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**GENERAL SUMMARY ON THE REPORT ON THE
ADMINISTRATION OF THE PUNJAB FOR
1921-22.**

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General Summary on the Report on the Administration of the Punjab for 1921-22.

GENERAL SUMMARY.

Protection.

1. The year 1921 brought no respite from political agitation. The Congress movement with its programme of non-cooperation, the establishment of Congress Committees and *Panchayats* in all important towns and villages and the organisation of Volunteer Associations was pushed on vigorously, especially by means of public meetings. Khilafat propaganda was carried on simultaneously with equal vigour and on exactly parallel lines. During the year Sikh agitation also reached its climax, and was perhaps the dominant feature of the political situation. In February 1921 Sikh lawlessness resulted in the tragedy at Nankana Sahib. Political unrest combined with scarcity and consequent high prices led to an increase in crime. Dacoities rose to 187 against 111 in 1920 and 84 in 1918. There were 668 murders as against 575 in 1920. The jails were overcrowded, and the difficulty of accommodating prisoners became acute. The standard of discipline in jails deteriorated. Prisoners refused to work and the hunger-strike made its appearance. Civil litigation, however, declined.

Administration of the Land.

2. A weak monsoon in 1920 was followed by drought till December. Light rains in January and February were quite insufficient to redeem the situation. A poor rabi in 1921 was followed by a weak monsoon which failed almost completely in September when rain is most beneficial. The amount of fixed revenue suspended was inevitably large (Rs. 30 lakhs out of a total demand of Rs. 240 lakhs). That under such adverse seasonal conditions the collections of fluctuating land revenue only fell by 5 per cent. is a remarkable tribute to the efficient working of the Canals. Settlement operations were in progress during the year in five districts. The work on the Multan Settlement was

2

carried out with commendable punctuality and economy, and has resulted in a moderate enhancement of 5 lakhs or 32 per cent. on the previous assessment.

The chief problem of Colony officers during the year has been the discharge of the commitments already undertaken by the Punjab Government in respect of the allotment of land, and in particular the distribution of the reward grants promised to Indian soldiers. In consequence it has been necessary to turn a deaf ear to all proposals for new grants. The Punjab Government has applied to the Government of India for permission to discharge their obligations to military grantees from the land allotted to various cavalry regiments for stud farm grants which, owing to the abolition of the Silladari system, have now been abandoned by the regiments. The request was met in part in the next year and the situation has been relieved in consequence, but there is still a considerable shortage of land suitable for grant to soldiers.

The functions of the Loans Acts are slowly devolving on the Co-operative Department. Yet in a bad year, such as 1920-21, it was found necessary to advance Rs. 35 lakhs under the Agriculturists' Loans Act, for the purchase of bullocks and seed grains. Another Rs. 30 lakhs was advanced by the Co-operative Department for similar purposes. There can be no doubt that the Rs. 65 lakhs so advanced has proved to be a determining factor in the return to normal conditions with the aid of the favourable monsoon of 1921.

District Boards.

3. As is inevitable in a year of soaring prices, the activities of District Boards during the year 1921-22 have been dominated by the problem of Finance. Expenditure has increased almost in proportion to the rise in prices, but income remains relatively inelastic. Moreover, District Boards have undertaken schemes of expansion in Education, Medical Relief, and in a few cases Communications, without any consideration as to how the recurring expenditure involved could be met. Consequently the Boards are faced with a twofold increase in expenditure at a time when it is impossible for Government to increase grants. Next to Government grants the main source of income is the local rate. This was hitherto limited to a maximum of 20 pies per rupee of Land Revenue. A bill has, however, since passed the Legislative Council raising the maximum to two

