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GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

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FINANCIAL STATEMENT AND BUDGET

FOR

1911-1912.



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1911

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FINANCIAL STATEMENT AND BUDGET

FOR

1911-1912.

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Speech of the Honourable Finance Member

INTRODUCING THE

FINANCIAL STATEMENT FOR 1911-1912.

Introductory.

I rise to present to the Council the Financial Statement for 1911-12. It has been prepared in the same form, and the procedure and facilities for discussing it will be in all essentials the same as they were a year ago. There is to be no debate to-day; but the detailed examination of the figures and the discussion of any resolutions that may be moved regarding them will begin on Tuesday, the 7th March, and to this stage of the work will be devoted such part of next week as may be necessary for its completion. I shall then withdraw the Financial Statement for whatever amendments our later information may suggest or the discussions in Council may necessitate. About a fortnight later—the 24th being the date which I understand Your Lordship intends to fix—I shall present the Budget in its final form, with all these amendments incorporated in it: and the usual winding-up debate will open on the following Monday.

2. The statement which I present to-day is a much more cheerful statement than that which I had to lay before the Council a year ago. We were then on the threshold of what we hoped would be, in its trade and its agriculture, a year of normal prosperity: but two factors of a wholly exceptional character threatened to disturb the equilibrium on which we should otherwise have counted. On the one hand, the export of our opium to China was to be materially reduced; and, even if prices were to rise—as experts assured us they would—the result would only be a transient benefit which prudence forbade us to use for our ordinary and recurring needs. On the other hand, we had to provide an adequate financial equipment for the new province of Eastern Bengal and Assam, where the administration, starved at many points in the past, had recently been carried on with the help of doles from our surpluses or overdrafts on our general balances. The net result was that I found myself unable to equate the revenue and expenditure in our estimates for the current year without the help of extra taxation; and legislation was accordingly proposed, and accepted by this Council, for increasing certain stamp duties and for raising the customs tariff on silver, petroleum, tobacco, wine, beer and spirits. Standing as we now do in the last month of the year, we can see that the position has become more favourable than I then anticipated. The revenue has been in many respects better than the average, and our expenditure has been kept well in hand; so that the year closes far more favourably than I had anticipated. I must, however, warn the Council that we cannot now dispense with the additional strength which these new taxes have brought to our resources. In view of all that lies before us, the time, in my judgment, is not distant when the Government of India will require the substantial support from the broader basis of taxation which our new duties have provided. It is not our intention therefore to alter the Customs tariff again as a budget measure for the coming year, except by a small correction in our scale of tobacco duties which I shall have to propose in the hope of improving the yield of revenue from that particular source.

Revised Estimate of 1910-1911.

3. With these preliminary remarks, I proceed to compare the budget provisions for the current year with the actual figures which we now expect will be realized. My estimate for the year was framed, as I explained at the time, on the belief that, if the monsoon rains were adequate, the land revenue would be punctually collected, our customs receipts would rise, our railways would do well, although renewals and repairs might still be heavy, and most of our other heads of revenue would show an improvement. The result has not disappointed us. The rains, and the great agricultural operations which so vitally depend upon them, have been on the whole most satisfactory. The timely and well distributed winter rainfall had brought fine crops to harvest in the spring of 1910. When the hot weather came on, conditions were normal, and the Bombay monsoon started on due date and spread with much vigour: so that the area affected by

it was never in danger. Some anxiety, however, was caused by the behaviour of the Bay of Bengal current, which advanced into India much before its usual time, and then displayed considerable weakness. In the result, the rain in July was about 16 per cent. short of what it should have been, and the falls were extremely unequal. The deficiency was serious in the United Provinces, which obtained less than two-thirds of their proper supply, in Rajputana, the western portion of the Central Provinces, Malabar and Lower Burma. In other parts of India, particularly Madras, the average was exceeded, and at places the falls were abnormally heavy. Matters for a time were critical. From the United Provinces, in the middle of July, came reports that the crops were withering, sowings retarded, rain urgently needed, and anxiety prevailing over large areas. If bountiful rain had not fallen within the next few weeks, I should have had a very different story to tell the Council to-day. In August, however, normal conditions again asserted themselves, and for the rest of the monsoon period the rain was ample and well distributed. The record of the recent winter showers has been generally satisfactory.

4. In the narrative of our harvests we find these favourable conditions reflected. The spring crops which were coming to market at the beginning of the financial year were excellent: wheat yielding an outturn of 15 per cent. above the average, and oilseeds doing fully as well. Into the controversy about the jute crop I am not sufficiently daring to enter: but in most of the jute districts conditions were seasonable, and the departmental estimate was 90 per cent. of a normal outturn. Cotton was grown on a very large area; and although it suffered from the later rains, the yield was not far short of what had been obtained in the previous year. Rice in Bengal was affected by floods: but the Burma crop has been excellent, and it is estimated that 45 million cwts. of cleaned rice will be available for export. With the crops now in the ground, so far as our information goes, all is well; the area under wheat and seeds being unusually high and their condition generally good. All this has meant a year of reasonable comfort for the agricultural population; and though plague unhappily has not yet left us, public health has been good, and the spirit of the people has not been shaken by scarcity or other widespread calamity.

Turn now to our external trade, in the success of which our harvests play so large a part. During the first nine months of the year, *i.e.*, up to the end of last December, the total value of our imports and exports on private account was 272 crores, a higher figure than they had ever reached in the same period of any previous year. I do not wish to make this prove too much, as the figures are for values, not volumes, and are thus affected by the high prices which prevailed, for example, for cotton and opium. There was also some stagnation in two of our important industries; but on the whole the figures show a decided revival in our general commerce. The large imports of gold and the heavy Council drawings at a strong exchange tell the same tale.

5. Such being the conditions of the year which is approaching a close, their effect would naturally be an improvement upon the cautious estimate of revenue and expenditure which was presented to the Council in the Budget of last March. The measure of this improvement is that our Imperial surplus now seems likely to rise to £3,489,300. The increase, however, must be discriminated into that which is stable or normal, and that which is abnormal or transient. Our revenue has been increased roundly by £2,940,000 on account of the remarkably high prices for which our Bengal opium has sold; and of this amount two-thirds (or nearly 2 millions) have passed into our surplus under an arrangement which I shall subsequently explain. The true improvement in our surplus is thus about £1,150,000, due to better receipts under the great majority of our ordinary heads of revenue, and a small saving on our budget of expenditure.

Opium Revenue.

6. It would be impossible to make the financial position clear without an account of our opium revenue in the current year, and of the events by which it has been influenced. The general situation at the beginning of 1910 was comparatively simple. We were then entering upon the third year, and the end of the first stage, of our agreement with China for the reduction of our opium exports. Under that agreement, our Bengal sales and Malwa exports combined were to be kept down to 51,700 chests during the calendar year 1910. Further reductions at the rate of 5,100 chests a year were to be contingent on China giving evidence of having concurrently diminished her own production of opium; and the question of raising the consolidated duty upon the import of opium into China remained in suspense pending the receipt of certain assurances for which we had asked the Chinese Government. The prospect of a falling supply had begun to agitate the market towards the end of 1909, and prices rose rapidly to a very high level in last

April. But a sharp reaction followed. We had known for some time that the Chinese authorities were attached to the idea of a heavy license duty, as one of the measures for the control and check of consumption. In May last, the idea came to fruition; and with effect from the 7th June 1910, the Viceroy of Canton imposed a tax of 30 cents per tael on all boiled opium (equivalent to about R400 a chest on our export opium), with a supplementary provision that raw opium bought from importers should be boiled within a fixed time—which was originally put at three days—after its purchase. Several of the more objectionable features of the scheme were modified as the result of diplomatic action: but the tax remains and has recently been raised to about R640 a chest, and the Chinese Government has not yet been induced to admit that it contravenes the spirit of the Chefoo Convention. It would be inexpedient for me at present to say more on this delicate subject. Technicalities apart, the main principle to which His Majesty's Government have adhered throughout the discussions on the Canton tax is that the regulations of the provincial authorities in China must not substantially and obviously abrogate the existing rights of British traders, or discriminate between native and foreign opium to the prejudice of the latter.

7. I referred a moment ago to the obligation which lies upon China to reduce her own cultivation of the poppy *pari passu* with our reduction of our exports. To produce statistical evidence of her diminished production, was admitted by the Chinese delegates at the Shanghai Commission to be impossible. It was therefore decided that local enquiries should be undertaken, as a basis for a comparative record of the growth of the poppy in the different provinces. For this purpose, Sir Alexander Hosie, the experienced commercial attaché to the British Legation, was appointed to tour through China and estimate the progress which she has made in her reforms. The area to be covered is enormous; and pending the completion of the enquiry we have agreed to carry on the reduction in our exports to the end of 1911; so that in the present calendar year we intend to sell 31,440 chests of Bengal opium and to permit the export of 15,160 chests of Malwa. What will happen after 1911, depends on the agreement which is now being negotiated at Peking. Regarding the pending negotiations I am obviously not in a position to make any announcement. I can only ask the Council to believe two things. One is that we have great sympathy with the desire of those genuine patriots in China who are striving to free their country from the evils of excess in opium, and that we are prepared to make real sacrifices to help them. The other is that vigilance must go hand in hand with our sympathy. We cannot consent that India should suffer losses which will bring no corresponding benefit to the cause of China's reforms; and we shall safeguard the legitimate interests of our trade so long as the trade remains.

8. There is one point at which we have in some measure anticipated the result of the Peking negotiations, and I am glad to have this opportunity of explaining it in detail. When our first agreement was made with China in 1908, it was based on the fact that the consignments of our opium to China before that year had averaged 51,000 chests, while 16,000 chests had been our average supply to Singapore and other markets outside China. Two courses were open to the Chinese Government in getting these figures reduced. They could either, with the consent of all the Treaty Powers, restrict their imports: or they could arrange with us, at once and without any other intervention, that we should restrict our exports. China deliberately accepted the latter course, and we have scrupulously adhered to a reduction of 5,100 chests every year, being one-tenth of the average of our China shipments in previous years. China, however, has found that her imports have not been falling in the same ratio, mainly because the high prices which her people are now prepared to pay for our opium are attracting supplies which would otherwise have been consumed in Singapore and elsewhere. His Majesty's Government were accordingly approached by China with a request that we should help her to make the reduction in her imports as effective as the reduction in our exports; in other words, that we should co-operate in preventing any part of the 16,000 chests which used to go to Singapore and elsewhere from finding its way into China. It is obvious of course that nothing would conclusively effect this purpose except a definite restriction at the ports in China which are open to foreign trade: and this in turn would require not only an agreement with Great Britain, as representing India, but the concurrence of the other Treaty Powers. To secure their consent will take time: and due notice will also have to be given to the trade before a change of such importance can be enforced. In the meanwhile, however, we have begun to sell and export under special certificates the precise number of chests which, if the proposal is confirmed, will be the purely China supply. I wish it to be very clearly understood that this 'earmarking'—as it is called—has

been decided upon as a spontaneous proof of our good-will towards China and our desire to help her. We were under no obligation whatsoever to undertake it in the absence of the renewed agreement which is now being negotiated, and, if a satisfactory agreement is not concluded, we are under no obligation whatsoever to continue it.

9. It now remains to show how the events of the year have re-acted upon our opium revenue. In February and March of 1910, in response to the excitement in the China markets, our Bengal opium sold for prices which I described at the time as unprecedented for half a century. But even these faded into comparative insignificance before the price of Rs. 3,827 a chest which was reached in April last. The Chinese connoisseurs were supposed to be ready to pay fanciful prices for a drug which was every year becoming a less attainable luxury. In May came the news of the license tax at Canton: a large quantity of the Indian opium goes into the Kwang provinces: and the price at our July sale dropped to the neighbourhood of Rs. 2,000 a chest. As the position cleared and the harsher features of the Canton monopoly were withdrawn, the market slowly improved again, and the sales of last month (all being 'earmarked' opium) fetched Rs. 3,439 a chest. The net result of these striking fluctuations is that we now estimate for an average rate of Rs. 2,925 on the year as a whole. Compared with the budget figure of Rs. 1,750 a chest, this gives us a very large surplus revenue; and I have next to tell the Council how we propose to employ the windfall. Revenue which is so wholly exceptional in character and amount is clearly not revenue which may properly be put into our general resources to meet our permanent and recurring expenditure. Our first care therefore, when prices began to move, was to prepare an estimate of what would be our normal receipts, year by year, on the basis of normal prices and on the assumption that the cumulative restriction on our exports to China will continue. On these data we have carefully worked out a scale of diminishing revenue; and we have decided, with the full approval of the Secretary of State, that the whole amount by which, in any year, the actual receipts may exceed our hypothetical or standard figure will be kept apart from our ordinary revenues. It will not be funded: but it will be employed in each year on services for which the ordinary revenue of the year would not usually be available. We believe that this is the only prudent course to pursue, and we are confident that it will have the approval of the Council, as it was foreshadowed more than once in the course of the Budget debates last year.

10. Under the scheme which I have now outlined, our standard figure for the current year is 7 crores of rupees. Our estimated receipts being 11.4164 crores, we have thus to dispose of 4.4164 crores or £2,944,300 in some special manner. What we mean to do is to remit two-thirds of the excess to England, for the discharge of temporary debt. There is clearly no purpose to which a sudden influx of non-recurring revenue can more appropriately be devoted than to reducing our capital liabilities, easing our interest charges, and strengthening our national credit. I need hardly remind the Council that as a consequence of our serious losses of revenue in 1908-09, we were unhappily obliged to increase our floating debt; and it is extremely desirable to take the earliest opportunity of redeeming, either directly or indirectly, the temporary obligations which we then incurred. The remaining one-third of our windfall will be distributed in the form of grants for the initial or capital expenditure on large schemes of educational and sanitary progress. In pursuance of this policy we propose to make the following grants to the different provinces:—

PROVINCE.	FOR CAPITAL EXPENDITURE ON	
	Education.	Sanitation.
	£	£
Central Provinces	26,700	13,300
Burma	53,300	46,700
Eastern Bengal and Assam	74,500	60,000
Bengal	163,300	66,700
United Provinces	106,100	70,000
Punjab	60,000	66,700
Madras	43,800	28,300
Bombay	73,500	28,300
TOTAL	601,200	380,000

Those Local Governments which have provincial settlements will carry the money in their balances until its expenditure is required on schemes sanctioned by proper authority. I will leave it to my Honourable Colleague in charge of the Education Department to explain the principles upon which these allotments have been made.

Ordinary Revenue.

11. The ground has now been cleared of the opium receipts and of the effect which they have had in inflating our surplus. For all other heads of revenue, our budget estimate was £70,803,800. We now hope to realize £72,927,300; and to this improvement three groups of revenue-producing services have contributed. The first group consists of those heads of revenue which respond directly to good harvests and agricultural prosperity:—Land Revenue and Irrigation, with a betterness of £26,500 over the budget; Excise, where the yield has risen by £133,400; and Stamps, where it is better by £71,500. Second comes the group of services which are connected more immediately with trade and whose earnings rise with the revival of commercial activity. Chief among these is Railways, which I believe will be better than the budget by £1,176,100 net; then follow Customs, £478,700 better; Posts and Telegraphs, £80,200 better, and Forests £58,600 better. The third group comprises what I may call the financial services, which move in sympathy with the other groups. I refer to Interest, £303,600 higher than our original estimate; Exchange, £62,600; and Mint, £46,400 in the same direction.

12. Such has been the general trend of the year's revenue as a whole. But in this Council it is the Imperial surplus with which we are chiefly concerned; and I propose now, dropping all minor corrections in our estimates, to describe the chief outstanding features in that surplus. Broadly speaking, the great improvement which it shows has been the resultant of four large variations in our figures:—Railways, Customs and Interest have turned out very much better than the Budget; Salt considerably worse. It is on these four heads alone that I shall dwell for a moment.

13. Our Railways have again assumed their pride of place as the dominant factor in our ordinary finances. I had budgeted, with no small hesitation, for gross receipts of 29½ millions from State railways,—a higher figure than we had ever realized before and nearly a million in excess of the very large earnings of the previous year. Business, however, has steadily improved upon our forecast. The movement of cotton and oilseeds has been especially active; and a notable feature of the year is the great increase in coaching traffic, attributed in part to the marriages and pilgrimages of an auspicious and prosperous year. Along with all this, there has been a gratifying fall in working expenses, indicative, I hope, of the closer control now exercised by the Railway Board over that campaign of special renewals and repairs which helped to embarrass our finances two years ago. The year will close with gross receipts not far short of £800,000 in excess of what I anticipated, while the saving in working expenses has exceeded £400,000.

14. As a reflex of our external commerce, the Customs receipts have been equally satisfactory. I had estimated them at roughly 6 millions, including very nearly 1 million as the result of our new taxation. They will actually be at least 6½ millions; the rise occurring chiefly under sugar, piece-goods, metals and manufactured articles generally. The new taxes have given us fully the million which we counted upon. Our estimate was approximately correct for beer, wines, spirits and petroleum: but we had not made sufficient allowance for the effect of the new tobacco duties upon the import of the cheapest cigarettes. Any shortage on this account, however, has been more than covered by the increase in receipts from silver. We had put the probable income from the four anna silver duty at a crore of rupees; this was essentially a cautious estimate, because other considerations were involved than the rise in duty, about which in itself we were never nervous. But all has gone well, and our realized revenue will probably be about 1½ crores. It is to me a genuine pleasure that a tax about which some of my Hon'ble friends expressed the gloomiest apprehensions last year has worked so smoothly, has caused no hardship to anyone, and has established itself as a powerful yet inoffensive auxiliary to our general resources. It has not depressed the price of silver, or turned the China exchanges against us, or had—so far as I am aware—any of the other ill-effects which were feared. There have been some remarkable ups and downs in the silver market during the year: but no one who knows the facts—and I have reason to believe that

the facts are tolerably well known in Bombay—will attribute them in any way to our taxation.

15. The third big lump increase in our revenue is an improvement of more than a quarter of a million under Interest. For this we are mainly indebted to the skilful handling by the Secretary of State in Council of the ample cash balances which we have been able to hold during the year in London, pending their employment on capital outlay and the redemption of temporary debt.

16. Our Salt revenue provides the last of the four large departures from our estimates, inasmuch as it is shown at £232,100 below the budget figure. This is in part, however, a postponement of revenue and not a real loss. The increase in the consumption of salt, it is true, has been curiously slow since our last remission of duty, and has disappointed those who maintained that the use of salt by the people would be greatly stimulated by low duties. In the current year, there has even been a slight drop, though not enough in ordinary course to have seriously affected our revenue. The reason why the latter has declined so appreciably is that the trade in Bengal has at last discovered the capabilities of its new privilege of clearing salt on credit. Under this system, we shall probably have duty outstanding on over 2 millions of maunds at the end of the year in Bengal alone, and our current revenue is to that extent reduced by a carry-forward to next year.

17. The combined effect of these four large changes in our figures has been an improvement of £1,726,300 in the revenue. A number of other heads of revenue have given me smaller contributions which would have brought the total for the year to nearly two millions better than we had anticipated. Part of this, however, has been absorbed by a large reduction in our Imperial share of the Land Revenue (including the portion of it which is credited under Irrigation). It is by waiving our rightful proportion of the income from this source that we make the provincial exchequers participants in our good fortune; and on the present occasion we are in the happy position of being able to provide funds for a number of important projects which, a year ago, I saw very little chance of being able to help. The chief grants which we propose to allot out of the surplus in our normal revenues are the following:—

£166,700 to Burma, to enable that province to make its promised contribution of 25 lakhs to the Rangoon harbour without impoverishing the allotments for much needed improvements in its other public works.

£183,600 to Eastern Bengal and Assam for the initial expenditure on two large schemes for the re-organization of its subordinate police generally, and for the establishment of an efficient river police in particular.

£66,700 to the Punjab as a contribution to the Medical College and Hospital at Lahore, which are intended to be the provincial memorial to His late Majesty King Edward VII.

£123,300 to Madras under an old-standing promise that we should assist in the initial expenditure (now estimated at roughly £250,000) on the Meyer scheme for the re-arrangement of a number of unwieldy districts and subdivisions in that province.

£333,300 to Bombay, as a subsidy towards the great work in Bombay City upon which its Improvement Trust is now engaged.

18. A full list of our proposed new grants is given in the explanatory memorandum attached to the estimates; but I have indicated the more important, and I am confident that the distribution will have the Council's approval. We have endeavoured to select projects of the clearest public utility which would have claims upon us for assistance sooner or later,—claims which we should gain nothing by postponing, as they might only fall upon us when we were less able to do them justice. These grants are all non-recurring, and it will of course be understood that they are quite independent of the allotments which we have made from our opium receipts.

Expenditure.

19. On this side of the account I have fortunately an uneventful tale to tell. Our Budget estimate of expenditure was £75,700,600; we now expect the actual outlay to be £75,227,600 or £473,000 less. About three-fourths of the saving occurs in provincial expenditure, and is a welcome sign of the co-operation which we have been receiving from local Governments in our task of checking the growth of expenditure. The saving on the Imperial budget grants is £123,100.

INTRODUCING THE FINANCIAL STATEMENT FOR 1911-12.

7

Under Military services, a considerable reduction (£223,500) has been effected partly in India and partly in England; and the main reasons underlying it are the fall in the prices of food and forage, smaller purchases of ordnance and other stores, and the economical management of our operations for the suppression of the arms traffic in the Persian Gulf. In the Railway revenue account there has been a saving of £217,600 mainly under interest charges; the result, on one side, of smaller capital expenditure than we had provided for and, on the other, of smaller borrowings by two of the leading Companies. Telegraphs show a lapse of £51,500. The budget grant for Stationery and Printing—a subject which attracted special attention in Council last year—has not been spent by £35,700; and the efforts which have been made to eliminate avoidable outlay under this head seem now to be bearing tangible fruit.

20. With two exceptions—and one of these is largely nominal—there have been no excesses of any importance over our budget figures. The only service for which our provision really ran short was the payment to our opium cultivators. Owing to the propitious character of the seasons, the last poppy crop yielded opium of an unusually fine consistence, and the price that had to be paid for it was consequently higher than the normal rate on which we had based our estimate. Under Opium expenditure therefore an additional grant of £153,200 has been necessary. The only other substantial excess occurs under Political, and is chiefly due to our having charged off and transferred from ordinary balances to a separate account the whole of the arrears of the subsidy due to His Majesty the Amir, with a view to preventing in future the disturbance of estimates and accounts which at present follows from the wide and wholly unforeseen fluctuations in his actual drawings.

Budget Estimate for 1911-1912.

21. My Lord, I now turn over the leaf of another year. In laying out our financial plan of campaign for the coming twelve months, my first thought has naturally been, how far may we safely count upon a continuance of existing conditions. Is it reasonable to assume that the rains will again be timely, and the harvests fruitful; that industry and trade will extend their borders; that our international commerce will continue to develop; that the money market will be steady; and that famine, plague and war will pass by our doors? Or have we reason to fear the reverse and to temper our estimates accordingly? I confess that, in Indian budgeting, the only reasonable rule of conduct that I can see is to assume that a period of prosperity, once it is established, will continue until we have some clear warning of impending change. So far as we can scan the horizon, there is no danger signal in sight at present; and I am accordingly placing estimates before the Council which are based on the hypothesis of normal harvests, a good export season, and steady progress in our trade and industries. The resultant figures, in their simplest form, are as follows:—

Revenue		£77,927,600
Expenditure (after Provincial adjustments)		£77,183,800
		£563,400
Surplus	{	Ordinary
	}	Special, from Opium
		£180,400

The "Ordinary" surplus is somewhat smaller than it is our tradition to aim at; but a part of the spare revenue which would otherwise have been at our disposal has been set aside for the reception of Their Majesties in India and for the cost of the Durbar which the King-Emperor intends to hold at Delhi.

