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PAPERS ON DEFENCE.

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  2. Some Facts and Figures about Indian Defence, 1935-36.  
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  3. Statement relating to Defence. Issued in connexion with  
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**Tribunal on Certain Questions in regard to  
Defence Expenditure in dispute between  
the Government of India, The War  
Office and The Air Ministry**

**REPORT**

though payments for goods supplied or for services rendered, appear as receipts under other heads of the Government of India's budget:—

	Rs.
Railway Transport charges . . . . .	1·00 crores.
Posts and Telegraphs . . . . .	·15
Printing and Stationery . . . . .	·13
<b>Total</b>	<b>1·28 crores.</b>

In addition there is the cost of the Territorial Force (Rs. 22 lakhs) and the cost of certain schools (Rs. 11 lakhs), including the Prince of Wales's College at Dehra Dun, which, however valuable they may be from the political point of view, contribute little or nothing towards the actual defence of India.

If all these charges are deducted, it comes to this—that the present real cost of the Army does not much exceed Rs. 32 crores. Even if another Rs. 2 crores were added to cover the cost of a return to more normal conditions, including a rise in prices, the figure would be Rs. 34 crores, or about 19 per cent. of the net revenues of the country. The full Rs. 45 crores are about 26 per cent. of those revenues. The present cost of the Army in England is about Rs. 53 crores, but this figure excludes the cost of War Pensions, which are included in the Indian budget and which in England account for the enormous sum of about £45 millions a year.

5. There are, however, those who contend—not presumably from any desire to raise the cost of defence, but possibly in order to enlarge the target of their attack—that there are at present items outside the Defence Budget which should really find a place inside it. It may be suggested that some of the expenditure on the Ecclesiastical Department might be more legitimately debitable to the Defence Budget on the ground that it supplies the Army with chaplains. The cost on this account might be about Rs. 20 lakhs.

Then there is the cost of the various irregular forces on the Frontier, which is now debited to the budget of the Foreign and Political Department, and the cost of what are known as 'strategic railways'. The former item may be put at rather under Rs. 1½ crores and the latter at about Rs. 2 crores.

6. It cannot, of course, be denied that some of the irregular forces maintained for the Watch and Ward of the Frontier are semi-military formations. On the other hand, the organisation as a whole, like the organisation of any local Government, provides nothing more nor less than the machinery which the political authorities consider necessary for the civil administration of the tribal area; and the transfer of its cost to the Defence Budget would involve a similar transference of control from the civil to the military authorities and a radical alteration in the present policy of Frontier administration. Whether changes of this kind would be either wise or popular it is not the object of this article to discuss. Suffice it to say that it would certainly be neither legitimate nor desirable to switch the whole of the Rs. 1½ crores mentioned above over to the Defence Budget as a mere accounting change, and that the only real justification

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### TERMS OF REFERENCE.

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(1) To consider and report whether there should continue to be contributions by India towards the recruiting and training expenses at home of the British Army in India ; and to report the basis on which the contributions, if continued, should be calculated.

(2) To examine India's claim that a contribution should be made from Imperial revenues towards military expenditure from Indian revenues, and to report the basis on which any contribution approved should be assessed.

(3) To examine the War Office claim that India should pay a direct contribution towards the cost of the Regular and Supplementary Reserves, and to report the basis on which any contribution approved should be assessed.

(4) To consider whether the Sea Transport Contribution paid by the War Office to India should be continued or modified after 31st March 1932.

(5) To examine and report *mutatis mutandis* on such of the questions raised in the preceding paragraphs as are relevant to the contribution at present paid from Indian revenues in respect of Royal Air Force personnel in India.

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