annas with a minimum of 20 pies. This will allow for a considerable, though hardly adequate increase, in income. A serious attempt to broaden the basis of taxation has been made in some District Boards. *Haisiyat* or Profession taxes have been imposed on those who do not pay Land Revenue. There are great difficulties, however, both in the assessment and collection of this tax. Arboriculture is becoming a source of income in submontane districts like Sialkot or Ambala, and to a less degree in Canal Colonies like Lyallpur. It seems, however, unlikely that increased income will make District Boards solvent without drastic economies in expenditure. For such economies Education expenditure would seem to afford most scope. For while expenditure on the important heads of Medical Relief and Communications has increased less than prices have risen, Educational expenditure has increased fourfold within the last five years. The movement for expansion has now proceeded as far as it can safely go with existing resources, and a short rest is needed to consolidate achievement and to consider the comparative calls of other services. In many districts the supply of schools has outrun the demand, and the increase of schools has not brought a proportionate increase of scholars. Economy is therefore possible without inflicting unnecessary damage. The abnormal expansion of Educational expenditure has absorbed funds which were urgently required for Medical Relief and Communications. A second difficulty experienced in maintaining efficient roads is caused by the greatly increased cost of maintenance. This is due primarily to heavy freight charges and enhanced wages, but in part to the increased wear and tear on the roads, for which heavy motor traffic is responsible. The reconstitution of all District Boards on an electoral basis, with an increased elective element for those boards, which are already partially elected, has now been undertaken by Government and will shortly be complete.

Municipalities.

4. Perhaps the most interesting fact to be recorded in Municipal working in 1921-22 is the entry of so-called non-cooperators into Municipal Committees. It is well known that Congress has placed no embargo on participation in local affairs and from the political point of view the working of Committees containing a non-cooperating element is of considerable interest and not without its bearing on future happenings in a wider political sphere. The constitutions of all

Municipal Committees are under revision. This reconstitution will provide not only for the introduction of the elective system in most of those Committees where it is not already in force, but also for its extension wherever it already exists. A distinct awakening is already reported on the part of the members of the larger Committees of the Lahore Division. The Lahore Municipal Committee has made a real attempt to purge its administration of corruption, which was reputed to be rampant among the rank and file. For their revenue the great majority of Municipalities still rely on the antiquated octroi system of which the disadvantages are too well known to need recapitulation. It was hoped that many of these disadvantages might be avoided by terminal taxation, *i.e.*, by a light duty on all exports and imports by rail. But the amount which can be obtained from octroi or terminal taxation is limited. Higher rates bring less returns. The maximum limit seems now to have been reached. The total expenditure of Committees exceeded the total income by Rs. 7 $\frac{3}{4}$ lakhs. It seems therefore unlikely that Committees will be able permanently to avoid the imposition of a house tax, unpopular though such a measure would undoubtedly be amongst the wealthier members of the community.

The Legislative Council.

5. The Legislative Council during the year 1921-22 held three sessions in addition to concluding the adjourned Spring Session of the year 1921. Acts were passed amending the Municipal Act; fixing the Deputy President's salary; and legislating for small towns and village *Panchayats*. The most memorable event was a visit which His Royal Highness the Prince of Wales was graciously pleased to make to the Council, during his short stay in Lahore. Mr. Butler continued as President throughout the year. The Council amended its Standing Orders, adopted the report of a Committee regarding the duties and position of the Deputy President and with the assent of His Excellency the Governor twelve Standing Committees on Finance, Canals, Jails, Industries, Co-operative Societies, Public Health, Agriculture, Education, Land Revenue and Police were appointed, each containing a majority of elected members, the rules regarding these Committees being made a part of the Standing Orders. The Budget was disposed of in six sittings. In view of the unsatisfactory condition of the finances, as disclosed in the Finance Member's Budget Statement, the Council naturally showed a disposition to cut down grants

They acted, however, on the whole with commonsense and discrimination and readily compromised when Government was able to meet their wishes half way. The readiness of the Council to pass resolutions on pet subjects, involving, if given effect to, heavy extra expenditure, in spite of the unsatisfactory condition of the Provincial Finances, gives cause for disquietude. It remains to be seen whether the members will be ready to approve of the extra taxation necessarily involved. The past year has witnessed a decided improvement in the relations between the official and the non-official benches. When the Council first met signs of strain were not wanting on a variety of subjects. Criticism was unsparing and not always well-informed. Sobriety and cooperation are happily becoming more and more characteristic of the proceedings. At the close of the first full year's work it may be stated with confidence that the Council has made an excellent beginning and has risen to its opportunities, that the members as a rule take a keen interest in their duties, and have devoted great time and industry towards the service of the Province both in Council and in Committee.