Revenue.

22. If we take our revenue figures as a whole, omitting Opium for the moment, it will be seen that we anticipate a moderate all-round advance in the classes of receipts which are directly affected by the agricultural conditions of the country. Land revenue, Salt, Excise and Irrigation all display a slight improvement over the year before; Stamps alone showing a fall, which is wholly due to the abnormal revenue that accrued this year in certain provinces from the operation of section 31 of our new Limitation Act. Our commercial departments—Railways, Posts and Telegraphs—reflect the same movement in moderation; a part of their increase being also due to the additional business which they expect from the Royal visit. I need not, however, trouble the

Council with any details except in so far as they influence the Imperial section of the account. In describing the Imperial figures, both for revenue and for expenditure, I find considerable difficulty in separating the normal movements of the figures from the complicated provincial adjustments which I shall allude to shortly; and rather than weary the Council with minute reservations, I must for once sacrifice in a few of the following passages the statistical precision which has always been the pride of these annual Statements.

23. Our total Imperial revenue is shown as being considerably below the figure which we expect in 1910-11. The decrease occurs, as you at once detect, under Opium; and I had better begin my narrative by disposing of that restless and baffling head of revenue. The difficulties of framing a satisfactory estimate for it have been extraordinary. As I explained a few minutes ago, we have promised to restrict our sales and exports in 1911 to 46,600 chests. Out of these, presumably the whole Bombay export of 15,160 chests, along with 15,440 chests of the Bengal sales, will be certified for the China market; leaving 16,000 chests for our other customers. Most of the Malwa opium has already paid its pass-duty in advance, so that for revenue purposes it is negligible. The prices which our Bengal sales for China may yield, will depend very largely on the terms of our new agreement, on any alteration in the import duties, and on any domestic measures which China may adopt for the control and taxation of the retail use of the drug. The revenue to be obtained from our sales for other markets, or what I may call for short our 'Singapore' opium, is an entirely unknown quantity, as we have never before sold opium under the peculiar conditions which are now being imposed. The factors of calculation for the remaining nine months of 1911 are thus sufficiently puzzling; but the uncertainties become still greater when we turn to the last three months of the financial year which overflow into 1912. For we have no means of judging what our prices or our exports may be in 1912. We have to await the results of Sir Alexander Hosie's inquiry and of the negotiations now in progress at Peking. We have also to introduce, some time during the year, a new system of selecting the opium which it will be permissible to export from Bombay; the effect of the change upon our revenue is problematical, and the date of its introduction is not yet decided. This statement of the problem will indicate the difficulty of estimating. Making the best forecast we can, however, we put the probable sales of Bengal opium at 30,210 chests for the financial year, of which 10,210 will be certified for China; and we take the probable average prices at R2,500 a chest for China opium and R1,500 for Singapore opium. We also estimate that 5,338 chests of Malwa opium, which have a deferred right to priority of export in 1912, will pay us pass-duty of R800 a chest; while it is possible that 600 chests of Baroda opium will issue at the old rate of duty. Our total Opium revenue, including the usual miscellaneous items, will thus be 642 lakhs. Under the scheme of diminishing returns which I have already mentioned, we shall treat only 615 lakhs or £4,100,000 as ordinary current revenue, and whatever excess over that figure may be actually realised will be earmarked for capital and non-recurring expenditure. It is for this reason that I showed £180,400 of our budget surplus as special and separate. I hope the figure will be larger; but, so long as there is a figure at all, it will not affect our normal provision for the year.

24. Apart from the Opium receipts, the increase in our Imperial revenue would nominally be £1,431,900. But it must be remembered that, as compared with the current year's figures, our share of the Land Revenue is improved by the absence of the special non-recurring grants which we are making to provinces in 1910-1911. Furthermore a number of the heads of revenue have been upset by the new provincial adjustments; and, all things considered, I do not think I can give a closer approximation than to say that the true measure of the expected improvement in revenue is roughly £300,000. Apart from a moderate general rise in Excise and Land Revenue, due to promising agricultural conditions, this may be taken broadly as made up of an increase of £157,900 under Railways, of £179,400 under Posts and Telegraphs, of £128,800 under Salt, and of a number of minor improvements counterbalanced by a decline of £303,000 in Customs and £228,900 under Interest. It is to these heads that I shall confine the few remarks that I have to make.

25. In our estimate of Railway earnings we have moved with what seems justifiable caution. If 1911-12 is even a moderately good year, there ought to be no serious set back. Wheat may be held up by the lower prices which are foreshadowed; and it is possible that the cotton crop may not be so plentiful as it has been this year; but the movement of jute can hardly be worse and some revival in piece-goods seems

probable. Our estimates are easily upset by the fluctuations of a single great system like the North-Western Railway. But on the whole there seems no good reason why we should not secure roughly the same net receipts as in the current year, with a small addition for the Durbar traffic and the increase in open mileage. I have accepted the figure for working expenses which the Railway Board assures us is necessary to carry the extra traffic and keep the lines efficient; and for gross profits I have made a comparatively small and fairly evenly distributed addition to the probable figure of the current year. The resulting rise in net receipts is only £73,400, which I think is safe. The rest of the improvement under Railways means smaller payments of surplus profits, etc.

26. For Salt we have been conservative in estimating the actual consumption, but there is unlikely to be the same increase in sales on credit in Bengal as overtook us this year. Postal and Telegraph receipts promise the usual improvement which accompanies trade activity. The Miscellaneous head of revenue benefits by £54,700 which the Calcutta Port Commissioners are going to pay us in April for certain Mint lands; and there are a number of smaller increases which it would be tedious to enumerate.

27. The only important defaulters, as I have said, are Interest and Customs. The former has been put lower in the expectation that our cash balances in London will not be so fruitful in short loans, as large payments will be required on capital account and in redemption of debt. Under Customs the decline occurs wholly in the yield of the silver duty, and represents nothing more than pure and simple caution. There is no apparent reason why prices should go up so long as China is a backward buyer; and the private imports of the current year, though we have heard a great deal about them, are by no means so high as they were even in the two previous years. Nevertheless they are believed to have been in excess of the immediate requirements of the local market, and it is understood that considerable stocks are available for next year's normal off-take. After the activity in our absorption since 1908, therefore, it seems wise to budget for a lull, and we have put our estimate of duty down to a crore of rupees. Under all the other classes of imported goods we assume a steady improvement; but I have been chary of raising the rice duties above the high record of the current year.

28. In discussing the yield of the new taxes which were imposed last year, I mentioned that we had been disappointed in our estimate for tobacco. The sudden rise in duties dislocated the import trade for a time, though it is possible that business would gradually have adapted itself to the new conditions. But we are informed that the rates which we selected have hit severely those particular forms of the tobacco industry in India which depend on an admixture of the foreign with the indigenous leaf. We are also doubtful whether our experiment has given us rates which are likely to combine the maximum of revenue with the minimum of hardship. It has been decided therefore to propose a reduction in the duties of about one-third all round, and a Bill to give effect to this change will be introduced to-day. On the assumption that it will become law, I have raised the yield of our tobacco duties by about 5 lakhs in the Budget.

29. Such then are the outstanding differences between the revenue we expect next year and that which we are collecting this year; but any one who runs his eye down the figured tables will see a number of other heads under which the Imperial share seems to have been largely increased or diminished. This is a result of the important readjustment of our provincial settlements to which I have already alluded. It accounts for a large nominal reduction under Excise and Forests and a small nominal drop under Irrigation; with a *per contra*, though not an equivalent, adjustment of the Land Revenue which gives the Imperial account a larger and the Provincial accounts a smaller share of those receipts than formerly. On the other hand the provinces have benefited by the following grants, which have been handed over to them in the shape of a recurring increase in their share of the Land Revenue, *viz.* :—

£58,000 to the Central Provinces, the United Provinces and Bombay, for the completion of the grants which we promised in aid of the Police Commission's reforms:

£20,000 to Eastern Bengal and Assam, as an instalment of the recurring cost of the two police schemes already mentioned; and

£59,000 for the relief of municipalities and town areas from police charges in the United Provinces, and the Punjab; these being the only provinces where this concession has not yet been granted.

Details of two other small grants will be found in the explanatory memorandum.

Expenditure.

30. Our total proposed expenditure in 1911-12 is composed of £51,024,600 in the Imperial and £27,615,600 in the Provincial account. It is in the former figure alone that we are directly interested. As compared with our estimate of Imperial expenditure in the current year, it is ostensibly £846,900 higher; the true increase is obscured, however, by the provincial adjustments which relieve the Imperial account of considerable expenditure—particularly under Forests—that formerly belonged to it. The real rise in Imperial expenditure is approximately £1,400,000; but I may at once ease the mind of the Council by explaining that £940,000 of this is reserved for the Royal visit next December and the ceremonials by which it will be marked. We have not yet found it possible to obtain detailed estimates for the cost of the gathering at Delhi for the Coronation Durbar, or for the military concentration which will accompany it or for a number of the minor episodes in the Royal progress. But we have provisionally entered in the Budget a sum of £633,300 for the civil and of £306,700 for the military expenditure, and I trust that the Council will not consider the figures to be higher than the people of India would wish to provide for the becoming celebration of a great historic event.

31. The net increase in expenditure of the ordinary type is thus roughly £460,000. If we want to estimate the true normal measure of growth for the year, we should in fairness eliminate the effect of the special treatment of the Amir's subsidy in 1910-11. This would raise the figure to about £650,000, the result of a large number of minor and mostly unimportant variations. Railways account for about £265,000, composed entirely of growing interest charges: and Posts and Telegraphs for about £125,000, more than covered by additional revenue from those services. Special interest attaches to a newly opened head of expenditure, which provides £120,000 as funds for protective irrigation works, over and above the amount allotted as usual from the famine insurance grant. The expansion of protective works in the past has been financed from the half million which in normal years is available from the famine grant; and up to the present the funds thus obtained have in practice been sufficient. But the time has now come when the further work which the Irrigation Department are ready to undertake would be hampered by the limitations and the uncertainty of the famine grant. Uncertainty we can never eliminate, I am afraid, as protective irrigation, like any other service which draws on our current revenues, must be prepared to take its share of short commons in bad years. But, when all is going well with us, we hope to be able to help the work from our general resources and supplement the limited provision to which it has hitherto been restricted. For next year accordingly we allot 78 lakhs, of which £400,000 appears in the famine grant and the balance outside it.

Of the other increases in expenditure there are none that call for special mention. Taken as a whole, they are roughly counterbalanced by reductions under two heads, Army and Opium. The total military charges are shown as £181,500 in excess of the current year; but when we remember that the grants include £306,700 for the movement of troops in connection with the Royal visit, it will be seen that we anticipate a genuine net diminution in Army expenditure. The expected saving under Opium is a natural consequence of the curtailment of our Bengal sales: we have amalgamated our two agencies into one, and we shall license a considerably smaller area of poppy cultivation for the next winter.

32. So ends my general narrative of the Budget for 1911-12. The financial outlook for the time is satisfactory. If India is blessed with favourable seasons, the provinces should be in a strong position, and the Imperial exchequer should enjoy a short breathing space before it has to face the new responsibilities that lie ahead of it. In spite of a decline of £566,700 in that part of the Opium revenue which we treat as available for general purposes, and of an estimated drop (on grounds of caution) of £303,000 in our Customs revenue, we look forward to being able to meet all the reasonable needs of the administration without undue parsimony, to provide in no ungenerous fashion for the suitable reception of the King-Emperor, and to close the year with a surplus of fully half a million sterling. I cannot say that the future is free from anxiety. Amid the cheerfulness of returning prosperity, it would be foolish to forget the lessons of the period of depression from which we have now emerged, or to close our eyes to the difficulties that are in front of us. But I trust that those difficulties will be met by a careful husbanding of our resources and by a jealous watchfulness over expenditure in good years and in bad years alike.

Military Services.

33. Under Military Services the expenditure for five years is shown in the following table :—

	GROSS.					NET.
	Army.	Marine.	Military Works.	Special Defences.	Total.	All Military heads.
1907-1908	£ 18,647,533	£ 485,024	£ 1,166,943	£ 116,287	£ 20,415,787	£ 19,248,354
1908-1909	19,177,266	476,957	967,362	29,044	20,650,629	19,602,988
1909-1910	18,901,181	461,157	858,342	28,604	20,249,284	19,112,323
1910-1911 (Budget)	19,488,500	484,300	879,600	1,500	20,853,900	19,706,500
1910-1911 (Revised)	19,225,700	475,500	919,600	9,600	20,630,400	19,456,200
1911-1912 (Budget)	19,444,300	436,300	924,400	6,900	20,811,900	19,563,900

34. When the budget for the current year was under preparation, the rates for food supplies were still at a comparatively high level, and we were faced with the necessity of providing for expenditure to the extent of £173,500 in connection with the Arms Traffic Operations in the Persian Gulf. "Schedule" expenditure was placed at £482,700. By this expression I mean the provision for new schemes costing more than £3,300, a limit which brings within the Schedule all outlay on objects of a special nature such as the introduction of new armament and other major improvements in the direction of efficiency. The net budget figure for 1910-11 was eventually placed at £53,500 more than that of the previous year.

35. Our estimate of the probable actuals of the current year indicates that the provision made was unduly large, and the net military expenditure of 1910-11 is now expected to be £250,300 less than the original budget estimate. Prices dropped at the beginning of the year, and the fall has been progressive. Contract rates have been more effectively controlled, and the extension of military grass farms is relieving us under the head of Compensation charges. We have thus returned to the standard of expenditure on food supplies which obtained in the year 1906-07. Ordnance charges have continued to decline, and the special provision for additional railway charges was only partly utilised. Various economies have also contributed to the anticipated saving, among which I may instance the abolition of 2 pony cart train cadres and of the experimental balloon section, the closing of the mounted infantry schools, and the retention of Army Head Quarters at Simla during the winter months. When reviewing the situation in November we thus found ourselves able to advise the Secretary of State that, to relieve the coming year's budget, a portion of next year's supply of military stores might be purchased at once, and in India we have similarly anticipated future requirements to some extent, as for example, by the purchase of transport animals the cost of which would otherwise have fallen on the estimates of 1911-12.

36. Among the more important measures towards which special funds have been allotted I would mention the purchase of arms, entrenching tools and rifle carrying equipment, the reconstitution of the reserve of artillery horses, and the replacement of aged horses in British Cavalry regiments. Progress has also been made in the construction of a better type of lines for Indian Infantry and additional buildings are being proceeded with at Quetta, Jubbulpore, Ahmednagar and Risalpur to provide for the redistribution of troops.

37. The Arms Traffic Operations which commenced in 1909-10 are now estimated to cost, to the end of the current year, a sum of £224,600 and for next year we have included an allotment of £133,300 for the same object. We are also in the coming year providing £306,700 for Indian military expenditure in connection with His Majesty's visit to India. Among other items in our Schedule of special measures, for which we have allotted £602,000 in the aggregate, I would allude to the provision of £100,000 for the rearmament of a number of Field and Mountain batteries. The Schedule also includes further allotments towards the purchase of rifles and the reconstitution of the artillery reserve and to replace aged animals in the British Cavalry regiments. A substantial advance will also be made in the reconstruction of the Indian Infantry lines which was taken in hand at the end of last year, and in the building of the new lines near Darjeeling and at Dacca.

38. It will be seen that by making partial use of the savings obtained this year in the manner already described we have been able to provide for the exceptional outlay in connection with His Majesty's visit to India, while keeping the military budget substantially below the figure allotted in the estimates of the current year, the actual difference between the net provision for all military services in 1911-12 and that made in 1910-11 being £142,600.

Railways.

39. It has become customary to bring together in this part of the Financial Statement the figures of capital expenditure on railways during the last five years and the similar estimate for 1911-12. I accordingly present the table as usual; it includes all capital outlay, whether incurred by the State or through the agency of guaranteed or assisted Companies.

	1906-1907.	1907-1908.	1908-1909.	1909-1910.	1910-1911 (Revised).	1911-1912 (Budget).
	£	£	£	£	£	£
Open lines including rolling stock	5,948,067	7,328,000	8,532,741	6,532,441	5,724,400	6,357,400
Lines under construction—						
(a) Started in previous years	3,526,066	3,006,800	1,366,200	1,482,962	2,197,000	2,382,600
(b) Started in current year	176,667	...	146,130	369,291	403,700	760,000
	9,650,800	10,334,800	10,045,071	8,384,694	8,325,100	9,500,000

40. On the 31st March 1910, the total length of open lines was 31,614·35 miles classified according to gauge as follows :—

5' 6" gauge	16,340·96
Metre	13,398·54
Special gauges (2' 6" and 2')	1,874·85
TOTAL	<u>31,614·35</u>

During the current year we have added to these approximately the following mileage :—

5' 6" gauge	410·98
Metre	350·45
Special gauges (2' 6" and 2')	162·84
TOTAL	<u>924·27</u>

During the ensuing year it is intended to increase this length by 710·72 miles.

41. In the current year the return on the capital at charge amounts to 4·66 per cent., as compared with 4·48 in 1909-10, 3·69 per cent. in 1908-09 and 4·75 per cent. in 1907-08. The rate of interest which we have taken for the year on the debt chargeable to railways is 3·358 per cent.

The current year has been more favourable than last year and the traffic returns show that there will be a large improvement over the Budget estimates. The improvement is largely due to the acceptance by the railway administrations of the reasonable limitations imposed by budget provision. The grants for working expenses, etc., are likely to be smaller than the Budget estimate by £418,900. If we take the railway revenue account as a whole, and set the interest charges, the annuities and sinking fund payments, and the minor debits (cost of land, etc.), against the net earnings, we find a surplus of £1,954,400 which accrues to general revenues. Last year there was a net gain to the State of £824,900.

42. In the Budget of next year provision has been made for an increase in the gross receipts over the current year in view of the prospects of favourable crops, and of

the extra traffic expected in connection with the Coronation Durbar and from the opening of new lines and branches. Provision for working expenses has also been put up a little higher on account of improvements in permanent-way, rolling-stock and bridges. It is expected that the net surplus after providing for interest charges, which show an increase on account of growth of capital, will be £1,849,800.

Irrigation.

43. The financial position of our great Irrigation undertakings may be gathered at a glance from the following table, which carries on and brings up to date the information that it has been customary to give in previous Financial Statements.

	1907-1908.	1908-1909.	1909-1910.	19 10-1911, Revised.	1911-1912, Budget.
<i>Productive Works.</i>					
	£	£	£	£	£
Capital outlay to end of year	26,978,016	28,002,898	29,145,119	30,370,637	31,652,994
Direct receipts	2,160,389	2,213,644	2,249,011	2,248,581	2,257,100
Land Revenue due to Irrigation	1,035,088	1,084,773	1,111,158	1,188,300	1,199,367
TOTAL	3,195,477	3,298,417	3,360,169	3,436,881	3,456,467
Working Expenses	981,804	1,011,140	1,065,481	1,085,898	1,062,780
Interest	905,887	930,708	960,829	1,001,851	1,045,170
TOTAL	1,887,691	1,941,848	2,026,310	2,087,749	2,107,950
NET PROFIT	1,307,786	1,356,569	1,333,859	1,349,132	1,348,517
<i>Protective Works.</i>					
Outlay on construction to end of year	2,382,055	2,736,094	3,112,121	3,466,121	3,944,851
Direct receipts	47,625	33,980	58,066	48,919	63,700
Land Revenue due to Irrigation	5,445	6,271	6,230	11,000	11,733
TOTAL	53,070	40,251	64,296	59,919	75,433
Working Expenses	22,205	25,449	28,730	29,702	36,020
Interest	75,025	86,619	97,882	110,449	124,430
TOTAL	97,230	112,068	126,612	140,151	160,450
NET LOSS	44,160	71,817	62,316	80,232	85,017
<i>Minor Works and Navigation.</i>					
Direct receipts	232,045	219,334	235,691	236,300	245,200
Expenditure	838,728	879,339	889,435	907,982	938,143
NET LOSS	606,683	660,005	653,744	671,682	692,943

44. On the 31st March 1910, 55,274 miles of main and branch canals and distributaries had been constructed, commanding nearly 47 million acres of culturable land, the area irrigated in 1909-10 being 21,976,846 acres. The productive works during that year yielded a net return of 7·87 per cent. on the capital outlay of £29 millions after paying all charges exclusive of interest. The net profit to the State was £1,334,000. The revised estimate for 1910-11 shows a net profit of £1,349,000 on productive works and a net return on capital outlay of 7·74 per cent.

45. On the 31st March 1911 we expect to have 55,857 miles of main and branch canals and distributaries constructed to command 49,829,700 acres of culturable land. It is expected that an area of 21½ million acres will be irrigated during the year. In addition to the canals in operation, there are altogether 51 projects which are either under construction, awaiting sanction or being examined by the professional advisers of the Government. Of these 22 are productive and 23 protective. They are designed to irrigate 7 million acres, and 2·24 million acres, respectively, at a total capital cost of about 34 and 16 crores, respectively. The former are expected to yield a net return of 7·31 per cent. on the outlay.

46. Although no very important works were sanctioned during the year, a number of schemes of the first magnitude have been under the consideration of the Government of India. Satisfactory progress continues to be made in the construction of the three canals comprised in the Triple canal project in the Punjab. As foreshadowed in last year's financial statement, the original estimate of cost has been seriously exceeded, the excess amounting to R254 lakhs or 32·5 per cent. over the original estimate. This large excess was due in some measure to the want of adequate provision for certain necessary requirements, but principally to a marked change in the economic conditions of the Punjab which raised the labour rate by about 50 per cent. This was due mainly to the great diminution of the population as the result of the ravages of plague, but other causes which affected the labour rate were the absorption of large numbers of the agricultural classes in tracts opened out to cultivation on the lately completed canals, and the keen demand for labour for agricultural operations, railway construction, etc. Mr. Renouf, Director of Agriculture, Punjab, who investigated the subject a year ago, came to the conclusion that the labour rate had doubled in the preceding 20 years, that the greater portion of the advance occurred in the last 10 years, and that the rise was most marked in the last 5 years of that period. The probable years of opening of the three canals are as follows:—

Upper Chenab canal	· · · · ·	1913-14.
Upper Jhelum canal	· · · · ·	} 1914-15.
Lower Bari Doab canal	· · · · ·	

47. The execution of the Upper Swat canal in the North-West Frontier Province is proceeding satisfactorily. The tunnel through the Malakand range of hills will be about 10,000 feet in length and some 1,430 feet have now been excavated. The drilling is effected by power derived from a hydro-electric installation on the Swat River. Irrigation will probably be commenced on completion of the tunnel on which the average rate of progress is 7 feet a day. The additional storage reservoir at Dhukwan on the Betwa canal, United Provinces, and the Shwebo canal in Burma were finished during the year. Work on the Pahari Dam on the Dhassan river, the Pahuj storage reservoir, both in the United Provinces, and the Môn canal system in Burma is far advanced.

