Forests. This revenue was derived from the sale of timber and other produce from the Government forests ; but more than half of it was spent on forest conservancy and other charges necessary for the preservation of the forests, and the net income in 1900-01 was only £568,000. Before the transfer of the Government to the Crown, practically nothing had been done towards the preservation of the forests of India, which are very extensive and valuable, and their destruction was rapidly going on. They cover altogether some 200,000 square miles. In 1861 a separate Forest department was created. Up to 1901 more than 87,000 square miles of forests had been demarcated, and strictly reserved for the benefit of the public under the management of officers who have received special scientific instruction in forestry in Germany or France or at Cooper's Hill. The creation and development of this department, for the protection of a valuable source of the public wealth, is one of the most important reforms of modern times in India.

¹ *Problems of the East*, by the Hon. George N. Curzon, M.P., 1894.



The Tributes and contributions from Native States are fixed by treaties, and yielded in 1900-01 £578,000. They are chiefly paid for the maintenance of troops locally required. The Government of India is responsible for the preservation of peace throughout the whole of India, and the contributions that it receives from the Native States are an insignificant return for the services that it renders.

The revenue yielded by the Post Office was almost equalled by the expenditure. The Government has not aimed at making a profit from the Post Office. The receipts increased from £177,000 in 1856-57 to £1,357,000 in 1900-01. They have been largely devoted to the improvement of the postal service, and the net revenue from this source was £135,000. There is no country where the rates of postage are so low, or where the Post Office is better managed. The number of letters, newspapers, and parcels passing through the post was 38,000,000 in 1856 and 532,000,000 in 1901. There could hardly be a more striking illustration of the progress of the country.

The construction of telegraph lines was commenced in 1850, and up to 1900-01 £4,728,000 had been expended on their construction. In 1901 there were 182,000 miles of wire in India, and more than 6,500,000 messages were delivered. The gross receipts from the telegraphs in 1900-01 amounted to £754,000, and gave a return of 6 per cent on the capital expended in their construction.

I shall refer in another chapter to the revenue derived from Railways and works of Irrigation.