Agriculture.

6. The Agricultural Department is devoting increased attention to research ; and is, on that account, putting up a strong plea for a trust fund so that it may know the means at its disposal for that object. Not only are specific problems being attacked, but the whole basis on which research should be conducted, is being investigated. The broader question of the application of economics to Agriculture is being tackled by the Co-operative Department as effectively as is consistent with the limited means at its disposal. The conclusions arrived at from the research work in Scientific Agriculture and Rural Economics are spread by propaganda work in the districts. The most valuable medium for this work is the Co-operative Department. Ideas ferment and are gradually spread by the staff among the people, who are thereby brought to understand the beneficent intentions of methods undertaken by Government for rural reconstruction. It is, however, by inculcating thrift that the Co-operative Department is doing what is, perhaps, its most valuable work. It is no longer considered sufficient that agriculturists should deal with Co-operative Societies instead of the money-lenders. They are gradually learning to build up their own capital. Deposits in Agricul-

tural Societies have risen from Rs. 22 lakhs in 1920 to Rs. 32 lakhs in 1922 and Reserve from Rs. 46 lakhs to Rs. 57 lakhs. Cattle-breeding has received a serious set-back owing to the difficulty of retaining suitable experts. The whole question of cattle mortality, however, is receiving attention. The work of Mr. Cross, the Camel Specialist, is an example of what can be done by science in dealing with practical problems.

Forests.

7. The Forest Department is not run as a purely profit-working institution. The first claim on the forests of the Province is that of the agriculturist, and in order to enable him to carry on his vocation the department in 1921-22 gave away free or at low rates no less than Rs. 30½ lakhs worth of timber, firewood, fodder and grazing. Its next duty is to protect the forests from damage and to see that intensive utilisation is followed by work to assist Nature in the complete restocking of forests. As a purely commercial enterprise, however, the Forest Department is exceedingly profitable. The cash surplus of the year was Rs. 6¼ lakhs or 14 per cent. on the total expenditure Rs. 43¾ lakhs. Of this expenditure, however, Rs. 5½ lakhs were spent on capital outlay, which in a commercial undertaking would not be debited to revenue. If its accounts are drawn up in a businesslike way (showing capital expenditure separate from working expenses) it shows this year a 35 per cent. return on a working expenditure of Rs. 38 lakhs. Under the antiquated system of accounting which has obtained hitherto all capital expenditure (amounting in 1921-22 to Rs. 5½ lakhs) has had to be met from revenue. This has both stifled development, and also disguised the exceedingly profitable nature of the Forest Department's undertakings, even when regarded from a strictly commercial point of view. These methods are being revised, and with the provision of capital for the development of forest communications the productive nature of Forest work will be still more evident.

Industries.

8. Before any marked industrial development can take place in the Punjab (a) cheap power, (b) transport and marketing facilities, and (c) technical education must be provided. (a) The local supply of coal is inadequate and freight charges double the cost of coal from Bengal. Oil is being obtained from the Attock District but no great industrial

expansion seems possible till the hydro-electric power, which exists in the province, is developed. (b) Railway transport facilities are being improved and surveys and detailed reports for agricultural tramways are being prepared. The marketing of cottage industrial products is being facilitated by the establishment of the Arts and Crafts Department in Lahore. (c) The most useful form of technical education given is in carpentry, which, in Industrial Middle Schools, enlists three times as many students as all the other crafts put together. For the smith's craft machine tools are desirable and at present they cannot be provided on account of expense. The two remaining crafts, that of the copper-smith and weaving, are both crafts that are better taught in the bazars. Apart from these beginnings facilities for technical education of a very thorough kind in mechanical and electrical engineering, motor car work, tanning, dyeing, and boot and shoe manufacture will shortly be available, as special institutions for these purposes are under construction or have the approval of Government.

Trade : The North-Western Railway.