48. The following important projects have been received and are now before the Government of India:—

Province.	Name of project.	Estimated cost (Direct and indirect).	Classification as proposed by local Government.
Madras	Cauvery reservoir project	R 3,85,00,000	} Productive.
Bombay	Sukkur Barrage	2,19,34,767	
United Provinces	Rohri Left Bank canal	4,49,75,788	
Burma	Ghaggar canal	35,04,454	
	Twante canal (Navigation canal)	72,80,973	
Central Provinces	Mahanadi canal	99,30,217	
	Weinganga canal	38,93,204	

Of these the Twante canal scheme, which is designed to improve an important trade route in Lower Burma, has been submitted for the sanction of the Secretary of State.

The important scheme for the introduction of perennial irrigation in Sind, of which the Sukkur Barrage will be the pivot, has already been alluded to in previous Financial Statements. The project is now being examined by the Inspector General of Irrigation.

The Cauvery reservoir project contemplates the construction of an immense dam of dimensions not approached in any other similar work in the world. The dam will attain a maximum height of 201 feet and an average height of 113 feet. It will impound sufficient supplies to irrigate an area of 4,73,000 acres, and will bring into existence a vast artificial lake having a water spread of 58 square miles.

Provincial Finance.

49. In the realms of financial administration, by far the most important event of the coming year will be a notable change in the financial relations between the local Governments and the Government of India; and I must now ask the indulgence of the Council while I describe this change in some detail. To an audience like the present, it would be superfluous to explain how the financial powers of the local Governments are based upon what are known as the provincial settlements. Opinions may differ as to whether our settlement system is the ideal method of dividing the public revenues of India between the central government and the administrations of the different provinces. For good or ill, however, the settlement system is with us: it has been developed and improved by long experience; and there cannot now be any question of throwing it over and searching for some alternative means of providing the provincial Governments with the resources which are necessary for the duties entrusted to their care. It is the provincial settlement therefore that we are using as the vehicle for the important reform which I am about to describe.

50. Dating from Lord Mayo's viceroyalty four decades ago, the settlements for many years were quinquennial contracts, and their periodical revision was a fertile cause of friction and improvidence and waste. In 1904 Sir Edward Law succeeded in investing them with greater permanence. They were no longer to be quinquennial; and although the Government of India reserved the power of revision, that power was to be exercised only when a settlement had become unfair to the central government or to other provinces or to the province itself, or when the Imperial Government was faced with the alternative of levying benevolences or increasing taxation. The local Governments were thus to be given a permanent interest in the revenue and expenditure under their control. Their share of the growing revenues was to be somewhat smaller than before; but it was to be so calculated that each province separately, and all the provinces taken together, were to be placed in possession of an amount of growing revenues which should bear the same proportion to the provincial expenditure as the Imperial share of growing revenues bore to the Imperial expenditure. The Government of India, as the final authority in India responsible for its finance and administration, retained the power to alter the settlements, but would use it only in the most exceptional circumstances. The new departure, as Sir Edward Baker said with permissible pride in describing it, was fraught with important and far-reaching consequences. Of these consequences one of the most important, as we can now see, was the impossibility of standing still, the certainty of further development. In a minute which Sir Edward Law recorded at the time, he wrote:—

"I am in full sympathy with the principle of encouraging the financial independence of local Governments: The arrangements now made will tend in the right direction; we are perhaps taking as big a step as is for the moment prudent, but I am convinced that we are still a long way from having attained all our desirable results. The whole question will, I anticipate, come up again in a few years, and we may fairly hope that when it does, another considerable advance will be made towards the desired goal."

The prophecy has come true; and it is the further step which my predecessor foresaw that we are now taking.

51. A critic of our financial history would find some grounds for questioning the permanency of the status which was conferred on our settlements seven years ago. The new series of *quasi*-permanent settlements was concluded, except for Eastern Bengal and Assam, in 1907; but almost before the work was finished, a complete revision was found necessary for the United Provinces and a substantial

readjustment took place in Madras. Large subsidies had to be made to several provinces; in some cases, it is true, as a sequel of famine, but in others with no such justification. Burma has suffered considerable, though I hope temporary, inconvenience under its new settlement: Bengal has come to the verge of bankruptcy: and even from some of the more fortunate provinces hints have not been wanting that greater Imperial generosity is expected. It would sometimes seem as if permanency were a misnomer, and the contractual liability imposed by the settlements had been forgotten. My own view is that, although the settlement obligations might at times have been more rigorously enforced, this period of trial and transition has been of great value to us. It has enabled us to test the different settlements thoroughly, to find out their weak points, and to estimate the conditions requisite for genuine permanence. When the time came therefore for us to take up the whole question on a review of the Decentralization Commission's report, we were in a position, especially after full consultation with the local Governments, to lay before the Secretary of State, with some confidence, our conclusions as to the defects in the existing settlement system and their appropriate remedies. The Secretary of State has now accepted our recommendations, and I am thus able to place before the Council the general scheme of the new arrangements.

52. The financial settlement with each of the eight major provinces will in future be permanent. Widespread famine, whose periodical visits still defeat all our calculations, will have to be met, when necessary, by special arrangements for the succour of a distressed province from Imperial funds; and on the other hand the Government of India may at times be compelled to call on the provinces for assistance in case of a great war or in a grave financial crisis. Apart from these wholly special emergencies, however, the settlements will be fixed rigid and permanent. How far they will thereby differ from the existing arrangements, may best be described by showing what we mean the permanent settlements to imply in our dealings with provincial finances and budgets.

In the first place, we intend that a province shall not in future budget for a deficit in its current revenue and expenditure, unless it satisfies us that the excess expenditure is due to a wholly exceptional and non-recurring cause and also, if the deficit involves a reduction of the provincial balance below the prescribed minimum, that suitable arrangements will be made for the restoration of the minimum. It will not therefore be permissible for a local Government in future to run through its balances, build up a heavy overdraft on the general balances of India, and then have to be set on its feet again by Imperial benefactions. If for any special and temporary reason a local Government has exhausted its own balances and receives permission to overdraw, it will have to take a short loan from the Imperial exchequer and pay interest on it. If in the last resort a province finds it impossible to keep its growing needs within the resources provided by its settlement, it may have to consider the propriety of raising special provincial taxation. I am far from suggesting that further taxation is a desirable thing: but it may be better for India as a whole that a province should tax itself than that it should live on its neighbours.

53. These are the more restrictive consequences which a permanent financial settlement will carry with it. But the advantages will not all be on one side. The settlements will not debar the provinces from sharing in any surplus which the Government of India may be in a position to distribute in a good year. Moreover the Government of India undertake that, when the fixed assignment of a province under its settlement becomes unduly high, it will ordinarily be converted, in whole or in part, into a share of growing revenue as soon as the state of the Imperial finances permits. Finally we shall no longer consider it necessary to exercise the same minute control over the budgetary arrangements of the provinces as has been the practice in the past. Our intervention and corrections will be confined to the total revenue and expenditure in the local Government's estimates, and the figures of the few major heads in which the Imperial exchequer has a share.

54. Such then will be the characteristics of our settlements in future, and it is on these lines that the responsibility of each local Government for its own finances will be determined. Before starting the settlement system, however, on its new career, we considered it our imperative duty to overhaul the existing settlements thoroughly. This has been a most laborious task. Some of them have been the subject of complaint; and one or two of them have been working under unquestionable difficulties. A systematic review of them all was

demanding, no less in courtesy to the local Governments than by our desire that the new arrangements shall be a success, and by our anxiety to relegate to the past whatever friction and discontent have been generated in our financial relations with the provinces. We have therefore subjected to the closest examination the position of each province and the history and antecedents of its current settlement. Our conclusions may be very briefly stated. In five out of the eight major provinces, the settlements have worked in a manner that indicates no flaws in the general lines upon which they were conceived. In Eastern Bengal and Assam, the settlement is new and almost untried; but we have no misgivings as to its success. In one province, Burma, there has been much inconvenience due to an over-estimate of its resources, which is now being slowly rectified. In the eighth province, Bengal, a settlement which began under the most favourable auspices has had a gloomy and troubled career. In its earlier days, large balances were eaten up by hasty and imperfectly considered increases in recurring expenditure; and when the present Lieutenant-Governor sought to apply the methods of ordinary financial caution, his economies were in a great measure defeated by the effects of high prices and the costly campaign against crime.

55. Brief though it necessarily is, this summary indicates that the defects in our present settlements are individual and not universal; and indeed the only generic fault in the system is the unwieldy size that has been attained by the fixed cash assignments in most of the provinces. To rectify this, to relieve those provinces where the financial position is now unsatisfactory, and to base the permanent settlements on a broad and stable foundation, has been the object of the changes and re-adjustments which are fully narrated in the Financial Secretary's explanatory memorandum.

56. From a purely financial point of view, the immediate effect of these changes is to convert fixed assignments amounting to the imposing figure of $3\frac{1}{2}$ crores a year into growing revenue. In this way the normal annual growth of its resources in each province is brought much closer to the normal ratio of growth in its expenditure than has been possible in the past. It will now be the task of the Local Governments to see that these all-important ratios are kept in steady equilibrium; for otherwise no settlement devised by the mind of man can save them from ultimate bankruptcy. It is not only by its immediate financial results, however, that the scheme that I have just been describing must be judged. It will also, I trust, be a measure of real decentralization and administrative reform. It will give local Governments a more abiding interest in managing and directing their own resources; it will greatly reduce the occasions for interference by the central Government; and it will stimulate provincial independence and self-reliance. To the Government of India also it ought to mean much. It will relieve us from the unforeseen and indeterminate liability to which the Imperial revenues were formerly exposed by the financial difficulties of any individual province. To that extent it frees our hands for the closer regulation of our Imperial expenditure; and it enables us to lay down the lines of a consistent financial policy for the future. It marks a forward stage in the development of a political theory which has been steadily pursued for the last forty years. But it implies something more than theory; for I believe that the new arrangements will be found to be liberal by the provinces; and I regard them as necessary in justice to ourselves and to the general taxpayer of India.

Ways and Means.

57. In last year's Financial Statement I described the constitution of our cash balances and the work that is thrown upon them. I need not repeat it all to-day. It was also explained that, apart from the ordinary domestic treasury business of the year, our chief transactions during 1910-11 were expected to be, that we should raise a loan of $1\frac{1}{2}$ crores in India and remit £15,500,000 to the Secretary of State in payment of Council bills; and that the Secretary of State would renew the whole outstanding £6,000,000 of India bills, raise further temporary debt in London to pay off the Indian Midland Railway's capital stock of £2,250,000; and complete the purchase of that concern by taking over the liability for its debentures. It was estimated that our closing balances would then be approximately 18.70 crores in India and $6\frac{1}{2}$ millions in London.

58. Here also, as in our Revenue account, the actual position has turned out much better than our forecast. We floated our small rupee loan last July at the favourable rate of a fraction over 96. The Secretary of State carried through the purchase of the Indian Midland Railway and raised, partly for that purpose and partly for future use,

£4,000,000 in India bonds, under promise to redeem them by annual drawings in eight instalments beginning from 1911-12. He has also reduced his floating sterling debt from 6 to 5 millions. Owing to the general strengthening of our resources, we count on remitting to England, from our treasury balances alone, no less than £23,500,000 in Council bills; and we expect to close the year with roughly 18½ crores in our Indian account and 17 millions in London. So that our position at the beginning of next year will be unusually favourable. The high sterling balances maintained during the year explain the large Interest receipts to which I have already referred.

59. On the 1st of next April we estimate that our available cash balances, excluding the liquid gold held on behalf of the Gold Standard Reserve, will be £27,840,800 in India and England together. During the year the chief demands upon them will be as follows. The excess of current expenditure over current revenue, which is the net result of an Imperial surplus of £743,800 and Provincial deficits of £1,456,400, will be £712,600. The capital expenditure under our sanctioned Railway programme for the year will be £9,500,000, while for productive Irrigation it will be £1,266,700. The redemption of Madras Railway and Indian Midland Railway debentures, which fall in during the year, will absorb £1,776,200. The first drawings of the 1910 Bonds will require £500,000, and it is proposed to withdraw £500,000 of India Bills, thus reducing our floating debt to 4½ millions. To meet these requirements, we expect that £1,123,300 will be the available surplus of the net unfunded debt—service funds and savings bank deposits, etc.—in India, and £188,500 will be the net credit under a variety of deposit and remittance heads. The ample cash balances will be drawn upon to the extent of about £7,015,400; and the balance of our requirements, or £5,928,300, will be raised by borrowing, *viz.*:—£1,333,300 or 2 crores, which will be the amount of our ordinary rupee loan in India, and £4,595,000 which the Secretary of State will float, partly on his own account and partly through Railway Companies. The closing balances will thus be 18½ crores in India and £8,322,200 in England exclusive of liquid gold held on behalf of the Gold Standard Reserve. The sterling balance is considerably higher than is usually required; but it includes a large part of our excess Opium receipts which will be kept in hand for the redemption of temporary debt at suitable opportunities.

60. During the current year the Secretary of State has 'earmarked' £2,545,000 in London against the payment of bills from the Paper Currency Reserve silver in India. He will also invest £600,000 in gold securities on behalf of the Gold Standard Reserve from the proceeds of bills which we shall meet by drawing 90 lakhs from the silver branch of that reserve in India.

61. In 1911-12 it is the intention of the Secretary of State to draw bills upon our Indian Treasury to the amount of £15,825,000. As usual, he will sell additional bills so far as our resources may permit, if there is an effective trade demand for them. The foregoing announcements about loans and drawings are subject to the invariable reservations; the Secretary of State and the Government of India having full discretion to vary the amounts mentioned above in any way and to any extent that may be thought advisable.

Exchange and Currency.

62. In Exchange matters, the fortunate year is that which has no history; and such has been the case with 1910-11. The rate has been strong and reasonably steady throughout. After the enormous sales of Council bills at the end of last year, and the continued heavy demand through April, it was not unnatural that there should be a certain re-action; and some slackening did take place in May and June. But it was only for a few days that the rate touched gold point, and there was never any anxiety. To the student of our trade statistics, this gratifying stability will require little explanation; for at no time during the year has the balance of trade been otherwise than heavily in our favour. During the first quarter, from April to June 1910, the excess of our exports was strikingly high. The import trade was strong though not abnormal, except perhaps for the heavy arrivals of gold; but it was completely overshadowed by the exceptionally large exports, particularly of rice, seeds, and high-priced cotton. The total balance in our favour for the three months reached the unprecedentedly high figure of 22½ crores. In the second quarter, July to September 1910, the balance steadied down, as it always does at that season. The import of piece-goods increased notably, and large supplies

of sugar arrived: but the shipments of gold grew easier; and on the other hand the export of rice, wheat, cotton and seeds continued very steady. In each of the three months the balance was favourable, and for the quarter the excess of exports was $7\frac{1}{2}$ crores. The third quarter of the year, October to December, was a little weaker. Piece-goods continued active, large quantities of sugar came in, and there were heavy imports of gold; while the outward trade sagged a little in jute, though it continued moderately firm for rice, cotton, wheat and seeds. The balance for the quarter was $5\frac{1}{2}$ crores in India's favour. The satisfactory promise of the rice crop, and the high prices ruling for cotton and opium, suggest that the present quarter will be about as good as were the three opening months of 1910; and the active demand for Council bills at the moment points in the same direction. If this expectation is realised, the year will have a remarkable record. Even in the first three quarters, as we have seen, the exports have exceeded the imports in value by $35\frac{1}{2}$ crores, a figure which has never been approached in the same period before; and the result naturally has been a strong and favourable exchange.

63. It cannot have escaped the attention of those who are interested in such matters that, although the balance of trade in our favour between April and December 1910 was about 8 crores higher than in the same periods of 1905 and 1906, the amount of Council bills sold was considerably smaller. In spite of the many and obvious reservations with which it must be applied, the connection between the Secretary of State's drawings and the balance of India's private trade is a law of obvious generality. When therefore we find the balance to be $35\frac{1}{2}$ crores in our favour during a period in which the Council have sold bills for only $25\frac{1}{4}$ crores there is clearly some indication of a change in the ordinary routine of our external finance. There has no doubt been slackness in the money market owing in part to the year's requirements having been somewhat freely discounted by the unusually heavy remittances last March. But other causes must have been at work, and if the movement is not a merely temporary phenomenon its development may be full of interest.

64. Another remarkable feature of our trade requirements this year has been the striking economy in the use of our rupees. In previous years when our exports were being financed by heavy Council drawings and imports of sovereigns, the absorption of rupees was correspondingly high. In the last three years of normal exchange, for example, *viz.*, 1905, 1906 and 1909, the net loss of rupees from our Currency Reserve between April and December was 10 crores, 13 crores and 9 crores respectively. Between April and December 1910, so far from a large absorption, there has actually been a small net return of rupees from circulation. This entire reversal of the usual order of things has left us in an infinitely stronger silver position than the ordinary student of our financial system could ever have anticipated; and I fear that it has been a grievous disappointment to those interests in the market which calculated on the Government of India being speedily compelled to resume the coinage of rupees on an extensive scale.

65. Closely associated with this unexpected strength in our currency reserve are two other notable features in the year's finance; and with a few remarks on them I shall bring my speech to a close. The first is the relatively small import of sovereigns as compared with the gold bullion which has been coming into the country. During the first nine months of the year the total imports of gold in all forms was close on £10 millions in value, out of which less than £3 millions were in coin. Under conditions which we had come to regard as normal, virtually the whole of these £3 millions would have been presented at our Currency offices and treasuries, and exchanged for rupees. As a fact, the greater share of it does not appear to have come to us either directly or indirectly; and it is believed to have passed straight into consumption. Combining this with the heavy absorption of gold bullion, I think we may assume that a change, slow it may be but of no small economic moment, is coming over the savings of the people. It is unsafe to speculate how far the coined gold which we import is working into active circulation; but that a large quantity of hitherto inert silver currency has been brought into use during the last year or so, seems incontestable, and to that extent the necessity for further additions to our coinage from new silver has been averted.

66. The other point to which I wish to allude briefly is one that lends itself to more definite treatment. I refer to the gratifying increase in the use of our currency notes. I will give the net total of our paper circulation, for the last five years, after

eliminating the holdings in our Reserve treasuries and in the balances at the head offices of the Presidency Banks :—

<i>Net Circulation in crores.</i>	1906-1907.	1907-1908.	1908-1909.	1909-1910.	1910-1911 (Ten months).
Average	35·92	36·47	34·84	38·88	40·35
Maximum	38·89	38·14	36·85	42·66	41·96
Minimum	33·08	34·91	32·88	36·07	38·52

The steady upward march of these figures, barely checked by the serious depression of 1908, inspires me with considerable hope for the better organization of our currency and, may I say, of indigenous capital generally. Our new universal notes have, I believe, contributed materially to the growing popularity of our paper currency; some minor defects in their form, which have been brought to our notice, will shortly be removed; and the further extension of their use is being carefully considered. Meanwhile, the growth in the true circulation is so steady and assured that we now think it would be prudent to increase the fiduciary share in it, or in other words to enlarge that portion of the Currency Reserve which is held invested and not in actual coin. I hope therefore to introduce a Bill next week, which, if it becomes law, will enable us to raise the amount of securities included in the Reserve from 12 to 14 crores.

Conclusion.

67. In many respects the past financial year has been more akin to a normal year than any since I have been in India. We have been blessed with a bounteous harvest, peace has not been broken, trade has shown appreciable recuperation, financial returns have been good and, better than all, the dark cloud of internal trouble has lifted. We have much to be thankful for and we may reasonably anticipate in the coming year a continuance of divine favour.

The one cause for anxiety is the heavy loss of income which at no distant date we shall have to face through the loss of our opium revenue. I have no desire to dwell on the bitter controversy which in the past has raged around the opium traffic. We have accepted and we are loyally carrying out a policy which subordinates financial to ethical considerations. The Indian people will be called upon to make sacrifices in the interest of humanity. They are a sensitive and a sympathetic race inspired by lofty ideals and I dare prophesy that they will not shrink from bearing their share of the burden since it will contribute to the uplifting of a sister nation.

GUY FLEETWOOD WILSON.

The 1st March 1911.

FINANCIAL STATEMENT.

OF THE

GOVERNMENT OF INDIA

MARCH 1911.

ACCOUNTS	1909-1910
REVISED ESTIMATES	1910-1911
BUDGET ESTIMATES	1911-1912

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FINANCIAL STATEMENT OF THE

I.—General Statement of the Revenue, and Expenditure charged to

	For details, vide Statement.	Accounts, 1909-1910.	Budget Estimate, 1910-1911.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.
Revenue—					
Principal Heads of Revenue—					
		£	£	£	£
Land Revenue	A	21,332,141	21,138,900	21,037,100	21,408,000
Opium	"	5,534,683	4,650,600	7,610,900	4,280,400
Salt	"	3,319,518	3,395,000	3,162,900	3,291,700
Stamps	"	4,548,304	4,749,800	4,821,300	4,799,600
Excise	"	6,537,854	6,832,700	6,966,100	7,206,400
Customs	"	4,965,118	6,038,300	6,517,000	6,214,000
Other Heads	"	4,852,257	4,973,900	4,984,100	5,063,600
TOTAL PRINCIPAL HEADS	...	51,089,875	51,779,200	55,099,400	52,263,700
Interest	A	1,184,343	1,115,300	1,418,900	1,147,000
Post Office	"	1,927,229	1,977,400	2,005,000	2,136,100
Telegraph	"	902,851	945,500	998,100	1,046,400
Mint	"	125,953	142,900	189,300	198,500
Receipts by Civil Departments	"	1,146,075	1,185,300	1,208,600	1,211,600
Miscellaneous	"	705,888	624,900	617,800	600,300
Railways : Net Receipts	"	12,445,378	12,629,600	13,805,700	13,963,600
Irrigation	"	3,660,156	3,604,800	3,733,100	3,777,100
Other Public Works	"	268,786	302,100	288,100	335,300
Military Receipts	"	1,136,961	1,147,400	1,174,200	1,248,000
TOTAL REVENUE	...	74,593,495	75,454,400	80,538,200	77,927,600

N. G. BASU,
Off. Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT.
March 1, 1911.

GOVERNMENT OF INDIA, MARCH, 1911.

Revenue, of the Government of India, in India and in England.