9. In 1921-22 normal trade conditions were upset by the scarcity of food grains, especially wheat, and during that year the Punjab imported Australian wheat to the value of Rs. 5.2 crores as against Rs. 4.0 crores of wheat exported. The slump in English trade in 1920-22 which followed the post-war boom in 1919-20, is shewn in diminished exports of raw cotton and hides. The same trade conditions, enhanced probably by the swadeshi and non-cooperation movements, diminished the imports of English cotton manufactures. The necessity for machinery to make up the heavy leeway lost during the war explains the rise in iron and steel manufactured imports (mainly British).

The gross earnings of the North-Western Railway fell slightly, heavy losses on the transport of wheat and other food grains cancelling an all-round increase under other heads. Working expenses, on the other hand, rose, so that net earnings fell from Rs. 302 to Rs. 41 lakhs or from 3.1 to .4 per cent. on the capital outlay. The number of third class passengers travelling rose from 64.04 million in 1920-21 to 69.29 million in 1921-22, the increase being mainly due to the improved facilities introduced by the Railway authorities. The North-Western Railway has also shewn the lead to other railways and other Government Departments

by the introduction of a scientific method of keeping railway statistics.

The Public Works Department (Buildings and Roads).

10. The total expenditure on the Buildings and Roads Branch of the Public Works Department amounted in 1921-22 to Rs. 136 lakhs, an increase of Rs. 12 lakhs on the previous year. Apart from the usual undertakings of the Department, work proceeded on the new Civil Station at Sheikhpura. Important work has also been done in improving and bridging gaps on the Grand Trunk Road, thereby rendering communication possible throughout its length under all seasonal conditions.

Irrigation.

11. The total capital expenditure on Irrigation was Rs. 25½ lakhs of which Rs. 6½ lakhs was spent on the older canals, Rs. 14 lakhs on the five colony canals and Rs. 4 lakhs on the construction of the Sutlej Valley Project. Rs. 3 lakhs were realised mainly from the sale of surplus stores, etc., rendered available by the completion of works on the Triple Canals and from colonists on account of water-courses which Government had built for them in order to secure rapid development of the Triple Canal system. Deducting this the net capital expenditure amounted to Rs. 22½ lakhs. Gross receipts amounted to Rs. 530 lakhs as against an average of Rs. 460 lakhs in the previous triennium. But working expenses had also risen to Rs. 181 lakhs from a corresponding Rs. 137 lakhs. This is mainly due to a general increase in cost of labour and materials and pay of establishment and also to some special works which were carried out on some of the canals out of revenue in addition to the ordinary maintenance of and repairs to headworks, main line, branches, distributaries, buildings, plantation and silt clearances. Thus the net revenue in 1921-22 was only Rs. 26 lakhs more than the average of the previous triennium, though the canal irrigated area has risen from 9.3 to 10.5 million acres in the same period. The Punjab canals are a valuable asset of the country, growing in importance and value daily, so much so that in dry seasons when the demand is very keen they are strained to their utmost carrying capacity to secure protection against failure of the harvest. High maintenance charges are necessary to ensure the running of high supplies and these increased charges can only be met in the near future by increasing the water rate, especially in

the case of those canals on which the water rates have not been revised for many years. In the case of the Upper Bari Doab Canal the present water rates have been in force for the past 30 years. Government has now to pay a higher rate of interest on borrowed money and there is also a serious deficit in the Budget. It is for these reasons that proposals have been made to raise the Irrigation water rates.

Finance.

12. The authors of the Montague-Chelmsford Reforms Report had urged the necessity of complete separation between the finances of the Central Government and those of the various Provincial Governments. Their main recommendations which were acted on with effect from 1st April 1921 were that no head of revenue should continue to be divided, and that Land Revenue, Irrigation, Excise and Judicial Stamps should be completely provincialised. To these General Stamps were added by a Committee appointed in January 1920, leaving Income-tax only for the Government of India. Responsibility for famine insurance is also thrown on the provinces. To provide the Government of India with an adequate income contributions from the provinces were found necessary, the Punjab being charged Rs. 175 lakhs annually in the first instance. Whatever may be its effect on provinces containing large commercial centres, a predominantly agricultural province such as the Punjab is undoubtedly the gainer under the new system. Other things being equal the Punjab would have launched the new regime with a cash balance of Rs. 140 lakhs in hand, and a net annual further gain of Rs. 59 lakhs. Actually, however, it ended the first financial year after the introduction of the Reforms (1921-22) with a deficit of Rs. 90 lakhs. Briefly the reasons for this may be given as a heavy increase in expenditure due to the rise in prices combined with an inelastic revenue.

Analysis of Income and Expenditure.

13. In analysing expenditure some distinction seems necessary between capital and current expenditure. Capital expenditure on Irrigation and Forests is productive. The Irrigation Works brought in 1921-22 a net profit of Rs. 233 lakhs, forming one of the most important sources of revenue to the province. This is absolute profit, after deducting the interest on the loans raised. This of course leaves out of count the other revenue that Government derives from the Canal Colonies, all ultimately due to the Irrigation Depart-

ment. The Forest Department has been only prevented from shewing similar results by the necessity of meeting all capital expenditure from revenue. When its accounts are put in a businesslike form the Forest Department shews a 35 per cent. return on its working expenditure. Apart from Forest development the Punjab Government have under contemplation Irrigation and hydro-electric projects. The total expenditure involved will be about Rs. 47 crores, in the next 20 years, the average annual amount required from loans being about Rs. 3 crores per annum during the next 5 years. Considering the remunerative nature of the projects there should be no difficulty in financing these loans at a reasonable rate of interest. Owing to the nature of the season, Land Revenue Receipt in 1921-22 were Rs. 40 lakhs below average, but against this must be off set an income of Rs. 21 lakhs from the sales of Government estates, a non-recurring item. Expenditure on roads which, being necessary to agriculture and commerce, may be described as quasi-productive has remained stationary during the last 3 years, though the cost of repairs has gone up from Rs. 20 to 30 lakhs in two years. The saving has been effected in diminished expenditure on the construction of new metalled roads which has fallen from Rs. 24 to 8 lakhs. As prices have doubled this means that new construction is reduced to a sixth of what it was previously. Expenditure under the Administrative heads of Police, Land Revenue, and General Administration has been cut down to a minimum. Educational expenditure has been rising rapidly. The question as to whether retrenchment is advisable belongs to the province of political expediency rather than that of finance. The province has been administered economically in the past and the scope for retrenchment is small. The only alternative left to the Punjab Government is the imposition of additional taxation. Stamp duties and court-fees have been enhanced (the latter a tax which will hit mainly the litigious who can fairly be expected to pay); and it is also proposed to raise the canal water rates.

Excise.

14. The Punjab Government's Excise policy has been to secure the minimum of consumption of liquor but that the proportion of profits from that minimum of consumption which is to accrue to the State should be as large as possible. Partly as a result of this policy and partly from

other causes there has been 43 per cent. decrease in licit consumption from 7.3 to 4.1 lakhs gallons with a 21 per cent. diminution of gross income from Rs. 148 lakhs to 116 lakhs. Expenditure has also risen by a lakh mainly owing to a long overdue revision of the salaries of the establishment. Political agitation rendered advisable some modification of the licensing system. Excise taxation was in two forms, a fixed still head duty (raised from Rs. 7-8-0 to Rs. 10-10-0 per gallon as already stated) and auction fees from licenses. The tendency has been to raise the still head duty so that the auction fees may automatically decrease. In January 1922 country liquor and bazar foreign liquor auctions were a complete failure. All negotiations were called off and tenders were invited for licenses under this new system. This substituted for the lump sum fixed fee for the whole year a fee payable on every gallon of 30° under proof which was drawn by the licensee from the distiller or wholesaler. The still head duty was raised from Rs. 10-10-0 to Rs. 14-1-0 per gallon, and it was anticipated that the necessity for keeping down the retail price would lower the vend fee rates. Both the new vend fee system and the new duty took effect from 1st April 1922. The new arrangements met with general approval. There is reason to believe that the minimum liquor consumption that can be achieved by raising the duty has now been reached and that a further rise would merely lead to increased illicit distillation and smuggling. The decrease in licit consumption of opium has similarly led to smuggling, but opium is now smuggled into, instead of out of the province, as hitherto.