	For details, vide Statement.	Accounts, 1909-1910.	Budget Estimate, 1910-1911.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	8,859,590	8,837,100	8,922,800	9,081,000
Interest	"	2,115,045	2,142,900	2,212,200	2,125,100
Post Office	"	1,927,582	1,951,200	1,954,900	2,021,000
Telegraph	"	992,433	1,085,900	1,034,400	1,093,600
Mint	"	143,758	92,100	92,100	93,800
Salaries and Expenses of Civil Departments	"	14,185,968	15,085,500	14,979,800	16,837,000
Miscellaneous Civil Charges	"	4,807,694	4,914,100	4,799,100	4,886,800
Famine Relief and Insurance	"	1,000,000	1,000,000	1,000,000	1,000,000
Railways : Interest and Miscellaneous Charges	"	11,620,456	12,067,400	11,851,300	12,113,800
Irrigation	"	3,053,857	3,111,200	3,148,100	3,342,200
Other Public Works	"	4,137,151	4,559,300	4,602,500	5,234,000
Military Services	"	20,249,284	20,853,900	20,630,400	20,811,900
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . . . .	...	73,092,818	75,700,600	75,227,600	78,640,200
<i>Add—Provincial Surpluses : that is, portion of allotments to Provincial Governments not spent by them in the year.</i>	End of B	894,036	...	1,821,300	...
<i>Deduct—Provincial Deficits : that is, portion of Provincial Expenditure defrayed from Provincial Balances.</i>	"	...	622,200	...	1,456,400
TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .	...	73,986,854	75,078,400	77,048,900	77,183,800
SURPLUS . . . . .	...	606,641	376,000	3,489,300	743,800
TOTAL . . . . .	...	74,593,495	75,454,400	80,538,200	77,927,600

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FINANCIAL STATEMENT OF THE

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1909-1910.	Budget Estimate, 1910-1911.	Revised Estimate, 1910-1911.	Budget Estimate 1911-1912.
		£	£	£	£
Surplus	C	606,641	376,000	3,489,300	743,800
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	2,459,426	2,597,500	2,294,300	1,357,500
Capital subscribed by Native States towards outlay on State Railways	"	66,667	...	...	...
Capital raised and deposited by Railway Companies (net)	"	...	122,200	101,100	36,500
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	10,408,347	4,297,400	8,437,800	2,188,900
Temporary Debt (net Incurred)	"	...	2,250,000	...	...
Unfunded Debt (net Incurred)	"	783,154	1,119,200	1,009,400	1,123,300
Deposits and Advances (net)	"	4,274,012	...	1,210,700	...
Loans and Advances by Imperial Government (net Repayment)	"	157,027	...	167,300	...
Loans and Advances by Provincial Governments (net Repayments)	"	652,053	196,200	634,300	30,900
Loans to Local Boards for Railway Construction	"	6,083	6,300	6,300	6,600
Remittances (net)	"	286,264	9,000	199,900	2,200
Secretary of State's Bills drawn	"	18,006,586	15,500,000	23,500,000	15,825,000
TOTAL RECEIPTS . . . . .	...	37,706,260	26,473,800	41,050,400	21,314,700
Opening Balance—India . . . . .	...	10,235,827	11,902,427	12,295,428	12,309,328
England . . . . .	...	8,453,715	14,802,415	15,809,618	17,019,418
TOTAL . . . . .	...	56,395,802	53,178,642	69,155,446	50,643,446

FORT WILLIAM,
FINANCE DEPARTMENT;
March 1, 1911.

N. G. BASU,
Offg. Deputy Comptroller General.

GOVERNMENT OF INDIA, MARCH 1911.

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1909-1910.	Budget Estimate, 1910-1911.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.
		£	£	£	£
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	1,052,349	1,133,300	1,213,300	1,266,700
Outlay on State Railways	"	6,321,617	8,518,600	8,051,700	8,103,200
Outlay of Railway Companies (net)	"	2,117,982	2,468,300	378,100	1,434,000
Capital involved in Redemption of Railway Liabilities .	"	...	5,904,100	5,904,100	...
Capital raised and deposited by Railway Companies (net) .	...	2,216	...	...	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS .	...	9,494,164	18,024,300	15,547,200	10,803,900
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	...	...	1,000,000	500,000
Deposits and Advances (net)	"	...	526,300	...	1,079,900
Loans and Advances by Imperial Government (net Advances)	"	...	66,900	...	114,200
Secretary of State's Bills paid	"	18,796,592	15,503,900	23,279,500	15,825,700
TOTAL DISBURSEMENTS .	...	28,290,756	34,121,400	39,826,700	28,323,700
Closing Balance—India .	...	12,295,428	12,469,327	12,309,328	12,503,228
England . . . . .	...	15,809,618	6,587,915	17,019,418	9,816,518
TOTAL .	...	56,395,802	53,178,642	69,155,446	50,643,446

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FINANCIAL STATEMENT OF THE

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1909-1910.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
Principal Heads of Revenue—							
I.—Land Revenue	12,26,29,294	19,73,52,827	21,332,141	...	21,332,141	9,63,41,000	21,92,15,000
II.—Opium	8,30,20,245	...	5,534,683	...	5,534,683	11,41,64,000	...
III.—Salt	4,97,92,767	...	3,319,518	...	3,319,518	4,74,44,000	...
IV.—Stamps	3,45,90,827	3,36,33,720	4,548,304	...	4,548,304	3,66,49,000	3,56,70,000
V.—Excise	5,00,08,332	4,80,59,470	6,537,854	...	6,537,854	5,32,80,000	5,12,12,000
VI.—Provincial Rates	30,015	80,58,333	539,223	...	539,223	5,000	82,22,000
VII.—Customs	7,44,76,760	...	4,965,118	...	4,965,118	9,77,56,000	...
VIII.—Assessed Taxes	1,30,60,802	1,03,23,661	1,558,964	...	1,558,964	1,32,09,000	1,04,29,000
IX.—Forest	1,33,67,481	1,26,63,312	1,735,386	...	1,735,386	1,41,94,000	1,32,08,000
X.—Registration	60,964	63,94,696	430,377	...	430,377	59,000	63,21,000
XI.—Tributes from Native States	88,24,607	...	588,307	...	588,307	91,14,000	...
TOTAL	44,98,62,094	31,64,86,019	51,089,875	...	51,089,875	48,22,15,000	34,42,77,000
XII.—Interest	1,02,44,011	50,04,826	1,016,589	167,754	1,184,343	1,04,64,000	47,09,000
XIII.—Post Office	2,89,08,431	...	1,927,229	...	1,927,229	3,00,74,000	...
XIV.—Telegraph	1,34,79,855	...	898,657	4,194	902,851	1,49,07,000	...
XV.—Mint	18,89,293	...	125,953	...	125,953	28,40,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	2,58,954	41,41,125	293,339	...	293,339	2,72,000	43,75,000
{ Jails	2,98,930	31,53,394	230,155	...	230,155	3,44,000	31,98,000
XVII.—Police	1,28,917	21,05,333	148,950	...	148,950	1,79,000	21,06,000
XVIII.—Ports and Pilotage . . . . .	...	21,01,249	140,083	...	140,083	...	22,26,000
XIX.—Education	29,595	24,58,540	165,875	...	165,875	41,000	27,20,000
XX.—Medical	8,403	8,52,705	57,407	828	58,235	9,000	9,30,000
XXI.—Scientific and other Minor Departments	2,67,946	13,47,447	107,693	1,745	109,438	1,86,000	15,11,000
TOTAL	9,92,745	1,61,59,793	1,143,502	2,573	1,146,075	10,31,000	1,70,66,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc	11,86,550	7,10,253	126,453	65,633	192,086	12,38,000	7,42,000
XXIII.—Stationery and Printing	6,62,454	7,67,399	95,324	...	95,324	6,95,000	7,35,000
XXIV.—Exchange	6,67,215	...	44,481	...	44,481	9,39,000	...
XXV.—Miscellaneous	12,45,212	41,46,272	359,432	14,565	373,997	10,97,000	26,06,000
TOTAL	37,61,431	56,23,924	625,690	80,198	705,888	39,69,000	40,83,000
Railways—							
XXVI.—State Railways (Gross Receipts)	43,37,59,622	95,895	28,923,701	230	28,923,931	45,95,00,000	1,00,000
Deduct:—Working Expenses	24,31,18,578	96,184	16,214,318	...	16,214,318	24,63,15,000	85,000
Surplus profits paid to Companies, etc.	48,37,249	...	322,483	...	322,483	66,92,000	...
Net Receipts	18,58,03,795	—289	12,386,900	230	12,387,130	20,64,93,000	15,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	—724	...	—48	...	—48	...	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	2,20,641	...	14,709	43,587	58,296	1,88,000	...
TOTAL	18,60,23,712	—289	12,401,561	43,817	12,445,378	20,66,81,000	15,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,49,11,762	1,96,94,399	2,307,077	...	2,307,077	1,52,59,000	1,92,03,000
Portion of Land Revenue due to Irrigation	96,74,498	70,86,322	1,117,388	...	1,117,388	1,03,27,000	76,63,000
XXX.—Minor Works and Navigation	10,30,968	25,04,392	235,691	...	235,691	10,55,000	24,89,000
TOTAL	2,56,17,228	2,92,85,113	3,660,156	...	3,660,156	2,66,41,000	2,93,55,000
Other Public Works—							
XXXI.—Civil Works	5,10,015	35,21,772	268,786	...	268,786	4,57,000	35,64,000
Military Receipts—							
XXXII.—Army: Effective	73,58,192	...	490,546	385,011	875,557	79,85,000	...
Non-Effective	11,17,662	...	74,511	27,660	102,171	11,41,000	...
Marine	84,75,854	...	565,057	412,671	977,728	91,26,000	...
XXXIII.—Marine	12,51,892	...	83,460	...	83,460	13,58,000	...
XXXIV.—Military Works	11,36,600	...	75,773	...	75,773	9,87,000	...
TOTAL	1,08,64,346	...	724,290	412,671	1,136,961	1,14,71,000	...
TOTAL REVENUE	73,21,53,161	37,60,81,158	73,882,288	711,207	74,593,495	79,07,50,000	40,30,69,000

GOVERNMENT OF INDIA, MARCH 1911.

India, in India and in England.

ESTIMATE, 1910-1911.			Increase + Decrease— as compared with Budget Estimate, 1910-1911.	BUDGET ESTIMATE, 1911-1912.						Increase + Decrease— of Budget, 1911-1912, as compared with Budget Esti- mate, 1910- 1911.	Increase + Decrease— of Budget, 1911-1912, as compared with Revised Estimate, 1910-1911.
Total India (converted into £ at Rs=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.			
				Imperial.	Provincial.						
21,037,100	...	21,037,100	-101,800	15,25,29,000	16,85,91,000	21,408,000	...	21,408,000	+209,100	+370,900	
7,610,900	...	7,610,900	+2,960,300	6,42,06,000	...	4,280,400	...	4,280,400	-370,200	-3,330,500	
3,162,900	...	3,162,900	-232,100	4,93,75,000	...	3,291,700	...	3,291,700	-103,300	+128,800	
4,821,300	...	4,821,300	+71,500	3,65,07,000	3,54,87,000	4,799,600	...	4,799,600	+49,800	-21,700	
6,966,100	...	6,966,100	+133,400	3,23,77,000	7,57,19,000	7,206,400	...	7,206,400	+373,700	+240,300	
548,500	...	548,500	+5,600	13,000	81,69,000	545,500	...	545,500	+2,600	-3,000	
6,517,000	...	6,517,000	+478,700	9,32,10,000	...	6,214,000	...	6,214,000	+175,700	-303,000	
1,575,900	...	1,575,900	-45,600	1,32,61,000	1,07,90,000	1,603,400	...	1,603,400	-18,100	+27,500	
1,826,800	...	1,826,800	+58,600	10,00,000	2,69,83,000	1,865,500	...	1,865,500	+97,300	+38,700	
425,300	...	425,300	-25,700	65,000	63,91,000	430,400	...	430,400	-20,600	+5,100	
607,600	...	607,600	+17,300	92,83,000	...	618,800	...	618,800	+28,500	+11,200	
55,099,400	...	55,099,400	+3,320,200	45,18,26,000	33,21,30,000	52,263,700	...	52,263,700	+484,500	-2,835,700	
1,011,500	407,400	1,418,900	+303,600	1,03,30,000	40,64,000	959,600	187,400	1,147,000	+31,700	-271,900	
2,005,000	...	2,005,000	+27,600	3,20,42,000	...	2,136,100	...	2,136,100	+158,700	+131,100	
993,800	4,300	998,100	+52,600	1,56,29,000	...	1,041,900	4,500	1,046,400	+100,900	+48,300	
189,300	...	189,300	+46,400	29,78,000	...	198,500	...	198,500	+55,600	+9,200	
309,800	...	309,800	+24,000	2,67,000	42,77,000	302,900	...	302,900	+17,100	-6,900	
236,200	...	236,200	-23,700	3,36,000	32,64,000	240,000	...	240,000	-19,900	+3,800	
152,300	...	152,300	+3,900	1,24,000	21,42,000	151,100	...	151,100	+2,700	-1,200	
148,400	...	148,400	+6,500	...	21,41,000	142,700	...	142,700	+800	-5,700	
184,100	...	184,100	+5,800	41,000	29,67,000	200,500	...	200,500	+22,200	+16,400	
62,600	900	63,500	+4,800	9,000	9,26,000	62,400	900	63,300	+4,600	-200	
113,100	1,200	114,300	+2,000	1,71,000	14,82,000	110,200	900	111,100	-1,200	-3,200	
1,206,500	2,100	1,208,600	+23,300	9,48,000	1,71,99,000	1,209,800	1,800	1,211,600	+26,300	+3,000	
132,000	63,300	195,300	+5,800	12,16,000	7,45,000	130,700	64,000	194,700	+5,200	-600	
95,300	...	95,300	+4,900	7,06,000	7,45,000	96,800	...	96,800	+6,400	+1,500	
62,600	...	62,600	+62,600	...	...	...	...	...	...	-62,600
246,900	17,700	264,600	-80,400	18,05,000	25,27,000	288,800	20,000	308,800	-36,200	+44,200	
536,800	81,000	617,800	-7,100	37,27,000	40,17,000	516,300	84,000	600,300	-24,600	-17,500	
30,640,000	200	30,640,200	+794,500	47,14,00,000	1,00,000	31,433,400	200	31,433,600	+1,587,900	+793,400	
16,426,700	...	16,426,700	+418,900	25,71,15,000	85,000	17,146,700	...	17,146,700	-301,100	-720,000	
446,100	...	446,100	-37,900	56,62,000	...	377,500	...	377,500	+30,700	+68,600	
13,767,200	200	13,767,400	+1,175,500	20,86,23,000	15,000	13,909,200	200	13,909,400	+1,317,500	+142,000	
...	
12,500	25,800	38,300	+600	2,05,000	...	13,700	40,500	54,200	+16,500	+15,900	
13,779,700	26,000	13,805,700	+1,176,10	20,88,28,000	15,000	13,922,900	40,700	13,963,600	+1,334,000	+157,900	
2,297,500	...	2,297,500	+42,400	1,43,56,000	2,04,56,000	2,320,800	...	2,320,800	+65,700	+23,300	
1,199,300	...	1,199,300	+69,800	1,00,40,000	81,26,000	1,211,100	...	1,211,100	+81,600	+11,800	
236,300	...	236,300	+16,100	13,45,000	23,33,000	245,200	...	245,200	+25,000	+8,900	
3,733,100	...	3,733,100	+128,300	2,57,41,000	3,09,15,000	3,777,100	...	3,777,100	+172,300	+44,000	
268,100	20,000	288,100	-14,000	9,81,000	40,48,000	335,300	...	335,300	+33,200	+47,200	
532,300	379,500	911,800	+5,400	83,73,000	...	558,200	425,800	984,000	+77,600	+72,200	
76,100	30,000	106,100	+3,100	11,24,000	...	74,900	32,000	106,900	+3,900	+800	
608,400	409,500	1,017,900	+8,500	94,97,000	...	633,100	457,800	1,090,900	+81,500	+73,000	
90,500	...	90,500	+15,800	13,56,000	...	90,400	...	90,400	+15,700	-100	
65,800	...	65,800	+2,500	10,00,000	...	66,700	...	66,700	+3,400	+900	
764,700	409,500	1,174,200	+26,800	1,18,53,000	...	790,200	457,800	1,248,000	+100,600	+73,800	
79,587,900	959,300	80,538,200	+5,083,800	76,48,83,000	39,23,88,000	77,151,400	776,200	77,927,600	+2,473,200	-2,610,600	

FINANCIAL STATEMENT OF THE

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1909-1910.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	₹ 63,54,120	₹ 11,99,163	₹ 53,552	₹ . . .	₹ 53,552	₹ 29,06,000	₹ 10,84,000
2.—Assignments and Compensations	85,50,995	98,14,799	1,224,380	...	1,224,380	85,47,000	97,66,000
Charges in respect of Collection, viz.:							
3.—Land Revenue	40,82,780	5,06,59,885	3,649,511	568	3,650,079	41,31,000	5,14,54,000
4.—Opium (including cost of Production	1,66,40,862	...	1,109,391	764	1,110,155	1,87,44,000	...
5.—Salt (including cost of Production)	49,52,549	...	330,170	573	330,743	56,58,000	...
6.—Stamps	—3,60,264	10,84,724	48,297	103,492	151,789	—4,04,000	10,84,000
7.—Excise	30,66,145	28,97,513	397,577	336	397,913	31,74,000	29,95,000
8.—Provincial Rates . . . . .	...	74,175	4,945	...	4,945	...	86,000
9.—Customs	32,56,867	...	217,124	371	217,495	36,02,000	...
10.—Assessed Taxes	1,97,193	1,94,695	26,126	...	26,126	2,05,000	2,03,000
11.—Forest	78,96,551	71,29,788	1,001,756	4,941	1,006,697	82,47,000	74,26,000
12.—Registration	17,565	35,18,169	235,716	...	235,716	18,000	36,00,000
TOTAL	5,46,55,273	7,65,72,901	8,748,545	111,045	8,859,590	5,48,28,000	7,76,98,000
Interest—							
13.—Interest on Debt	3,61,43,967	1,23,54,172	3,233,209	5,519,190	8,752,399	3,60,47,000	1,22,78,000
Deduct—Amounts chargeable to Railways†	4,22,83,760	...	2,818,917	3,308,274	6,127,191	4,31,12,000	...
" Amounts chargeable to Irrigation	52,15,149	90,38,531	950,246	108,465	1,058,711	57,50,000	92,83,000
Remainder chargeable on Ordinary Debt	—1,13,54,942	33,15,641	—535,954	2,102,451	1,566,497	—1,28,15,000	29,95,000
14.—Interest on other obligations	82,28,217	...	548,548	...	548,548	85,05,000	...
TOTAL	—31,26,725	33,15,641	12,594	2,102,451	2,115,045	—43,10,000	29,95,000
15.—Post Office	2,80,83,826	...	1,872,255	55,327	1,927,582	2,84,62,000	...
16.—Telegraph	1,32,23,208	...	881,547	110,886	992,433	1,33,54,000	...
17.—Mint	19,35,424	...	129,028	14,730	143,758	13,01,000	...
Salaries and Expenses of Civil Departments							
18.—General Administration	90,33,972	1,09,09,177	1,329,543	326,236	1,655,779	93,84,000	1,15,62,000
19.—Law and Justice { Courts	9,19,277	4,04,28,105	2,756,492	257	2,756,749	9,11,000	4,22,94,000
{ Jails	18,29,256	1,09,67,006	853,084	...	853,084	19,09,000	1,09,10,000
20.—Police	28,83,809	6,04,16,237	4,220,003	2,303	4,222,306	28,44,000	6,22,25,000
21.—Ports and Pilotage . . . . .	...	26,20,902	174,727	52	174,779	...	26,69,000
22.—Education	6,92,923	2,47,24,706	1,694,509	10,363	1,704,872	9,49,000	2,66,51,000
23.—Ecclesiastical	18,53,312	...	123,554	489	124,043	18,75,000	...
24.—Medical	8,85,759	1,34,83,736	957,567	9,566	967,833	10,38,000	1,39,53,000
25.—Political	1,18,44,855	11,85,304	868,677	6,450	875,127	1,51,42,000	12,05,000
26.—Scientific and other Minor Departments	57,82,735	65,20,145	820,192	31,204	851,396	63,75,000	66,27,000
TOTAL	3,57,25,898	17,12,55,318	13,798,748	387,220	14,185,968	4,04,27,000	17,80,96,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	32,97,544	...	219,836	13,750	233,586	33,85,000	...
28.—Civil Furlough and Absentee Allowances	3,630	...	242	397,574	397,816	7,000	...
29.—Superannuation Allowances and Pensions	11,71,826	1,46,46,252	1,054,538	2,039,502	3,094,040	12,20,000	1,53,11,000
30.—Stationery and Printing	11,05,708	80,07,922	607,575	117,147	724,722	12,92,000	77,21,000
32.—Miscellaneous	7,82,358	38,17,411	306,652	50,878	357,530	9,38,000	28,75,000
TOTAL	63,61,066	2,64,71,585	2,188,843	2,618,851	4,807,694	68,42,000	2,59,07,000
Famine Relief and Insurance—							
33.—Famine Relief	9,02,639	2,93,728	79,758	...	79,758	50,000	...
34.—Construction of Protective Railways	1,80,226	...	12,015	...	12,015	5,01,000	...
35.—Construction of Protective Irrigation Works	63,05,659	...	420,377	12,512	432,889	56,41,000	...
36.—Reduction or Avoidance of Debt	33,80,068	37,50,000	475,338	...	475,338	47,44,000	37,50,000
TOTAL	1,07,68,592	40,43,728	987,488	12,512	1,000,000	1,09,36,000	37,50,000
Carried over	14,76,26,562	28,16,59,173	28,619,048	5,413,022	34,032,070	15,18,40,000	28,84,46,000

	ACCOUNTS, 1909-1910.				REVISED ESTIMATE, 1910-1911.			
	INDIA.		England.	TOTAL.	INDIA.		England.	TOTAL.
	Amount in Rupees.	Equivalent in £ at Rs=£1.			Amount in Rupees.	Equivalent in £ at Rs=£1.		
† Included under the following heads:—								
State Railways—Interest on Debt	₹ 3,84,67,346	₹ 2,564,489	₹ 3,689,062	₹ 5,653,551	₹ 5,94,13,000	₹ 2,627,500	₹ 3,152,400	
Ditto —Interest chargeable against Companies on Advances	38,16,414	24,428	219,212	473,640	36,99,000	246,600	219,300	
TOTAL	4,22,83,760	2,818,917	3,908,274	6,127,191	4,31,12,000	2,874,100	3,371,700	

GOVERNMENT OF INDIA, MARCH 1911.

Revenues of India, in India and in England.

ESTIMATE, 1910-1911.			Increase + Decrease — as compared with Budget Estimate, 1910-1911.	BUDGET ESTIMATE, 1911-1912.					Increase + Decrease — of Budget, 1911-1912, as compared with Budget Estimate, 1910-1911.	Increase + Decrease — of Budget, 1911-1912, as compared with Revised Esti- mate, 1910- 1911.
Total India (converted into £ at R15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.		
				Imperial.	Provincial.					
£ 266,000	...	£ 266,000	+ 24,100	₹ 25,64,000	₹ 11,68,000	£ 248,800	...	£ 248,800	+ 6,000	£ —17,200
1,220,900	...	1,220,900	+ 15,000	82,44,000	1,01,00,000	1,222,900	...	1,222,900	+ 17,000	+ 2,000
3,705,700	2,500	3,708,200	-66,100	43,84,000	5,28,41,000	3,815,000	800	3,815,800	+ 41,500	+ 107,600
1,249,600	500	1,250,100	+ 153,200	1,77,45,000	...	1,183,000	500	1,183,500	+ 86,600	- 66,600
377,200	2,300	379,500	+ 21,500	54,90,000	...	366,000	500	366,500	+ 8,500	-13,000
45,300	75,000	120,300	+ 9,600	-4,28,000	11,12,000	45,600	95,300	140,900	+ 30,200	+ 20,600
411,300	500	411,800	- 19,900	22,82,000	42,47,000	435,300	100	435,400	+ 3,700	+ 23,600
5,700	...	5,700	- 800	...	1,10,000	7,300	...	7,300	+ 800	+ 1,600
240,100	600	240,700	-1,300	37,20,000	...	248,000	200	248,200	+ 6,200	+ 7,500
27,200	...	27,200	-900	2,14,000	2,08,000	28,200	...	28,200	+ 100	+ 1,000
1,044,900	6,300	1,051,200	-41,700	9,95,000	1,59,51,000	1,129,700	6,500	1,136,200	+ 43,300	+ 85,000
241,200	...	241,200	-7,000	19,000	36,90,000	247,300	...	247,300	-900	+ 6,100
8,835,100	87,700	8,922,800	+ 85,700	4,52,29,000	8,94,27,000	8,977,100	103,900	9,081,000	+ 243,900	+ 158,200
3,221,600	5,781,700	9,003,300	-41,000	3,74,18,000	1,20,32,000	3,296,600	6,032,700	9,329,300	+ 285,000	+ 326,000
2,874,100	3,371,700	6,245,800	+ 103,100	4,58,09,000	...	3,053,900	3,572,700	6,626,600	-277,700	-380,800
1,002,200	110,100	1,112,300	+ 5,000	66,44,000	92,16,000	1,057,300	112,300	1,169,600	-52,300	-57,300
-654,700	2,299,900	1,645,200	+ 67,100	-1,50,35,000	28,16,000	-814,600	2,347,700	1,533,100	-45,000	-112,100
567,000	...	567,000	+ 2,200	88,80,000	...	592,000	...	592,000	+ 27,200	+ 25,000
-87,700	2,299,900	2,212,200	+ 69,300	-61,55,000	28,16,000	-222,600	2,347,700	2,125,100	-17,800	-87,100
1,897,500	57,400	1,954,900	+ 3,700	2,94,96,000	...	1,966,400	54,600	2,021,000	+ 69,800	+ 66,10
890,300	144,100	1,034,400	-51,500	1,43,91,000	...	959,400	134,200	1,093,600	+ 7,700	+ 59,200
86,700	5,400	92,100	...	13,26,000	...	88,400	5,400	93,800	+ 1,700	+ 1,700
1,396,400	351,100	1,747,500	+ 3,000	2,00,93,000	1,32,31,000	2,221,600	378,900	2,600,500	+ 856,000	+ 853,000
2,880,300	1,500	2,881,800	+ 63,500	9,16,000	4,26,59,000	2,995,000	5,000	2,910,000	+ 92,100	+ 28,200
854,600	...	854,600	-52,700	19,45,000	1,13,71,000	887,700	...	887,700	-19,600	+ 33,100
4,337,900	2,000	4,339,900	-74,200	31,41,000	6,64,28,000	4,637,900	2,000	4,639,900	+ 225,800	+ 300,000
178,000	100	178,100	- 5,100	...	26,53,000	176,900	100	177,000	-6,200	-1,100
1,840,000	10,500	1,850,500	- 56,400	6,63,000	3,30,12,000	2,245,000	10,500	2,255,500	+ 348,600	+ 405,000
125,000	500	125,500	-1,400	19,09,000	...	127,300	500	127,800	+ 900	+ 2,300
999,400	12,500	1,011,900	-118,500	9,64,000	1,83,81,000	1,289,700	11,900	1,301,600	+ 171,200	+ 289,700
1,089,800	5,200	1,095,000	+ 181,600	1,24,07,000	12,40,000	909,800	2,500	912,300	-1,100	-182,700
866,800	28,200	895,000	- 45,900	75,27,000	73,60,000	992,400	32,300	1,024,700	+ 83,800	+ 129,700
14,568,200	411,600	14,979,800	-105,700	4,95,65,000	19,63,35,000	16,393,300	443,700	16,837,000	+ 1,751,500	+ 1,857,200
225,700	10,900	236,600	+ 1,000	33,27,000	...	221,800	10,900	232,700	-2,900	-3,900
500	395,000	395,500	- 2,800	6,000	...	400	408,000	408,400	+ 10,100	+ 12,900
1,102,000	2,054,500	3,156,500	-5,200	12,34,000	1,58,18,000	1,136,800	2,069,000	3,205,800	+ 44,100	+ 49,300
600,800	124,500	725,300	-44,400	14,29,000	77,36,000	611,000	102,000	713,000	-56,700	-12,300
254,200	31,000	285,200	-63,600	11,82,000	33,24,000	300,400	26,500	326,900	-21,900	+ 41,700
2,183,200	2,615,900	4,799,100	-115,000	71,78,000	2,68,78,000	2,270,400	2,616,400	4,886,800	-27,300	+ 87,700
3,300	...	3,300	+ 3,300	...	...	...	...	...	...	-3,300
33,400	11,600	45,000	+ 11,700	9,00,000	...	60,000	40,000	100,000	+ 66,700	+ 55,000
376,100	9,300	385,400	- 81,300	59,61,000	...	397,400	2,600	400,000	-66,700	+ 14,600
566,300	...	566,300	+ 66,300	37,50,000	37,50,000	500,000	...	500,000	...	-66,300
979,100	20,900	1,000,000	...	1,06,11,000	37,50,000	957,400	42,600	1,000,000	...	...
29,352,400	5,642,900	34,995,300	- 113,500	15,16,41,000	31,92,06,000	31,389,800	5,748,500	37,138,300	+ 2,029,500	+ 2,143,000

BUDGET ESTIMATE, 1911-1912.

INDIA.			
Amount in Rupees.	Equivalent in £ at R15=£1.	England.	TOTAL.
₹ 4,80,38,000	£ 3,20,25,333	£ 3,397,200	£ 6,199,700
₹ 37,71,000	£ 2,51,400	£ 175,500	£ 426,900
₹ 4,84,09,000	£ 3,22,76,733	£ 3,572,700	£ 6,616,600

FINANCIAL STATEMENT OF THE

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1909-1910.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R 15 = £ 1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
	₹	₹	£	£	£	₹	₹
Brought forward	14,76,26,562	28,16,59,173	28,619,048	5,413,022	34,032,070	15,18,40,000	28,84,46,000
Railways—							
38.—State Railways: Interest on Debt	3,84,67,346	...	2,564,489	3,089,062	5,653,551	3,94,13,000	...
Annuities in purchase of Railways	...	...	...	3,357,708	3,357,708	...	...
Sinking Funds	...	...	...	165,206	165,205	...	...
Interest chargeable against Companies on Advances	38,16,414	...	254,428	219,212	473,640	36,99,000	...
Interest on Capital deposited by Companies	21,68,115	...	144,541	1,749,775	1,894,316	24,11,000	...
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision	—26,456	...	—1,764	...	—1,764	—13,000	...
40.—Subsidized Companies: Land, etc.	5,87,818	18,359	40,412	...	40,412	7,22,000	38,000
41.—Miscellaneous Railway Expenditure	5,40,198	20,601	37,387	...	37,387	7,45,000	27,000
TOTAL	4,55,53,435	38,960	3,039,493	8,580,963	11,620,456	4,69,77,000	65,000
Irrigation—							
42.—Major Works: Working Expenses	70,55,837	93,57,329	1,094,211	...	1,094,211	73,44,000	93,88,000
Interest on Debt	52,15,149	90,38,531	950,246	108,465	1,058,711	57,50,000	92,83,000
42A.—Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance	...	...	...	...	...	...	...
43.—Minor Works and Navigation	32,04,103	1,03,09,918	900,935	...	900,935	34,08,000	1,03,89,000
TOTAL	1,54,75,089	2,87,05,778	2,945,392	108,465	3,053,857	1,65,02,000	2,90,60,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	...	18,671	1,245	...	1,245	...	20,000
45.—Civil Works	86,12,335	5,22,48,043	4,057,358	78,548	4,135,906	96,37,000	5,81,58,000
TOTAL	86,12,335	5,22,66,714	4,058,603	78,548	4,137,151	96,37,000	5,81,78,000
Military Services—							
46.—Army: Effective	20,31,33,282	...	13,542,219	2,211,982	15,754,201	20,41,46,000	...
Non-Effective	1,02,58,085	...	683,872	2,463,108	3,146,980	1,05,76,000	...
	21,33,91,367	...	14,226,091	4,675,090	18,901,181	21,47,22,000	...
46A.—Marine	37,79,010	...	251,934	209,223	461,157	38,19,000	...
47.—Military Works	1,23,57,178	...	823,812	34,530	858,342	1,34,00,000	...
47A.—Special Defences (1902)	82,934	...	5,529	23,075	28,604	54,000	...
TOTAL	22,96,10,489	...	15,307,366	4,941,918	20,249,284	23,19,95,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	44,68,77,910	36,26,70,625	53,969,902	19,122,916	73,092,818	45,69,51,000	37,57,49,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	1,34,10,533	894,036	...	894,036	...	2,73,20,000
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	...	...	...	...	...	...
Total Expenditure charged to Revenue	44,68,77,910	37,60,81,158	54,863,938	19,122,916	73,986,854	45,69,51,000	40,30,69,000

	ACCOUNTS, 1909-1910.			
	INDIA.		England.	Total.
	Amount in Rupees.	Equivalent in £ at R 15 = £ 1.		
	₹	£	£	£
Capital Expenditure not charged to Revenue				
48.—State Railways	6,33,69,469	4,224,631	2,096,986	6,321,617
49.—Irrigation Works	1,52,37,319	1,015,821	36,528	1,052,349
TOTAL	7,86,06,788	5,240,452	2,133,514	7,373,966
50.—Redemption of Liabilities	...	...	...	...

GOVERNMENT OF INDIA, MARCH 1911.

Revenues of India, in India and in England—continued.

ESTIMATE, 1910-1911.			Increase + Decrease — as compared with Budget Estimate, 1910-1911.	BUDGET ESTIMATE, 1911-1912.					Increase + Decrease — of Budget, 1911-1912, as compared with Budget Estimate, 1910-1911.	Increase + Decrease — of Budget, 1911-1912, as compared with Revised Estimate, 1910-1911.
Total India (converted into £ at Rs=£1).	England.	Total.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	Total.		
				Imperial.	Provincial.					
£	£	£	£	₹	₹	£	£	£	£	
29,352,400	5,642,900	34,995,300	-113,500	15,16,41,000	31,92,06,000	31,389,800	5,748,500	37,138,300	+2,029,500	+2,143,000
2,627,500	3,152,400	5,779,900	-87,100	4,20,38,000	...	2,802,500	3,397,200	6,199,700	+332,700	+419,800
...	3,357,800	3,357,800	...	...	...	...	3,357,800	3,357,800	...	...
...	171,300	171,300	+100	...	...	...	177,700	177,700	+6,500	+6,400
246,600	219,300	465,900	-16,000	37,71,000	...	251,400	175,500	426,900	-55,000	-39,000
160,700	1,814,400	1,975,100	-45,200	22,10,000	...	147,300	1,673,500	1,820,800	-199,500	-154,300
-900	...	-900	-300	...	...	...	...	...	+600	+900
50,700	...	50,700	-59,800	15,20,000	6,000	101,800	...	101,800	-8,700	+51,100
51,500	...	51,500	-7,800	4,27,000	10,000	29,100	...	29,100	-30,200	-22,400
3,136,100	8,715,200	11,851,300	-216,100	4,99,66,000	16,000	3,332,100	8,781,700	12,113,800	+46,400	+262,500
1,115,500	100	1,115,600	+52,800	72,54,000	92,28,000	1,098,800	...	1,098,800	+36,000	-16,800
1,002,200	110,100	1,112,300	-5,000	66,44,000	92,16,000	1,057,300	112,300	1,169,600	+52,300	+57,300
...	...	...	...	18,00,000	...	120,000	...	120,000	+120,000	+120,000
919,800	400	920,200	-10,900	47,19,000	95,80,000	953,300	500	953,800	+22,700	+33,600
3,037,500	110,600	3,148,100	+36,900	2,04,17,000	2,80,24,000	3,229,400	112,800	3,342,200	+231,000	+194,100
1,300	...	1,300	+1,000	...	15,000	1,000	...	1,000	+700	-300
4,519,700	81,500	4,601,200	+42,200	1,03,23,000	6,69,73,000	5,153,000	80,000	5,233,000	+674,000	+631,800
4,521,000	81,500	4,602,500	+43,200	1,03,23,000	6,69,88,000	5,154,000	80,000	5,234,000	+674,700	+631,500
13,609,700	2,423,100	16,032,800	-267,900	20,71,72,000	...	13,811,500	2,425,600	16,237,100	-63,600	+204,300
705,100	2,487,800	3,192,900	+5,100	1,03,83,000	...	692,200	2,515,000	3,207,200	+19,400	+14,300
14,314,800	4,910,900	19,225,700	-262,800	21,75,55,000	...	14,503,700	4,940,600	19,444,300	-44,200	+218,600
254,600	220,900	475,500	-8,800	37,08,000	...	247,200	189,100	436,300	-48,000	-39,200
893,300	26,300	919,600	+40,000	1,35,55,000	...	903,700	20,700	924,400	+44,800	+4,800
3,600	6,000	9,600	+8,100	1,01,000	...	6,700	200	6,900	+5,400	-2,700
15,466,300	5,164,100	20,630,400	-223,500	23,49,19,000	...	15,661,300	5,150,600	20,811,900	-42,000	+181,500
55,513,300	19,714,300	75,227,600	-473,000	46,72,66,000	41,42,34,000	58,766,600	19,873,600	78,640,200	+2,939,600	+3,412,600
1,821,300	...	1,821,300	+2,443,500	...	...	...	...	...	-834,200	-3,277,700
...	...	...		...	2,18,46,000	1,456,400	...	1,456,400		
57,334,600	19,714,300	77,048,900	+1,970,500	46,72,66,000	39,23,88,000	57,310,200	19,873,600	77,183,800	+2,105,400	+134,900

REVISED ESTIMATE, 1910-1911.				BUDGET ESTIMATE, 1911-1912.			
INDIA.		England.	Total.	INDIA.		England.	Total.
Amount in Rupees.	Equivalent in £ at Rs=£1.			Amount in Rupees.	Equivalent in £ at Rs=£1.		
₹	£	£	£	₹	£	£	£
8,89,32,000	5,928,800	2,122,900	8,051,700	8,92,28,000	5,948,600	2,154,600	8,103,200
1,71,95,000	1,146,300	67,000	1,213,300	1,79,83,000	1,198,900	67,800	1,266,700
10,61,27,000	7,075,100	2,189,900	9,265,000	10,72,11,000	7,147,500	2,222,400	9,369,900
...	...	5,904,100	5,904,100	...	...	...	...

FINANCIAL STATEMENT OF THE

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1909-1910.			REVISED ESTIMATE, 1910-1911.			BUDGET ESTIMATE, 1911-12.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	73,882,288	711,207	74,593,495	79,587,900	950,300	80,538,200	77,151,400	776,200	77,927,600
Excess of Revenue over Expenditure charged to Revenue.			606,641			3,489,300			743,800
Railway and Irrigation Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (net)	2,459,426	...	2,459,426	2,294,300	...	2,294,300	1,357,500	...	1,357,500
Capital subscribed by Native States towards outlay on State Railways.	66,667	...	66,667	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Repayments	8,115	2,005	10,120	...	1,800	1,800	...	2,000	2,000
NET									
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	52,367	...	52,367	101,100	...	101,100	36,500	1,670,000	1,706,500
NET									36,500
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	9,069,573	...	...	764,800	...	...	3,237,500	...
India Bonds	...	...	...	...	4,000,000	...	...	...	...
Indian Midland Railway Debentures.	...	...	...	...	3,654,100	...	...	...	...
Rupae Debt—									
Rupae Loan	1,666,667	...	...	1,000,000	...	...	1,333,300	...	...
TOTAL	1,666,667	9,069,573	10,736,240 10,408,347	1,000,000	8,418,900	9,418,000 8,437,800	1,333,300	3,237,500	4,570,800 2,188,900
Temporary Debt Incurred—									
Temporary Loans	2,000,000	6,000,000	8,000,000	...	5,000,000	5,000,000	...	4,500,000	4,500,000
NET									
Unfunded Debt—									
Deposits of Service Funds	93,396	...	...	92,200	...	...	90,700	...	...
Savings Bank Deposits	4,975,478	...	...	5,202,400	...	...	5,092,500	...	...
TOTAL	5,068,874	...	5,068,874	5,294,600	...	5,291,600	5,183,200	...	5,183,200
NET			783,154			1,009,400			1,123,300
Deposits and Advances—									
Balances of Provincial Allotments	894,036	...	...	1,821,300	...	...	...	...	...
Appropriation for Reduction or Avoidance of Debt	475,338	...	...	566,300	...	...	500,000	...	...
Deposits of Local Funds—									
District Funds	3,483,445	...	...	3,618,300	...	...	3,473,900	...	...
Other Funds	1,203,859	...	...	1,198,300	...	...	1,145,000	...	...
Deposits of Sinking Funds	12,514	...	...	26,400	...	...	27,500	...	...
Gold Standard Reserve—									
Council Bills appropriated	...	1,000,000	...	...	2,545,000	...	...	...	...
Gold transferred	1,000,000	...	...	2,545,000	...	...	...	...	...
Departmental and Judicial Deposits	23,043,039	...	...	22,500,200	...	...	22,478,100	...	...
Advances	5,105,973	357	...	3,990,800	101,400	...	4,035,700	39,300	...
Suspense Accounts	120,547	...	...	22,100	...	...	41,000	...	...
Exchange on Remittance Accounts, net	17,726	...	...	22,700	...	...	...	...	...
Miscellaneous	83,707	38	...	81,600	...	...	24,500	...	...
TOTAL	35,440,184	12,967,655	48,407,839 4,274,012	36,393,000	14,280,200	50,673,200 1,210,700	31,725,700	9,537,700	41,263,400
NET									
Carried over	120,644,588	28,750,440		124,670,900	28,651,200		116,787,600	19,723,400	

(a) Include £3,090,000 and £600,000 respectively remitted from India by means of Council Bills in 1909-1910 and 1910-1911.

GOVERNMENT OF INDIA, MARCH 1911.

Government of India, in India and in England.

	ACCOUNTS, 1909-1910.			REVISED ESTIMATE, 1910-1911.			BUDGET ESTIMATE, 1911-1912.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	53,969,902	19,122,916	73,092,818	55,513,300	19,714,300	75,227,600	58,766,600	19,873,600	78,640,200
Add—Provincial Surpluses transferred to "Deposits"	894,036	...	894,036	1,821,300	...	1,821,300	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	...	...	...	...	...	...	1,456,400	...	1,456,400
TOTAL	54,863,938	19,122,916	73,986,854	57,334,600	19,714,300	77,048,900	57,310,200	19,873,600	77,183,800
Railway and Irrigation Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	1,015,821	36,528	1,052,349	1,146,300	67,000	1,213,300	1,198,900	67,800	1,266,700
OUTLAY ON STATE RAILWAYS	4,224,631	2,096,986	6,321,617	5,928,800	2,122,900	8,051,700	5,948,600	2,154,600	8,103,200
CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES—									
Indian Midland Railway	...	...	...	...	5,904,100	5,904,100	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	758,278	1,369,824	2,128,102	—758,100	1,138,000	379,900	512,700	923,300	1,436,000
NET			2,117,982			378,100			1,434,000
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	54,583	54,583	...	...	...	...	1,670,000	1,670,000
NET			2,216			0			0
Permanent Debt Discharged—									
STERLING DEBT—									
Madras Railway Debentures	...	179,400	...	...	542,300	...	...	868,700	...
Indian Midland Do.	...	...	...	...	...	...	...	907,500	...
B. B. C. I. Railway Debentures	...	...	...	...	275,600	...	...	...	...
India Bonds	...	...	...	...	...	...	...	500,000	...
RUPES DEBT—									
4½ p. c. Loans	433	...	...	...	...	...	...	...	...
4 p. c. Loans	80,593	...	...	81,700	...	...	81,300	...	...
3½ p. c. Loans	1,134	...	...	100	...	...	500	...	...
3 p. c. Loan	66,333	...	...	81,300	...	...	23,800	...	...
Provincial Debentures	...	...	...	100	...	...	100	...	...
TOTAL NET	148,493	179,400	327,893	163,200	817,900	981,100	105,700	2,276,200	2,381,900
Temporary Debt Discharged—									
Temporary Loans	2,000,000	6,000,000	8,000,000	...	6,000,000	6,000,000	...	5,000,000	5,000,000
NET			0			1,000,000			500,000
Unfunded Debt—									
Special Loans	393	...	...	400	...	...	400	...	...
Deposits of Service Funds	89,032	...	...	90,500	...	...	92,300	...	...
Savings Bank Deposits	4,196,295	...	...	4,194,300	...	...	3,967,200	...	...
TOTAL NET	4,285,720	...	4,285,720	4,285,200	...	4,285,200	4,059,900	...	4,059,900
Deposits and Advances—									
balances of Provincial Allotments	...	...	...	...	...	...	1,456,400	...	...
Deposits of Local Funds—									
District Funds	3,538,150	...	...	3,508,300	...	...	3,547,800	...	...
Other Funds	1,210,491	...	...	1,166,700	...	...	1,129,600	...	...
Gold Standard Reserve	344	9,426,550	...	...	13,156,400	...	...	9,492,000	...
Currency Reserve—									
Council bills appropriated	1,000,000	...	...	2,545,000	...	...	...	...	...
Gold transferred	...	1,000,000	...	...	2,545,000	...	...	...	...
Departmental and Judicial Deposits	22,634,529	...	...	22,388,000	...	...	22,627,200	...	...
Advances	5,139,938	103,698	...	4,060,100	2,100	...	4,040,800	38,600	...
Suspense Accounts	58,827	...	...	90,900	...	...	10,900	...	...
Miscellaneous	21,083	217	...	...	...	...	...	...	...
TOTAL NET	33,603,362	10,530,465	44,133,827	33,759,000	15,703,500	49,462,500	32,812,700	9,530,600	42,343,300
Carried over	100,900,243	39,390,702	...	101,859,000	51,467,700	...	101,948,700	41,496,100	1,079,900

FINANCIAL STATEMENT OF THE
C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1909-1910.			REVISED ESTIMATE, 1910-1911.			BUDGET ESTIMATE, 1911-1912.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . . .	120,644,588	28,750,440		124,670,900	28,651,200		116,787,600	19,723,400	
Loans and Advances by Imperial Government . . .	312,683	...	312,683	267,400	...	267,400	210,100	...	210,100
NET . . .			157,027			167,300			0
Loans and Advances by Provincial Governments . . .	1,749,526	...	1,749,526	1,392,600	...	1,392,600	1,006,000	...	1,006,000
NET . . .			652,053			634,300			30,900
Loans to Local Boards for Railway Construction . . .	6,083	...	6,083	6,300	...	6,300	6,600	...	6,600
NET . . .			6,083			6,300			6,600
Remittances—									
Inland Money Orders . . .	29,051,499	...		30,020,000	...		31,353,300	...	
Other Local Remittances . . .	45,260	...		422,900	...		398,200	...	
Other Departmental Accounts . . .	776,902	...		338,000	...		...	...
Net Receipts by Civil Treasuries from—									
Post Office . . .	979,614	...		1,081,900	...		1,295,600	...	
Railways . . .	9,845,540	...		10,866,700	...		9,073,000	...	
Net Receipts from Civil Treasuries by—									
Telegraph . . .	724,876	...		653,000	...		558,300	...	
Marine . . .	243,868	...		305,100	...		305,300	...	
Military Works . . .	...	...		805,500	...		816,500	...	
Military . . .	13,255,788	...		13,166,100	...		13,302,500	...	
Ordinary Public Works (including Military Works) . . .	4,734,173	...		...	...		...	...
Remittance Account between England and India—									
Railway transactions . . .	2,224,216	2,464,726		2,214,500	2,300,000		2,912,100	1,362,800	
Other . . .	859,750	394,211		1,122,100	884,800		652,300	709,000	
TOTAL . . .	62,741,486	2,858,937	65,600,423	60,995,800	3,184,800	64,180,600	61,267,100	2,071,800	63,338,900
NET . . .			286,264			199,900			2,200
Secretary of State's Bills drawn . . .	..	(a) 18,006,586	18,006,586	...	(b) 23,500,000	23,500,000	...	15,825,000	15,825,000
TOTAL RECEIPTS . . .	185,454,366	49,615,963		187,333,000	55,336,000		179,277,400	37,620,200	
Opening Balance . . .	10,235,827	8,453,715		12,295,428	15,809,618		12,309,328	17,019,418	
GRAND TOTAL . . .	195,690,193	58,069,678		199,628,428	71,145,618		191,586,728	54,639,618	

(a) In addition to £8,000,000 and £1,000,000 respectively for remittance of the Gold Standard and the Currency Reserves.
(b) In addition to £600,000 and £2,545,000 respectively for remittance of the Gold Standard and the Currency Reserves.