Imperial Departments in the Punjab : Income-tax, and Salt.

15. Income-tax receipts are now credited to the Imperial Government. Though it is too early to judge the results of the creation of a special Income-tax Department its independence of the political atmosphere of the province will probably enable the Department to tax more effectively and efficiently.

The collection of Salt Revenue has always been under the direct control of the Government of India. The duty on salt being Re. 1-4-0 per maund, and the cost of extraction 4 annas, the price should not exceed Rs. 2 per maund anywhere near a railway. At a distance from a railway cost of carriage begins to tell, till in a roadless district like Kangra the cost may be doubled or trebled. Actually, however, the price has greatly exceeded this

limit. The Punjab produces enough salt for its own consumption. But during the war it had to supply Bengal also which had previously relied on supplies by sea. Even after the war, the scarcity inevitably arising from the lack both of internal and of oversea transport, combined with the continued cessation of supplies from German and Turkish sources, encouraged speculators to exploit the situation. Towards the end of 1920 it was decided that the only possible remedy was to appoint, in every district in Northern India, as well as in certain Indian States, agents to whom an allotment of salt from Northern India sources could be made monthly on the basis of population. The internal distribution of salt within each district was controlled by the District Officer, the only requirement made by the Northern India Salt Revenue Department being the limitation of commission realised by the agent. In practice, however, these limitations were difficult to enforce and they tended to remain a dead letter. The system, however, worked with fair success as long as the shortage of salt remained acute, but when increased supplies of salt in the cold weather of 1921-22 facilitated competition, the nominees proved in many cases unable to compete with traders to whom the Commissioner of Salt granted passes, a procedure which was consistent with the intentions of the Agency System. It is possible therefore that the agency system will be abandoned, and free trade restored.

Vital Statistics and Medical Service.

16. In 1919 the Punjab had a birth-rate of 41 and a death-rate of 30 per thousand of population. The Punjab still figures as the province with the highest birth-rate, while coming low on the inter-provincial list for deaths. With the opening of 45 new dispensaries, the largest measure of advance on record, the year 1921 closed with nearly 600 hospitals and dispensaries working, and from these over 5 million patients received treatment during the year. In view, however, of the financial difficulties of both the Provincial Government and local bodies, this rate of expansion will be difficult to maintain. Financial stringency has also affected the vaccination staff. It has been decided to abolish the posts of Divisional Inspectors and no new recruits are being enlisted.

Education.

17. The application of the Reforms Scheme to Education has inevitably resulted in some division of control.

Thus while Education generally is a transferred subject, and under the control of the Minister for Education, responsible to the Legislative Council, European education is reserved and controlled by the Finance Member. Much Secretariat work is saved by the fact that the Director of Public Instruction in his capacity of Under-Secretary deals directly with the Minister, except in such cases as are submitted to him through the Finance Department. The recommendations of the Calcutta University Commission have been partially acted on in the Punjab. Honours Schools have been instituted, which provide better and more varied teaching for the students. Four Intermediate Colleges have also been opened, though it seems unlikely that two-year Colleges of this type will be entirely successful. Secondary education continues to advance both in number and quality, in spite of drawbacks due to the unequal distribution of schools, and the fetish-workshop of the examination system. In its method of Agricultural training the Punjab takes the lead. An intensive training in Agriculture is unsuited to young boys. A good general training is provided, enriched, in suitable places, by some practical training in Agriculture. In spite of financial difficulties, vernacular education owes much to the formulation of the five-year programme. The misunderstandings that have arisen between District Boards and Government on the manner and amount of the grants are being carefully gone into, and unnecessary expenditure is being reduced. The increase in the total number of scholars from 557 thousand in 1920-21 to 627 thousand in 1921-22 explains the increased expenditure.

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