N. G. BASU,
Offg. Deputy Comptroller General.

GOVERNMENT OF INDIA, MARCH 1911.

Government of India, in India and in England—continued.

	ACCOUNTS, 1909-1910.			REVISED ESTIMATE, 1910-1911.			BUDGET ESTIMATE, 1911-1912.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	100,900,243	39,390,702		101,859,000	51,467,700		101,948,700	41,496,100	
Loans and Advances by Imperial Government	155,656	...	155,656	100,100	...	100,100	324,300	...	324,300
NET			0			0			114,200
Loans and Advances by Provincial Governments	1,097,473	...	1,097,473	758,300	...	758,300	975,100	...	975,100
NET			0			0			0
Remittances—									
Inland Money Orders	29,035,450	...		30,000,000	...		31,333,300	...	
Other Local Remittances	...	...		422,900	...		398,200	...	
Other Departmental Accounts	771,798	...		335,000	...		...	...
Net payments into Civil Treasuries by—									
Post Office	978,584	...		1,081,900	...		1,295,600	...	
Railways	9,558,571	...		10,700,000	...		9,673,000	...	
Net Issues from Civil Treasuries to—									
Telegraph	726,992	...		653,000	...		558,300	...	
Marine	240,193	...		305,100	...		305,300	...	
Military Works	...	...		805,500	...		816,500	...	
Military	13,255,943	...		13,166,100	...		13,302,500	...	
Ordinary Public Works (including Military Works)	4,728,367	...		...	...		...	...
Remittance Account between England and India—									
Railway transactions	2,460,498	2,228,138		2,300,000	2,214,500		1,362,800	2,912,100	
Other	688,405	641,220		1,552,700	444,000		964,200	414,900	
TOTAL	62,444,801	2,869,358	65,314,159	61,322,200	2,658,500	63,980,700	60,009,700	3,327,000	63,336,700
NET			0			0			0
Secretary of State's Bills paid	(a) 18,796,592	...	18,796,592	(b) 23,279,500	...	23,279,500	15,825,700	...	15,825,700
TOTAL DISBURSEMENTS	183,394,765	42,260,060		187,319,100	54,126,200		179,083,500	44,823,100	
Closing Balance	12,295,428	15,809,618		12,309,328	17,019,418		12,503,228	9,816,518	
GRAND TOTAL	195,690,193	58,069,678		199,628,428	71,145,618		191,586,728	54,639,618	

(a) In addition to £8,000,000 and £1,000,000 respectively for remittance of the Gold Standard and the Currency Reserves.
 (b) In addition to £600,000 and £2,545,000 respectively for remittance of the Gold Standard and the Currency Reserves.

R. W. GILLAN,
 Comptroller General.

J. S. MESTON,
 Secretary to the Government of India.

D.—Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.

Provincial Balances.

	Central Provinces and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	Madras.	Bombay.	TOTAL.	Equivalent in £ at Rs 15 = £ 1.
	R	R	R	R	R	R	R	R	R	£
Accounts, 1909-1910.										
Balance at end of 1908-1909 . . .	17,69,903	9,52,397	12,00,730	58,43,588	30,09,360	14,75,298	1,20,07,393	69,82,925	3,32,81,594	2,218,773
Added in 1909-1910 . . .	7,21,755	25,15,371	5,49,270	32,74,065	20,45,221	13,00,559	12,66,326	17,37,966	1,34,10,533	894,036
Spent in 1909-1910 . . .	...	...	...	...	...	...	...	...	...	...
Balance at end of 1909-1910 . . .	24,91,658	35,07,768	17,50,000	91,17,653	50,54,581	27,75,857	1,32,73,719	87,20,891	4,66,92,127	3,112,809
Revised Estimate, 1910-1911.										
Balance at end of 1909-1910 . . .	24,91,658	35,07,768	17,50,000	91,17,653	50,54,581	27,75,857	1,32,73,719	87,20,891	4,66,92,127	3,112,809
Added in 1910-1911 . . .	4,41,000	26,19,000	53,30,000	29,90,000	33,24,000	35,65,000	25,24,000	65,26,000	2,73,20,000	1,821,300
Spent in 1910-1911 . . .	...	...	...	...	...	...	...	...	...	...
Balance at end of 1910-1911 . . .	29,32,658	61,26,768	70,80,000	1,21,07,653	83,78,581	63,41,857	1,57,97,719	1,52,46,891	7,40,12,127	4,934,109
Budget Estimate, 1911-1912.										
Balance at end of 1910-1911 . . .	29,32,658	61,26,768	70,80,000	1,21,07,653	83,78,581	63,41,857	1,57,97,719	1,52,46,891	7,40,12,127	4,934,109
Added in 1911-1912 . . .	...	...	...	...	...	...	...	...	...	...
Spent in 1911-1912 . . .	5,91,000	18,35,000	12,71,000	33,72,000	25,60,000	10,41,000	37,56,000	74,20,000	2,18,46,000	1,456,400
Balance at end of 1911-1912 . . .	23,41,658	42,91,768	58,09,000	87,35,653	58,18,581	53,00,857	1,20,41,719	78,26,891	5,21,66,127	3,477,709

N. G. BASU,
Offg. Deputy Comptroller General.

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India

FORT WILLIAM,
FINANCE DEPARTMENT;
March 1, 1911.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.	Accounts, 1909-1910.					Revised Estimate, 1910-1911.		Budget Estimate, 1911-1912.	
	Revenue.	Expenditure.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
		Refunds and Assignments.	Cost of Collection and Production.						
<i>Revenue Heads.</i>	£	£	£	£	£	£	£	£	£
Land Revenue (excluding that due to Irrigation)	21,332,141	777,161	3,659,079	16,904,901		16,565,000		16,841,800	
Opium	5,534,683	228,915	1,110,155	4,195,613		6,357,000		3,003,300	
Salt	3,319,518	264,871	330,743	2,723,904		2,521,700		2,660,200	
Stamps	4,548,304	52,036	151,789	4,344,479		4,047,800		4,607,300	
Excise	6,537,854	75,628	397,913	6,064,313		6,484,800		6,099,500	
Provincial Rates	539,223	923	4,945	533,355		541,100		537,300	
Customs	4,965,118	109,136	217,495	4,638,487		6,155,600		5,849,000	
Assessed Taxes	1,558,964	12,758	26,120	1,520,086		1,538,600		1,565,100	
Forest	1,735,386	6,500	1,006,697	722,189		769,100		722,600	
Registration	430,377	1,052	235,716	193,609		182,900		182,000	
Tributes	588,307	198,952	...	389,355		413,000		423,500	
TOTAL	51,089,875	1,727,932	7,131,658	42,230,285		46,176,600		43,182,700	
Total deduction from Revenue		8,859,590							
<i>Expenditure Heads.</i>									
Debt Services	1,184,343	2,115,045			930,702		793,300		978,100
Commercial Services	1,927,229	1,927,582			353	50,100		115,100	
Post Office	902,851	992,433			89,582		36,300		47,200
Telegraph	12,445,378	11,620,456		824,922		1,954,400		1,849,800	
Railways	3,660,156	3,053,857		606,299		585,000		434,900	
Irrigation									
Other Public Works	268,786	4,137,151			3,868,365		4,314,400		4,898,700
Mint	125,953	143,758			17,805	97,200		104,700	
Civil Departments	1,146,075	14,185,968			13,039,893		13,771,200		15,625,400
Miscellaneous	192,086	3,094,040			2,901,954		2,961,200		3,011,100
Civil Services	44,481	357,530		44,481		62,600		20,600	18,100
Miscellaneous	373,997	1,356,124		10,467		1,260,800		1,262,100	1,257,300
Other heads	95,324								
Famine Relief and Insurance		79,758			79,758		3,300		
Famine Relief		920,242			920,242		996,700		1,000,000
Other heads									
Military Services	875,557	15,754,201			14,878,644		15,121,000		15,253,100
Army	102,171	3,146,980			3,044,309		3,086,800		3,100,300
Marine	83,460	461,157			377,697		385,000		345,900
Military works	75,773	858,342			782,569		853,800		857,700
Special Defences (1902)		28,604			28,604		9,600		6,900
TOTAL	74,593,495	73,092,818		1,500,677	894,036	5,310,600	1,821,300	1,456,400	712,600
Provincial Adjustment		894,036							
TOTAL	74,593,495	73,988,854		606,641		3,489,300		743,800	
Surplus				606,641		3,489,300		743,800	
Capital Account									
Railway and Irrigation Capital not charged to Revenue:—									
Capital raised through Companies towards outlay on State Railways				2,459,426		2,294,300		1,357,500	
Capital subscribed by Native States towards outlay on State Railways				66,667				36,500	
Capital raised and deposited by Railway Companies (net)					2,216	101,100			
Outlay on Irrigation Works					1,052,349		1,213,300		1,266,700
Outlay on State Railways					6,321,617		8,051,700		8,103,200
Outlay of Railway Companies (net)					2,117,982		3,81,100		1,434,000
Capital involved in Redemption of Railway Liabilities							5,904,100		
Permanent Debt (net)				10,408,347		8,437,800		2,188,900	
Temporary Debt (net)							1,000,000		500,000
Unfunded Debt (net)				783,154		1,009,400		1,123,300	
Loans and Advances by Imperial Government (net)				157,027		167,300			114,200
Loans and Advances by Provincial Governments (net)				652,053		634,300		30,900	
Loans to Local Boards for Railway Construction (net)				6,083		6,300		6,600	
Deposits and Advances (net)				4,274,012		1,210,700			1,079,900
Remittances (net)				286,264		199,900		2,200	
Secretary of State's Bills drawn (net)				18,006,586		23,500,000		15,825,000	
Secretary of State's Bills paid (net)					18,796,592		23,279,500		15,825,700
Debt, Deposits, Advances, and Remittances				37,706,260	28,290,756	41,050,400	39,826,700	21,314,700	23,323,700
Cash Balance				18,689,542	28,105,046	28,105,046	29,328,746	29,328,746	22,319,746
Opening Balance									
Closing Balance									
TOTAL				56,395,802	56,395,802	69,155,446	69,155,446	50,643,446	50,643,446

N. G. BASU,
Offg. Deputy Comptroller General.
FORT WILLIAM,
FINANCE DEPARTMENT;
March 1, 1911

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

No. 2 of 1911.

A Bill further to amend the Indian Tariff Act, 1894.

WHEREAS it is expedient further to amend the Indian Tariff Act, 1894; It is hereby enacted as follows:—

- Short title. 1. This Act may be called the Indian Tariff (Amendment) Act, 1911.
2. For item No. 5 of Schedule III to the Indian Tariff Act, 1894, as amended by the VIII of 1894. Indian Tariff (Amendment) Act, 1910, the following shall be substituted, namely:—
- Amendment of Schedule III, Act VIII, 1894. VIII of 1910.

" 5 Tobacco—		R a.
Unmanufactured	pound	1 0
Cigars	"	1 10
Cigarettes weighing less than 3 lbs. per thousand.	thousand	3 2
Cigarettes weighing 3 lbs. or more per thousand.	pound	1 4
Manufactured, other sorts	"	1 2"

STATEMENT OF OBJECTS AND REASONS.

The new duties which were imposed upon tobacco a year ago have not realized the revenue which was expected from them, and it is considered probable that a somewhat lower range of duties would be more productive. The Bill accordingly provides for a reduction, by about one-third all round, in the existing rates upon tobacco of all classes.

G. FLEETWOOD WILSON.

The 1st March 1911.

ACT No. VI OF 1911.

An Act further to amend the Indian Tariff Act, 1894.

WHEREAS it is expedient further to amend the Indian Tariff Act, 1894, it is hereby enacted as follows:—

- Short title. 1. This Act may be called the Indian Tariff (Amendment) Act, 1911.
- For item No. 5 of Schedule III to the Indian Tariff Act, 1894, as amended by the VIII of 1894. Indian Tariff (Amendment) Act, 1910, the following shall be substituted, namely:—
- Amendment of Schedule III, Act VIII, 1894. VIII of 1894.

" 5 Tobacco—		R a.
Unmanufactured	pound	1 0
Cigars	"	1 10
Cigarettes weighing less than 3 lbs. per thousand.	thousand	3 2
Cigarettes weighing 3 lbs. or more per thousand.	pound	1 4
Manufactured, other sorts	"	1 2"

FINANCIAL STATEMENT OF THE

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS,
1861 TO 1909 (24 & 25 VICT., C. 67, 55 & 56 VICT., C. 14,
AND 9 EDW. VII, C. 4).

The Council met at Government House, Calcutta, on Wednesday, the 1st
March 1911.

PRESENT :

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G.,
G.C.V.O., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,
and 54 Members, of whom 48 were Additional Members—

INDIAN TARIFF (AMENDMENT) BILL.

The HON'BLE SIR GUY FLEETWOOD WILSON : " In accordance with what
I said on the Budget, I beg leave to introduce a Bill to amend the Indian Tariff
Act, 1894."

The motion was put and agreed to.

The HON'BLE SIR GUY FLEETWOOD WILSON : " My Lord, I beg to
introduce the Bill and also to move that the Bill be published in English in
the *Gazette of India*."

The motion was put and agreed to.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEM-
BLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE
PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25
VICT., C. 67, 55 & 56 VICT., C. 14, AND 9 EDW. VII, C. 4).

The Council met at Government House, Calcutta, on Tuesday, the 7th March
1911.

PRESENT :

The Hon'ble MR. J. L. JENKINS, C.S.I., Vice-president, *presiding*,
and 55 Members, of whom 50 were Additional Members.

INDIAN TARIFF (AMENDMENT) BILL.

The Hon'ble SIR GUY FLEETWOOD WILSON moved that the Bill
further to amend the Indian Tariff Act, 1894, be taken into consideration.

The motion was put and agreed to.

The Hon'ble SIR GUY FLEETWOOD WILSON also moved that the Bill
be passed.

The Hon'ble MR. MAZHARUL HAQUE : " I have given notice of a resolu-
tion which I intended to move during the first stage of the discussion on the
Financial Statement. It deals with the reduction of duty on tobacco as pro-
posed by my Hon'ble friend the Finance Member and proposes a corre-
sponding remission in the enhanced duty on petroleum. By the introduction
of the present Bill at this stage and before the discussion of the Financial
Statement my Hon'ble friend has taken the wind out of my sails, and I am
compelled to speak now and say what I had to say on my resolution. This
is the only course left to me and I proceed to avail myself of it.

" Last year, when my Hon'ble friend imposed fresh burdens upon the
people of India in the shape of new taxation, he had pleaded for the necessity

of such a serious step, on the ground that he wanted money to make both ends meet in the next year's Budget. The non-official Members of this Council protested that there was no necessity for imposing fresh taxes, that the estimates under the different heads of revenue were unduly over-cautious, and that by practising judicious economy the two ends could be easily made to meet. Even a cursory perusal of this year's Financial Statement will prove that the non-official Members were quite right and that my Hon'ble friend was entirely in the wrong. The whole of this revenue from new duties has contributed towards the swelling of an already bloated Budget, and new burdens have been laid upon a poor people simply because my friend was too nervous in his calculations.

"In spite of these general protests, when we entered into the details of the new taxes we supported the Hon'ble the Finance Member with one voice in his proposals to levy heavy duties on liquor and tobacco. Here the entire volume of Indian public opinion was with him. The people of this country have ever considered drinking and smoking as luxuries of doubtful utility and they would raise no objection to whatever duties the Government chose to impose upon them.

"But when it came to the enhancement of duty on petroleum there was a strong and almost unanimous opposition to it, on the ground that it was one of the necessities of life and that the burden would fall upon the poorer classes, whose already overburdened shoulders were the least able to bear it.

"The Hon'ble Mr. Carlyle and the Hon'ble Mr. Gates from Burma expressed their surprise that the Indian Members of the Council considered petroleum as a necessary of life. I would request them to study the figures of the consumption of petroleum during the last three years and compare them with—say, tobacco. They will find that the import of petroleum in 1908-1909 was 126, in 1909-1910, 136, and in 1910-1911, 128 millions of gallons. These figures are for eleven months of each of these three years, and I am indebted for them to the kindness and courtesy of my friend the Hon'ble Mr. Meston, who is ever ready to help us with any information that we may require. These figures prove that in spite of the enhancement of the duty by 50 per cent. the consumption of petroleum is not much lower than it was in previous years. On the other hand, take the duty on tobacco, a pure luxury of life, and we find that the consumption has gone down from 55½ and 73½ lakhs of lbs. in 1908-09 and 1909-10 to about 15 lakhs of lbs. in 1910-11. Such a great fall could not be expected in any of the necessities of life. I am not unmindful of the fact that the duty levied on tobacco was much higher than that on petroleum, but still the figures show a remarkable corroboration of the Indian opinion in this Council that petroleum is really a necessary of Indian life. And this is why I have ventured to oppose the reduction of duty on tobacco and propose a corresponding remission on petroleum. The ostensible reason for this reduction of duty on tobacco as given in the Statement of Objects and Reasons is that the new duties 'have not realised the revenue which was expected from them and it is considered probable that a somewhat lower range of duties would be more productive.' My Hon'ble friend Sir Guy Fleetwood Wilson has given his whole case away by using the two words 'considered probable.' The lukewarmness of this declaration can only mean that there is something behind of which the people of India are not aware. Many conjectures are being hazarded, and the strongest and perhaps the most probable of these is that history is repeating itself and that the revenues of the country are being sacrificed, as in yore, to some powerful interests in Great Britain and elsewhere. We are aware that a very strong and vigorous agitation was carried on immediately after the passing of these taxes on behalf of the tobacco trade in England and even a countervailing duty was proposed on the indigenous tobacco. This latter proposal was found to be impracticable and even impolitic, and so the next best thing to do was to pacify the agitators by reducing the duty already imposed. Of course these are mere conjectures and have no more value than mere conjectures can have. I for myself hope and trust that they are entirely wrong. Nothing can be worse for the good relations between the Government and the people of the country than that the impression should go forth that the revenues of the

country are being sacrificed not in the interest of the people, but in the interest and at the dictation of a certain combination abroad. The impression that a mandate has come and that the Government of India cannot resist it is most mischievous for the Government of the country.

"It may be urged that the consumption of tobacco has gone down to a figure that was never expected or contemplated and that it has killed the trade. Well, it is permissible to hold different opinions upon these points, but what of the pronouncement made by my Hon'ble friend as the responsible Minister of the Crown when in his speech last year he said: 'They (tobacco-duties) may diminish import for a time, but incidentally they check the rapid growth of the cigarette habit which is not without its dangers to the rising generations of India.'

"In the face of this pronouncement it cannot be said that the Government did not expect a large decrease in the consumption of the weed which is described by its votaries as fragrant. No doubt the budgetted estimate was much larger than the actual figures, but this again was a miscalculation on the part of the Finance Department. Perhaps the trade itself has actively helped in keeping the consumption to the lowest possible limit in the hope that by such a manœuvre they will be able to press for a reduction in the duties. The fact is that prior to last year's taxation tobacco used to be imported into the country practically free, the highest revenue realized from this source never exceeding four lakhs of rupees. This year my Hon'ble friend has made the trade pay 29 lakhs, and this they naturally do not like. If they are left to themselves it will be eventually found that this artificial restriction will disappear, the trade will recover, and my Hon'ble friend will realize his expected revenues and be happy. But this is not to be, and we have a lurking suspicion that the present Bill is a measure of relief to the tobacco combine and not the people of the country. Again, my Hon'ble friend seems to have forgotten his own enunciation of the principle that the growth of the pernicious habit of cigarette smoking among the rising generation of India should be checked. In the present legislation that noble solicitude for the welfare of the youths of the country appears to have been shelved. This was hardly expected from one so well known for his generous sympathies for the people of this country.

"If any relief is to be given, it should be given to the poorer classes, and this can be done by a reduction of the duty on petroleum, instead of tobacco. Petroleum is now used by every one who can afford to have a light and is gradually replacing the old *chirag* and vegetable oil. Such relief will be hailed with gratitude by the whole country.

"It is a sound principle of government that it is better to legislate with than against the people. In India the people have no direct voice in taxation, and therefore it is highly incumbent upon the Government to know the exact drift and strength of public opinion on any particular tax which they intend to impose. A failure to do this might result in unforeseen difficulties and even trouble. Here is a case where the Government are reducing a popular tax and leaving the unpopular one alone. It may be sound finance, but it is certainly not sound politics.

"With these observations I beg to move that the Bill before this Council be taken into consideration this day six months."

The Hon'ble MR. GOKHALE : "Mr. Vice-President, I desire to join in the protest which my Hon'ble friend Mr. Haque has entered against the course adopted by Government in proposing this reduction of tobacco-duties. But before doing so, I would like to offer, if the Hon'ble the Finance Minister will let me, my warm congratulations to him on the most interesting and luminous Financial Statement that he has presented to this Council. I think students of Indian finance will readily recognise that in its exposition of financial principles the Statement is one of the most striking that has ever been laid before this Council, and so far as the far-reaching character of some of its announcements goes it will probably take rank with those few which have now become of historic importance in this country. The Hon'ble Member has been half-way through his tenure of office as Finance Minister,

and his last two Budgets had to be framed amidst great difficulties and were adversity Budgets. We all therefore rejoice that this time he has had to frame his Budget under more favourable circumstances, and we do so as much on his own account as in the interests of the public generally.

“While, therefore, my feeling for this Budget is one of genuine satisfaction, I must say that I do not regard all the budgetary dispositions that the Hon’ble Member has made with entire satisfaction; and I believe the Hon’ble Member himself does not expect any Member to do so. One of the least satisfactory features of this Budget is this reduction of the tobacco-duties by about one-third. Last year, if I remember aright, the Hon’ble Member took great credit to himself for his disinterestedness, because he was taxing tobacco though he was a smoker himself. This year, my friend Mr. Haque has gone one better, because, though he loves the cigar very well, he stands up to resist its being cheapened, and he does not even claim credit for disinterestedness. Well, I cannot lay any claim to such disinterestedness as theirs in this matter, because I am no smoker; but my interest in the question is that of the general public, who, I think, are more interested in cheaper petroleum than in cheaper tobacco. Sir, the Hon’ble Mr. Haque has given expression to a suspicion which is widely entertained that the Government of India are not in this business a willing party. I do not know whether this suspicion is well founded: the Finance Minister will, I hope, tell us about that when he rises to reply. But one has only to compare the emphatic manner in which he insisted on raising these tobacco-duties last year and the almost apologetic manner in which he has expressed himself in reducing them—and the contrast between the two is most striking—to realise that the heart of the Finance Department is not in this measure of relief. The Finance Department always loves to dwell with some degree of satisfaction on any relief in taxation which it is able to give to the public. In this case, however, the matter is barely mentioned and then sought to be stowed out of sight as if the Finance Minister would rather that the people did not notice what he has done. Sir, last year, when the Hon’ble Member enhanced these tobacco-duties, he expressed himself as follows:—

‘The present taxation—5 per cent. *ad valorem* on manufactured and nothing at all on unmanufactured tobacco—is ludicrously inadequate. In 1907-08 over 6 million pounds of tobacco were imported into India, and all that it paid to Government was £25,000; in England it would have paid 40 times as much. What we now propose is a set of rates which, in the case of cigarettes, is represented by Rs. 2 a lb. They may diminish imports for a time, but incidentally they may check the rapid growth of the cigarette habit, which is not without its danger to the rising generation in India.’

“It will be seen that a reduction in the imports was clearly foreseen by the Hon’ble Member, and the diminished imports, therefore, do not lend much support to the course that he has adopted this year. In now reducing these duties, however, this is what the Hon’ble Member says:—

‘In discussing the yield of the new taxes which were imposed last year, I mentioned that we had been disappointed in our estimate for tobacco. The sudden rise in duties dislocated the import trade for a time, though it is possible that business would gradually have adapted itself to the new conditions. But we are informed that the rates which we selected have hit severely those particular forms of the tobacco industry in India which depend on an admixture of the foreign with the indigenous leaf. We are also doubtful whether our experiment has given us rates which are likely to combine the maximum of revenue with the minimum of hardship. It has been decided, therefore, to propose a reduction in the duties of about one-third all round, and a Bill to give effect to this change will be introduced to-day. On the assumption that it will become law, I have raised the yield of our tobacco-duties by about 5 lakhs in the Budget.’

“The last sentence, Sir, is really quite the most interesting in its own way. As I have already said, the Hon’ble Member had clearly foreseen the reduction in the imports: therefore that could not have come upon him as a surprise. He says, however, that by reducing these duties now it would be possible to raise a higher revenue. I have looked into the figures that have been supplied by the Hon’ble Mr. Meston to Mr. Haque, and from these figures I find that the yield of the tobacco-duties this year is about 30 lakhs. Five lakhs more means 35 lakhs for next year. For the reduced duties to produce this sum, the consumption must increase by about 75 per cent. A small calculation will make that clear. The Hon’ble Member must, therefore, expect that by reducing

these duties by one-third he will push up the imports by 75 per cent. Now in the first place he has got to explain what has become of his solicitude for the welfare of the youth of this country, as my Hon'ble friend Mr. Haque has called upon him to do; secondly, I would like to know what are the grounds on which he bases this expectation, namely, that if he reduces these duties by one-third, the imports will rise by about 75 per cent. It really looks, Sir, as though there was something more behind, and it is very unfortunate that there should be room for such a suspicion as that. As I have already observed, I hope the Hon'ble Member will disabuse our minds of this suspicion, and if he does this no one will be better pleased than myself. But if there has really been pressure from England in this matter and the Government of India are a mere unwilling party to the reduction, I deem it my duty to protest strongly against such pressure from England. In matters involving large policies the decision must, of course, be with the Imperial Government in England; but in these smaller matters I think that the Government of India ought to be left free. Sir, in another part of his Budget Statement, the Hon'ble Member insists on the fact that in view of the threatened extinction of the opium-revenue, the Government cannot afford to relinquish any part of the revenue they enjoy at present. After that emphatic statement, it is rather curious that these tobacco-duties should have been selected for reduction this year. If the Hon'ble Member was in a position to afford relief to anybody, there is no doubt that the consumers of petroleum were entitled to that relief first. I find from the figures about the consumption of petroleum that the imports of foreign petroleum show a considerable diminution. Now petroleum is, as every body knows, a necessary of life and not an article of luxury, and when the imports of petroleum go down, it means that the poorer people have undoubtedly suffered some inconvenience. If there is less tobacco smoked in the country, I do not suppose anyone is any the worse for that; if people smoke inferior cigars and cigarettes, that also is a matter that concerns them alone. The foreign manufacturers are no doubt affected, but we are not concerned with them. But when the imports of petroleum are reduced, that is a serious consideration for the Finance Minister, because that means that the mass of the people are being subjected to a great deal of unnecessary hardship. I find, Sir, that the quantity of petroleum consumed during the year previous to the enhanced duty was about 136 millions of gallons, while that for the current year shows a reduction of about 8 million gallons—the figure for this year is 128 million gallons. Coming to an analysis of the figures, we find that while foreign petroleum has fallen from 62 to 50 million gallons, Burma oil, which pays no duty, has risen only from 74 to 78 million gallons. When these duties were raised last year, it was expected by some that the result of it would be to push up the consumption of Burma oil which pays no duty. But as a matter of fact the rise in the consumption of Burma oil has been only about 4 million gallons at against a fall of 12 million gallons in the foreign petroleum. When these duties were under discussion in this Council some of us urged that one result of the enhancement of the duties would be to enable the owners of Burma oil to push up prices. I understand from the Hon'ble Mr. Gates that prices had really already been pushed up about a month before the duties were raised by an agreement between the Burma Company and foreign companies. And when the duty was raised and a difference created in favour of Burma petroleum, the Burma Petroleum Company was not slow to take the fullest advantage of the situation to earn extra profits. The enhanced petroleum-duties, therefore, ought, in my opinion, to be reduced as soon as possible. In any case, if any relief can be granted, if the Hon'ble the Finance Minister can spare any money, that ought to be devoted to a reduction of the petroleum-duties in preference to the tobacco-duties."

The Hon'ble SIR GUY FLEETWOOD WILSON: "Mr. Chairman, I find a little difficulty in reconciling the two aspects which are presented by my Hon'ble friend on my right (the Hon'ble Mr. Haque) and my Hon'ble friend opposite (the Hon'ble Mr. Gokhale). My Hon'ble friend on the right says that I have lost sympathy with the desire we all expressed that the worst form of cheap cigarette smoking should cease in this country, or at any rate should be very materially reduced. That would, I think, imply that he expects a very large increase in the imports of that article. My Hon'ble friend, Mr. Gokhale, on

the other hand, says that I am not going to get any further revenue or not so much as is coming in. I should like to say to my Hon'ble friend that we have considered the question of the cheapest and the worst forms of cigarettes, and I think the modifications that we have made in the rate will keep out that very deleterious cigarette which undoubtedly is very injurious to young people and also to old people. But I think that another point Mr. Gokhale has made is that the reduction is very great and that it is therefore a contradiction of the attitude which I assumed last year in regard to this tariff rate; but I must point out that the rate which at present remains is no less than seven times higher than the one which prevailed before any change was made. I think however that the real point has somewhat been lost sight of. I am afraid that neither Hon'ble Member has done me the honour to read with care, or at any rate has not appreciated, the objects and reasons which support the Bill which I have the honour to introduce. Under the head Objects and Reasons the purport of this legislative enactment is thus indicated. The new duties which were imposed on tobacco a year ago have not realized the revenue which was expected from them, and it is considered probable that a somewhat lower range of duties would be more productive. The Bill accordingly provides for a reduction by about one-third all round in the existing rates upon tobacco of all classes. Both Members have alluded to the element of doubt which occurs in the wording of this Statement of Objects and Reasons; the words to which they have alluded being 'considered probable.' They have impressed upon us that our calculations of last year were miscalculations, and it is only reasonable to guard ourselves against being too emphatic in our assertions in regard to the future. But I must point out that that Statement of Objects and Reasons shows that the object we have in view is to increase our revenue, and the means we adopt does happen to have the indirect effect of also benefiting an important Indian industry, the Indian cigar manufacture. The object of the alteration is not to give relief, it is to bring in more revenue; that is most distinctly stated from beginning to end. If there had been a question of affording relief to the taxpayer, it is quite possible that a number of other suggestions might have presented themselves and been found acceptable; but the object of this is to increase revenue and not to give relief. Neither of my Hon'ble friends approve of the course that we have adopted, and accordingly they advocate an alternative which would not only reduce our revenue but which directly and immediately would injure an Indian industry, since it facilitates the introduction of foreign oil in competition with Indian oil. I really almost wonder what the Hon'ble Pandit who is a champion of Swadeshi and the Hon'ble Mr. Subba Rao who represents the cigar-manufacturing industries of Southern India would think about it. But our object, as stated, is to improve our revenue receipts, and as the amendment would have the diametrically opposite effect and the additional disadvantage of injuring an indigenous industry, I am sorry to say that I cannot accept it."

The Hon'ble MR. MAZHARUL HAQUE: "By way of reply, Sir, I may say a few words. I think we Indian Members are confirmed in our suspicion by the studied silence of my Hon'ble friend the Finance Member upon the point raised in our discussion; and now we see that really there is some truth in our conjectures that the Indian Members do not know everything behind the scene. My Hon'ble friend has said that I have not read the Statement of Objects and Reasons very carefully; but I am afraid that my Hon'ble friend perhaps did not attend to my speech, because I quoted the Statement of Objects and Reasons almost *verbatim*, almost the whole of it, and while pointing out the ostensible reason given by the Finance Department, I said that we did not know what the real reasons were."

THE PRESIDENT: "The phraseology of the amendment which has been moved by the Hon'ble Mr. Haque and supported by the Hon'ble Mr. Gokhale has apparently been borrowed from that used in the House of Commons, where it has a well-known and perfectly clear meaning. In this Council, if it has

any meaning at all, it is the direct negative of the motion which is before the Council, and I therefore rule the amendment out of order and put the original question to the Council."

THE HON'BLE BABU BHUPENDRANATH BASU: "Sir, if an amendment is out of order, is a discussion upon it permissible, and is it permissible to rule an amendment out of order after discussion has been allowed?"

THE PRESIDENT: "I cannot alter the ruling on the question; it is not open to doubt. I will again put the question."

The motion was put and agreed to.

PRELIMINARY REMARKS.

THE PRESIDENT: "Before we proceed to a discussion of the Financial Statement I wish to make some remarks which may be of assistance to Hon'ble Members who have resolutions upon the paper. The Financial Statement is laid before this Council for definite purposes which are stated in the rule, and the discussion of it ought to be confined to these purposes. Thus, when an Hon'ble Member proposes a reduction under any head of expenditure, he ought to explain how the reduction is to be effected, and how it is to take effect in the year to which this Financial Statement relates. If the change which he proposes necessitates any change in the policy of Government, it is open to him to discuss that policy. It is not however open to him to enter upon questions of general administrative action and policy. The resolutions on the Financial Statement must in short be genuine financial resolutions. They must not be used merely as devices for raising debates in Councils upon subjects which are not connected with the substance of the resolution. Government have no wish to stifle discussion, but Hon'ble Members have full opportunity to move resolutions on questions of general public interest and at the last stage of the budget discussion to raise discussion regarding the general financial policy of Government. But it is very necessary that the discussion of the Financial Statement should not be used for purposes other than those which they are intended to serve. I hope that I shall have the support of the Council in maintaining this principle. It is absolutely necessary if the Financial Statement is to be discussed in a practical and business-like manner."

THE HON'BLE MR. GOKHALE: "May I ask, Sir, in order to be clear in my own mind as to what you have said, whether the kind of discussion that was permitted last year is to be permitted this year or not. If you will refer to the proceedings of last year, you will find that Members were allowed to propose reductions under certain heads and then bring up the financial aspects about those heads in this Council. Of course, if we touch upon larger questions of policy, we should be ruled out of order. But if we confine ourselves to the financial aspects of a question, we are clearly in order. This is what was done last year, and I would like to know whether it would or would not be permitted this year."

THE PRESIDENT: "Last year we were at the beginning of things and possibly some degree of laxity was permitted. But this year I do think that it is very necessary that we should, in dealing with the Financial Statement, limit ourselves to financial questions and merely to financial subjects as they are given in the Financial Statement. Under the rules each resolution must relate to a definite entry in the Financial Statement. Under another rule the discussion must be confined to the subject to which the resolution relates. If these two provisions are read together, I think it will be evident that the discussion of the Financial Statement is only intended to extend to the entries in the Financial Statement for the year which we are discussing. As I have said, if incidentally in proposing alterations in any entry in the Financial Statement it becomes necessary to discuss the policy of Government a change of which will be necessary to give effect to a proposal which an Hon'ble Member may make, then the discussion of that policy would be quite in order. But what I think would be objectionable would be to raise

general questions of policy which cannot be given effect to in this Financial Statement, which may perhaps be given effect to in future and in future Financial Statements. For instance (an example will possibly be of more use than a great deal of description), I think it would not be legitimate for an Hon'ble Member to propose, say, a reduction of one rupee or any other arbitrary sum under the head of Education and under cover of a resolution of that kind to embark upon a discussion of free and compulsory primary education, the pay of masters of secondary schools, and so forth. I think that when we come to the discussion it will be found that the principles which I have laid down will work quite smoothly."

The Hon'ble MR. GOKHALE : " Once again, Sir, if you will permit me—since what you have said will apply to a number of my resolutions—I wish to point out one or two things. The rule which regulates the form of the resolutions that we may bring before this Council during these two stages of the discussion of the Financial Statement is rule No. 6. It requires that the resolutions shall be clearly and precisely expressed and shall raise a definite issue, and that they shall be directly relevant to some entry in the Financial Statement. So far as the rules are concerned, these are the only two requirements in this connection. Now, Sir, let me mention what took place last year. Take the head of expenditure on Stationery and Printing. I moved for a reduction of charges, and all that I did in support of my motion was to show how the charges had been growing for a number of years. The Hon'ble Mr. Robertson, who was then in charge of the Department of Commerce and Industry, assured me that the matter had attracted the attention of Government and that they were considering how the charges could be reduced : my purpose was served. I did the same about the Telegraph Department and also about Railways. I moved a reduction in the working expenses of Railways, and as a matter of fact I find that the working expenses have been reduced this year. What I mean is this. The entry which is referred to, in such cases, is the total expenditure under a given head mentioned in the Financial Statement. The Statement says that the total expenditure under that head shall be so much, and the resolution urges that it shall be so much less. As regards how the reduction is to be effected, I can place before the Council only general suggestions. I am not an official of the Department concerned and I cannot possibly point out what individuals, if any, should be got rid of or what else should be done. And I am strongly of opinion that if this discussion is to serve any useful purpose, Members must be allowed to move these resolutions in the form in which they were permitted last year. If we violate any of the conditions laid down in rule 6, of course, you, Sir, will be entitled to call us to order. But I do not see how you can restrict discussion in the manner you propose."

THE PRESIDENT : " It will of course be quite open to any Hon'ble Member to raise any general question provided he ties it up with a definite proposal which he makes with regard to any entry of the Financial Statement of the year. I call the attention of the Hon'ble Member to one of the provisions of the rules which he has not noticed. It is provided in rule 13 that ' the discussion of a resolution shall be limited to the subject of the resolution.' That is really the rule which should govern the whole of our discussion, and I imagine that when we come to the business we shall find that there will be no difficulty whatever in applying it."

FINANCIAL STATEMENT.

FIRST STAGE.

The Hon'ble SIR GUY FLEETWOOD WILSON : " Sir, I now proceed to open the first stage of the discussion on the Financial Statement for 1911-1912. I do not propose to make any remarks on the subject because I shall follow the precedent of last year and also because most of the matters have been dealt with in the Financial Statement."

The Hon'ble MR. GOKHALE : " Sir, I rise to move the resolution which stands in my name and which reads as follows :—

'That this Council recommends that the amount of the new loan for next year be raised from £5,925,300 to £7,925,300 and that the extra two millions be set apart to constitute a new fund to be called the Opium Fund, or, in the alternative, be devoted to non-recurring expenditure on Education, Sanitation and Medical Relief.'

" I must at the outset explain to the Council why it is that I have worded my resolution in the manner I have done, and why, when I do not want the loan for next year to be really raised, I appear here as though I wanted that loan to be raised. My reason is that the rules of this Council, the rules which govern this discussion, are to a great extent defective, and till they are so modified the only way in which I can raise the discussion, which I am anxious to raise today, is in this roundabout manner. The Council is aware that this year, I mean the year which is about to close, there is a large surplus, made up of two parts. There is what the Finance Department calls the opium surplus, and there is the ordinary or non-opium surplus. The total amount of these two surpluses has not been, in my opinion, stated as it should have been by the Department. The total, as I will proceed to show, is £5½ millions or ₹8 crores. A portion of it is hidden away under one head and another portion under another head. And the final surplus, actually shown by the Department, is about £3½ millions. A careful analysis, however, shows that the real total surplus is £5½ millions and not £3½ millions. This surplus is made up of £3 millions under opium, and about £2½ millions under other heads. Out of this £2½ millions, grants have been made to Local Governments amounting to a total £1½ millions sterling. The Finance Department says that the grant of £1 million for education and sanitation has been made out of the opium surplus. I do not see why it was necessary to touch the opium surplus for this grant; there was the ordinary surplus available, and the whole grant could have come out of that ordinary surplus and the opium surplus could have been left intact. That however is a point with which I will deal later. The facts, as they are stated in the Financial Statement, show a surplus of £3½ millions—£2 millions as the surplus under opium and £1½ millions as the non-opium surplus; and what the Finance Minister has done is to devote the two millions opium surplus to the reduction of debt, the remaining £1½ millions going into the cash balances of the country. Now, Sir, my object in moving this resolution is to recover that sum of 2 millions which the Government of India have decided to devote to the reduction of debt. I would like to have that sum back and devote it, in the first instance, to the creation of a new fund, a reserve fund, to be called the Opium Fund. Or, if this proposal is not acceptable by the Council, I would propose that these 2 millions should be devoted to non-recurring expenditure on education, sanitation and medical relief.

" Sir, if, under the rules, I could have raised a direct discussion as to the dispositions of this year, *i.e.*, the dispositions in the revised estimates, I should certainly have brought in my motion in a more direct form. But there is a rule which lays down that our resolutions at this, the first, stage of the financial discussion, should be confined to any alteration in taxation, any new loan or any additional grant to Local Governments *mentioned or proposed in the Financial Statement* or in the Explanatory Memorandum accompanying it. And the Financial Statement has been defined in the definitions as the budget estimates for the year next following, the revised estimates for the year about to close not being included in the definition. I think the definition requires to be altered, the Financial Statement being made to include not only the budget estimates for next year, but also the revised estimates for the current year. Otherwise all that the Finance Minister has to do is to say nothing in the Financial Statement about any grants to Local Governments, but to start making such grants as soon as the Budget discussion is over, and go on making them during the year. By the time we come to the end of the year, all these grants, as already made, will appear in the revised estimates, and they can then,

under the present definition, escape the discussion to which we are entitled to subject them. However, the rule being there in its present form, I did not like to take any risks. Possibly, if I had worded the motion in a more direct form, it might have been allowed, as a matter of grace, as I see some other motions have been allowed. But I did not like to take the risk of the motion being disallowed, and I therefore have worded my resolution in this roundabout manner. By this means, I raise the matter under the head of the new loan for next year. My proposal is that the loan which the Government proposes to raise during next year should be 8 millions instead of 6 millions. This extra two millions will be no increase in reality in our indebtedness, because the Government are reducing our debt this year by 2 millions taken out of the opium surplus, and all I propose is that after the new year begins it should again be raised by 2 millions, so that there should be no real change in the debt. My object thus is to recover for the country the two millions which the Hon'ble Member proposes to devote or has devoted to the reduction of our debt, and the actual wording of the resolution is merely a matter of form rendered necessary by the rules as they stand today.

"Sir, I said at the commencement that our real surplus this year is $5\frac{1}{4}$ millions or 8 crores of rupees. It will be seen on a careful examination of the Financial Statement that there are two series of doles—those doles which the Finance Minister once condemned—which reduce it by $1\frac{3}{4}$ millions. I am not sorry that these doles have been given this year, because they are for purposes which I entirely approve. But I remember the Hon'ble Member expressing himself once somewhat strongly against the policy of doles. The doles this year are a grant for non-recurring purposes, for sanitation and education, of about a million, and another grant to various Local Governments for various objects of public utility, roughly amounting to about three-quarters of a million. The two together amount to $1\frac{3}{4}$ millions. Now, if the whole of this $1\frac{3}{4}$ millions had been taken out of the ordinary surplus, leaving the opium surplus alone, even then there would have been half a million of the ordinary surplus left. What the Hon'ble Member has, however, done is this. He takes 1 million out of the 3 millions opium surplus, and gives it to education and sanitation; then he takes $\frac{3}{4}$ of a million out of the other $2\frac{1}{4}$ millions, and gives it to various Local Governments for various purposes; thereby leaving behind a million and a half of the second and 2 millions of the first surplus, or a total resulting surplus of $3\frac{1}{2}$ millions. Now, Sir, I do not understand why he has done all this in this way. The special grant to education and sanitation could as well have come out of the non-opium surplus. The special opium surplus might have been left alone to be dealt with in some special manner—for redemption of debt, as the Hon'ble Member proposes, or for creating a special reserve, as I am going to propose. There was ample margin for both series of grants out of the ordinary surplus, and I do not understand why some money has been taken out of one surplus and some out of the other, and the resulting surpluses, under the two heads, shown as they have been in the Statement. However, that does not affect my resolution in any way. I suggest that this opium surplus, which stands at 3 millions, though the resolution raises a discussion only about 2 millions, should be set apart to constitute a new fund which I would call the opium fund or opium reserve or by some such name; and I further suggest that we should go on adding to it all the additional opium surpluses that the Hon'ble Member or his successor may earn during the next few years, and the fund thus created allowed to accumulate, so that when the opium-revenue comes to be extinguished, the inconvenience and dislocation arising from that extinction should be partly met by drawing on this fund; in other words, that this fund should enable the Government to distribute the inconvenience of the loss of opium-revenue over a longer period than would otherwise be possible.

"Sir, this question of the disposal of the opium-surplus is in reality a most important question, and I would ask the indulgence of the Council while I state why, in my opinion, the course which I have suggested should be adopted. Last year, when I urged that instead of including the whole of the opium-receipts in the revenue for a particular year, we should have a sliding scale of a diminishing opium-revenue, as

that revenue was marked out for extinction, the Hon'ble Mr. Meston, in whom we all are glad to recognise a master of debate, tried to turn the point of my contention against me by saying that that was precisely what the Government were going to do, only he could not reconcile my advocacy of that scheme with my complaint in the earlier part of the debate that the Government had under-estimated the opium-revenue. Now, my position at that time was perfectly clear. Sir Edward Baker had stated in this Council three years ago, when he first announced to the Council that the opium-revenue was doomed, that if the Government of India were allowed to spread the loss of that revenue over ten years, which at that time meant an annual diminution of 50 lakhs, the Government would be able to stand the loss without recourse to extra taxation. And what I meant was that this sliding scale which has been devised this year should have been brought into operation then—not after two years of the excess revenue had been enjoyed by Government and used for ordinary expenditure and after extra taxation had been imposed in order to meet the deficit caused by an uncontrolled growth of expenditure. My contention was that the sliding scale should have been brought into existence when the announcement was first made here in this Council that the opium-revenue would disappear in ten years. However, better late than never, and I am glad the Finance Department has at last introduced a sliding scale; only, instead of an annual diminution of 50 lakhs, it must now be about 85 lakhs, as we have now only seven years in front of us instead of ten. Now, Sir, if the Government could spread the loss of this opium-revenue even over the next 7 years, possibly the Finance Department might be able to find annually this margin of 85 lakhs out of the normal growth of revenue, and they might be able to meet the difficulties that the loss of revenue would create without having recourse to extra taxation. I think this is just possible, though I do not know what may actually happen. But will the Government have the whole period of seven years to distribute this loss over? I think there are many indications that the Government of India will not get seven years, that in the course of four years, possibly even three years, this opium-revenue may go. Let us assume that it will go in about three years. It is only wise to be prepared for a contingency like this, as events are clearly moving in that direction. I may say at once that personally I do not regret the prospect of this loss. I have always regarded this opium-revenue as a great stain on our finances, because it is drawn from the moral degradation of the people of a sister country. Indeed, I am glad that this revenue will go, and I do not mind having to face the situation which the loss will create. At the same time, I would, in prudence, prepare for the contingency from now. Assuming that the opium-revenue is extinguished in the course of three years, what will happen? The sliding scale of the Finance Department assumes a period of 7 more years for the total loss. The Department takes for the current year an opium-revenue of 7 crores, for the next of 6 crores 15 lakhs, for the year following that about $5\frac{1}{2}$ crores, and so on. But if the opium-revenue is extinguished in the course of three years' more, the sliding scale will not carry us lower down than to about $4\frac{1}{2}$ crores for the last year, instead of to only 85 lakhs, as would be the case on a seven years' basis. And, Sir, if this happens, as sure as the fact that we are here in this room today, the Finance Department will have recourse to extra taxation to fill up the gap. And, as I am anxious to guard the country against such a course, I bring forward my proposal for the creation of an Opium Reserve Fund today.

“My proposal, Sir, is this. The additional opium-revenue, by which I mean the excess over the sliding scale—which is 7 crores for the current year, 6 crores and 15 lakhs for the next year, and so on—is rendered possible solely by the fact that the opium-traffic is threatened with extinction and that the Chinese consumers are therefore prepared to pay fancy prices for the drug while it can be had. The very threatened extinction, therefore, is producing the surplus at present, and it is only proper that the surplus should be utilised in order that the dislocation of our finances, when the extinction does come, should cause as

little inconvenience to us as possible. What I urge therefore is this. This surplus, over and above the sliding scale, should be put aside year after year. We have 3 millions this year, we might have, say, 2 millions next year, and, say, another 2 millions during the following year, and at the end of the 3rd year let us suppose that the opium-revenue suddenly disappears altogether. According to the sliding scale, the 4th year will require an opium-revenue of $3\frac{1}{2}$ crores, the 5th year about $2\frac{1}{2}$ crores, and so on. Meanwhile our Opium Reserve Fund will amount, during the next three years, to 7 millions. If we have such a Fund, we can draw on it to fill up the gaps for the 4th, 5th, 6th and 7th years, and thus obviate a recourse to extra taxation. Thus, by creating this opium-reserve, we shall be able to spread the whole loss over 7 years—the period which the Government of India are anxious to spread it over—even if the actual extinction takes place in three years. Of course, if you devote this money to the reduction of debt now, and if the Government will borrow when the need arises, to fill up the gap, for purposes of current expenditure, then I do not press my proposal. I recognize that there is no special merit in a separate fund. But the Government has never so borrowed. The Government will never borrow for recurring purposes, even temporarily, especially when the prospect is to have to borrow for a number of years; and I am quite sure, if a proposal to borrow is made by any Member in those circumstances, we shall have sermons in this Council from the Finance Minister about the unwisdom and impolicy and extravagance of borrowing for ordinary purposes. Therefore, if the opium-revenue is extinguished in, say, three years—and it is by no means improbable—while the surpluses during the three years will be devoted to a reduction of debt, when the threatened extinction comes, instead of again borrowing to the extent of the reduction effected, the Government will impose extra taxes. If, however, the Government have this opium-reserve at their side, there will be no excuse and no justification whatsoever for the imposition of extra taxes. Of course, I do not object to extra taxation for other purposes. But, other things being equal, I do not want any extra taxation to meet the loss of the opium-revenue. Sir, it may be said that, after all, a reduction of debt is a most excellent object, and as the future may well take care of itself, the Finance Minister is justified in devoting his surpluses to a reduction of debt, thereby leaving his successor the burden of a smaller debt. If the debt of this country --I mean the ordinary debt—had been a huge debt, similar to the mammoth debts of Western countries, I would have understood such a course, and I would not have opposed this policy as I am doing now. But what is our unproductive debt? I think an enquiry into this question is useful in view of what the Finance Member says in his Financial Statement. He says there that two millions will be devoted to a reduction of debt, because thereby our credit would be strengthened. With all deference, Sir, I beg leave to say that in speaking thus he is merely using a Western formula—a formula which in India has no application because of the trifling amount of our debt. Sir, what is the amount of our debt? Our total debt is made up of various component factors. There is the permanent or funded debt. There is the temporary or unfunded debt. And there are various funds with the Government, such as Savings Banks deposits, Service funds, special loans, Judicial deposits in Courts, and so forth. Against this the Government have their Railways and Irrigation works, their loans and advances to Local Bodies, Native States and cultivators, and their cash balances. Deducting these latter from the total debt, what remains is the true ordinary or unproductive debt. Now, taking the figures for 1907-08, and bringing them up to date, we find that in 1907-08 the permanent debt in India was 88.55 millions; the permanent debt in England was 156.48 millions, or, in the two countries together, 245 millions. That was the funded, permanent debt in that year. The unfunded debt in that year was only 1 million. Then about 20 millions represented special loans, Service funds, Savings Banks deposits, departmental and Judicial deposits and miscellaneous obligations of the Government, or total liabilities of 266.28 millions or 400 crores of the liabilities of the Government. As against

this, the Government of India had in that year 177·7 millions invested in Railways and 29·87 in Irrigation Works, or a total of 207·57 millions under the two heads together. The Railway debt was earning about 5 per cent., the Irrigation debt about 7 per cent. Therefore it was really no debt at all in the sense in which the term debt is used. That accounted for 207 out of 266 millions. Then the loans and advances by Government to various Local Bodies, Native States and cultivators amounted in that year to 13 millions and the cash balances were 18·6 millions. Thus, 239 millions out of 266·28 millions represented the investments and cash balances of the Government, leaving only about 27 millions of real unproductive debt for the country. This was in 1907-08. Since then the position has undergone some deterioration. Of course there has been additional borrowing for Railways and Irrigation; but we need not take that into account since Railway and Irrigation investments are earning 5 and 7 per cent. interest respectively. But there was a deficit in 1908-09 of 3·74 millions. In 1909-10 there was a surplus of ·61 million, and this year, excluding the opium-surplus of 3 millions, there is still a surplus of ·49 or half a million. The position therefore during the last 3 years has undergone a deterioration by about 2·64 millions, and we must add that to the figure for 1907-08 to find the total unproductive debt at the present moment. This comes to 29·7 millions, say 30 millions. Or, if the Finance Minister will prefer it, I am prepared to take the funded unproductive debt, as it appears in our accounts, which is 37 millions. That means making a present of about 7 millions to the Hon'ble Member; but I will do so and will take 37 millions for the purposes of my argument. Now, Sir, what is a total unproductive debt of 37 millions for a vast country like India? What is such a debt, compared with the huge debts of other countries? And is the reduction of this trifling debt a matter of such paramount importance that everything the Finance Department can lay hands on should be devoted to this reduction to the practical exclusion of all other useful objects, as has been done during the last 10 or 12 years? Sir, my protest against this policy of the Government has been a long-standing one. Year after year, for the last 10 years, I have been raising my voice in this Council against this policy; but so far without much effect. How does our unproductive debt compare with that of other countries? In England, at the present moment, you have a national debt of over 700 millions, corresponding to our unproductive debt. In France it is over a thousand millions. In several other countries it is four to five hundred millions. Even in an Eastern country like China it is about 110 millions, though the annual revenue of China is much smaller than ours. The Hon'ble Member speaks of the necessity of strengthening our credit. If we look at the rates of interest at which different countries borrow, it will be found that our credit is exceedingly good.

“The bulk of our debt is at $3\frac{1}{2}$ per cent.; whereas Japan borrows at from 4 to 7 per cent.; Russia borrows at about 5 per cent.; Turkey borrows at 5 per cent. and over; China borrows at between 4 and 7 per cent., 4 per cent. in a few cases, 6 and 7 per cent. being the usual rate. Even Italy borrows at a higher rate than India, the bulk of Italy's debt being at $3\frac{3}{4}$ per cent. I therefore contend that our credit is excellent, and I think the Hon'ble Member need not be in a hurry to improve it still further. Moreover, when a debt is as small as ours, credit is strengthened by its diminution only theoretically. I do not say that our debt should be left where it is. I am quite willing that there should be some provision for a regular reduction in the ordinary debt of the country. I am quite willing that there should be a Sinking Fund of a definite amount; but when the requirements of such a fund are provided, all money out of the revenue over and above it should be devoted to pressing objects of public utility, such as Education, Sanitation, Medical relief, and so forth. Now, Sir, if we examine next year's Financial Statement, we shall find a sum of 2 crores already devoted to the reduction of debt, *i.e.*, already serving the purpose of a Sinking Fund. Seventy-five lakhs are provided under the head of Famine Relief and Insurance to avoidance or reduction of debt; and under Railway expenditure we have a sum of over £800,000, or about $1\frac{1}{4}$ crores, devoted to the redemption of Capital; and according

to our system of accounts that finally shows itself as a reduction in our ordinary debt. Therefore, we have $1\frac{1}{2}$ crores under Railway Capital expenditure and three-quarters of a crore under reduction or avoidance of debt, or, roughly, a sum of 2 crores devoted to reduction of debt. I am quite willing that this should be a standing Sinking Fund. If, in any year, the Government cannot afford these 2 crores, I am willing that the deficiency should be a first claim on the surpluses of succeeding years. If, further, there is any deficit in any year, that deficit should be a first claim on the surplus of the years that follow. But when you have provided for this Sinking Fund and for covering ordinary deficits, I think all money, in excess of that, should be devoted to non-recurring expenditure on those objects with which the moral and material well-being of the people is intimately bound up. Sir, a Sinking Fund of 2 crores a year is four times as large as what rich England is providing for her today. The total debt at present is about 750 millions. Between the Crimean War and the South African War, England reduced her debt by about 200 millions. It was about 836 millions at the close of the Crimean War. It was about 635 millions at the beginning of the Boer War. In other words, England reduced her debt during the interval by 200 millions or 5 millions a year. This means a Sinking Fund of a little over $\frac{1}{2}$ per cent. on the first debt. During the last 8 or 9 years they have reduced the debt from over 800 millions—the figure at the close of the Boer War—to 750 millions, a reduction of about 50 millions; that amounts to about 1 per cent. on the first debt. Therefore, you find that in a wealthy country like England the Sinking Fund does not exceed about 1 per cent. of the debt. Here, in India, I am willing to allow 2 crores annually to get rid of our small debt of 37 millions. This means a Sinking Fund of 4 per cent. as against 1 per cent. in England. Surely the Hon'ble Member should be satisfied with this, and all money over and above this amount ought to be available for other pressing purposes which require large outlay very badly. Sir, for these purposes—Education, Sanitation and Medical Relief—while a great deal of recurring expenditure is, no doubt, necessary, there is also a vast amount of non-recurring expenditure absolutely required. And the need is most urgent. Seven out of every 8 children are growing up in India in ignorance, while the State in every other civilised country has made the free and compulsory education of its children one of its primary duties; 4 villages out of 5 in this country are without a school. Then sanitation throughout the country is in a most neglected condition. The death-rate, already high, is growing higher and higher; the latest figures show that the death-rate is now over 38 per thousand. For providing school buildings for primary schools, hostels for secondary schools and colleges, for initial outlay on technological institutions, for drainage and water works, an enormous amount of money of a non-recurring character is required, and there can be no more beneficent expenditure of public money after a Sinking Fund has been provided. My proposals, therefore, are these: I propose, in the first place, that the opium-surpluses, over and above the figures of the sliding scale, should be set apart to constitute a new fund to be called the Opium Fund. In the event of this proposal not being accepted, I propose that the whole of such surpluses should go to meet non-recurring expenditure on Sanitation, Education and Medical Relief instead of being devoted to a reduction of debt. At the same time I propose that a Sinking Fund of a definite amount should be created, and that all sums over and above that Sinking Fund should be applied to the objects I have mentioned. Sir, I move the resolution which stands in my name."

The Hon'ble MR. MUDHOLKAR: "Mr. Chairman, I have great pleasure in supporting the resolution moved with such conspicuous ability by my friend the Hon'ble Mr. Gokhale. I take advantage of this occasion also to offer my congratulations to the Hon'ble the Finance Member for what might be called a lucky and opportune windfall—the unexpected windfall which is calculated to afford us considerable relief and considerable help. It is almost a truism that the expenditure side and the receipt side of the national Budget ought to balance each other; and last year, when a proposition similar to the one moved by the Hon'ble Mr. Gokhale was before the Council, the Hon'ble Mr. Meston

drew our attention to a fundamental proposition that surpluses ought to be devoted to the redemption of debts. Well, Sir, that proposition is as true as that other proposition of finance that all taxation is an evil and that we should avoid taxes as far as possible. But as we cannot avoid taxation, so also can we not in a highly organised financial concern such as a Government avoid debts; and national debts have, with our present civilization, become a necessity in every country. We want various matters of social necessity and civilized amenities to be introduced into this country. And for that purpose large amounts are required. There is no need so keenly felt in this country as the advance of education and the improvement of our sanitation. Last year, when the Financial Statement was under discussion, specific resolutions were moved in regard to larger grants for Education and for Sanitation, both generally and in regard to particular provinces, and the reply given on behalf of Government was 'there is no money; all that you ask is very necessary, is very proper, but unfortunately there is no money to be had.' I myself brought forward two resolutions before the Council with reference to my own province—one in regard to Education and another in regard to Sanitation; and the official representative of my Province, while expressing complete agreement with my programme—why in fact going further and saying that there were many other things than those indicated by me which were urgently needed—stated that the Local Government were unable to carry out what I suggested because there was no money to be had. He said that the province had to rely upon the Government of India in regard to very many matters; its own finances were greatly dislocated on account of the famine of 1908 and the Local Administration was not in a position to carry out many things which were considered very desirable. The same was said by the Hon'ble Mr. Holms in regard to the United Provinces. He pathetically said that the condition of the United Provinces in regard to education was worse even than that of the Central Provinces and Berar. In regard to advanced Bombay, we had the Hon'ble Mr. Quin stating that, if money were forthcoming, there were a lakh of boys who were ready to attend schools immediately schools were established. He showed that, out of about 25,500 villages, only 7,500 were furnished with schools and 18,000 were without schools. That is in Bombay, one of the most advanced provinces in the country.

" Similarly, in regard to sanitation, it was pointed out that there were various things which were recommended by the Plague Commission, the Malaria Commission, and by other authorities; that there were large schemes of water-supply and drainage, none of which could be attended to or undertaken for want of funds.

" Now, Sir, what I put before the Council is this. Here was this occasion, when by mere good luck we had got unexpectedly large sums, and would it not have been the proper thing to do to have applied the whole of the surplus to purposes of such an important character as Education, Sanitation and Medical Relief?

" I am in complete agreement with my friend thus far that I consider that the surplus which has been realised this year should have been applied not to the reduction of debt. As to the actual application of the money, there is a slight difference. I would apply it firstly to the advancement of the purposes which I have just indicated, and in the alternative to the formation of an Opium Fund. However, what has to be done with the money when obtained, how you apply it, may well be treated as a matter of detail. But I do consider this thing of importance that, when our national debt is not of such magnitude as to cause us anxiety, when we find that the real unproductive debt is about 37 millions,—it is less than half of our net revenue,—whether in these circumstances the needs of the country should not receive greater attention than Government were able to devote to them.

" We had the other day the Educational Conference at Allahabad, and there large educational schemes were informally considered. All those schemes require vast amounts of money. I thankfully admit that considerable provision is proposed to be made in regard to some of them. There are £601,000 proposed

to be allotted to that purpose. But after all, Sir, what are £601,000 to such a country as India, which is so far behind the rest of the civilised world in regard to technical education and in regard to primary education? Those are our great needs, and what is proposed to be given would be barely sufficient for tiding over the present difficulties. When we consider that on one such institution in England as the Manchester Municipal School of Technology nearly 45 lakhs were spent, what is proposed to be granted to our institutions is hardly sufficient to serve more than the present purpose. We have to make provision for technical education; then there is also the other question which has come into great prominence, namely, the provision for enlargement of school buildings and college buildings and hostels both for secondary schools and colleges; and we have also the great question of the education of the masses. Well, all these things require larger sums than are at the disposal of the Finance Minister, and I therefore urge this before the Council, that the surplus which we had obtained need not, and should not, have been applied to the reduction of debt as it has been. I am afraid that it might be said that the Government have already applied the surpluses in the manner stated in the Financial Statement. Therefore, it is as Mr. Gokhale has pointed out—it has become necessary for Government to consider whether the present rules of debate do not stand in need of alteration. But putting that question aside, what I would say is, that the amount which has been taken away from the surplus for the purpose of the redemption of debts should be brought back, and that for doing this an equivalent loan should be raised which should be applied, either, as Mr. Gokhale suggests, for the purpose of forming an Opium Fund to meet the day of difficulties and anxiety which is not very far off, or, as I would preferably wish, for the purposes of further advancing Education, Sanitation and Medical Relief.”

The Hon'ble SIR VITHALDAS D. THACKERSEY : “ Mr. President, I support the resolution moved by the Hon'ble Mr. Gokhale. On the face of it the resolution sounds somewhat alarming to a financier, because it says that instead of raising 5 millions we should raise 7 millions. When we know the difficulty of raising money, it is very alarming to hear that we should try to raise 2 millions more. But, as Mr. Gokhale has explained, his object is not to raise extra money but to keep the capital debt the same, and to utilise the 2 millions as a nucleus of a fund for future emergency. That being the real object, Sir, I think it is a great advantage to keep these 2 millions as a reserve, particularly when we know that the method at present followed by our Finance Member, perhaps under the orders of the Secretary of State, is that we pay out of current revenue all the capital debt for Railways in the shape of annuities. The capital debt which is paid off by annuities during the year is, as Mr. Gokhale points out, £800,000, and in addition to them every year's surplus is also devoted to the redemption of debt. The effect is that, whenever there is a surplus, that surplus is devoted to the reduction of Capital debt, and, whenever the Finance Member anticipates a deficit, he comes forward with extra taxation. I quite realise that it is difficult to estimate in a large country like India the exact estimates: they may vary for 2 or 3 crores this way or that way, and the Finance Member naturally is over-cautious in order to see that, at the end of the year, he has not to show any deficit. But when this over-cautiousness brings in a surplus, it ought to be utilised for relief in the next year, or in future years, rather than in the reduction of debt. It is unfair to the taxpayer that we should put on large taxes for the reduction of debt and when deficits come in we should still put further more. That is to say, the taxpayer in good years is taxed far beyond the requirements of the administration in order to produce a surplus. In bad years his burdens are still further increased to make the two ends meet. It is obvious that this is hardly just. The first principle of sound finance is that the State should take as little as possible from the subject consistently with the requirements of the country. I am afraid our policy amounts to a reversal of this maxim and that we really proceed on the principle of taking as much out of him as possible. Now, Sir, no man of common sense would say that the discharge of debt is not a most important duty of a Finance Minister; but

surely there are well recognized rules by which this ought to be regulated ; otherwise the Finance Minister may increase taxation to any extent, put an additional rupee on salt, raise import-duties and scrape every penny he can from other sources and devote the whole of the yield to repayment of debt. What I suggest is that we should take stock of our position, find out what the exact amount of our debt is, and establish something like a proportionate sinking fund on scientific principles. So far as I have been able to gather, our total capital debt is £278 millions, of which only 33 is unproductive while the rest is productive, such as on Railways, Irrigation and loans to local bodies, etc. The interest charges on the unproductive portion of 33 millions is at $3\frac{1}{2}$ per cent. £1 $\frac{1}{2}$ million. The net profit of the productive debt after providing interest and working expenses is over 2 $\frac{1}{2}$ millions ; so that if we take our debt transactions as a whole, as they ought to be taken, we have a net surplus amounting to £1 $\frac{3}{8}$ million or over two crores of rupees. That is a very sound financial position and there is no necessity whatever for raising further amounts by taxation for the repayment of debt. At present we have already been paying out of revenue over £800,000 or nearly Rs. 1 $\frac{1}{4}$ crores in the shape of annuities for the redemption of capital debt, and at this rate the whole of our unproductive debt, 33 millions, would be wiped off within one generation. I am not taking into consideration the 75 lakhs of rupees that we provide every year out of revenue for famine insurance. What more can we expect one generation to pay? Mr. President, it may be said that these two millions with which we are now dealing is a windfall from opium. But, Sir, I will remind the Council that last March extra taxation was put on the country for the avowed purpose of making up any loss from opium. The non-official Members clearly showed that opium-revenue was under-estimated and that additional taxation would result in a large surplus at the end of the year. Therefore there is nothing of a windfall about the surplus which is clearly the result of the new taxation, and it is the surplus occasioned by this new taxation which it is proposed to devote to reduction of debt, which I say is hard upon the taxpayer. I beg therefore that Government will see their way to make the 2 million pounds a nucleus of a reserve fund to be drawn upon in case of future deficits before imposing extra taxation.

“With these few words, therefore, I support the proposition of the Hon'ble Mr. Gokhale.”

The Hon'ble MR. MADGE: “Sir, I am almost afraid to support the Hon'ble Mover of this resolution, lest after having accepted my humble support he turns round and blames me for the manner in which I rendered it. Still, I do not think that a surgical operation will be necessary in order to understand the simple reasons for which I support one-half of this resolution and try to show where I think the other half is rather feeble. I have heard it said that, when you have a sound reason to offer in support of any great scheme, you ought not to dilute its strength by offering another reason, however good that may be ; for the chances are as ten to one that the two reasons will be mutually destructive to a certain extent. Where such claims as those of Education and Sanitation and Medical Relief are put forward, everybody will agree that they ought to be amongst the first charges upon the revenues of the country ; but in the first part of this resolution we are not dealing with the regular revenues of the country, which, whether financial experts differ about calling it a windfall or anything else, comes to us from a particular source ; and I think it is very sound policy to devote what comes to us from that source to its own separate head. I am of those who may or may not be called opium fanatics ; but I have always questioned the morality of this revenue. But this is not the time to discuss that matter. I do think, Sir, that the Hon'ble Mover is perfectly sound when he asks that everything that we get from the opium-revenue should be husbanded in such a way as to meet the great strain that will be thrown upon our finances when that revenue ceases to exist.”

The Hon'ble MR. MESTON: “The Council are indebted to the Hon'ble Mr. Gokhale for the brilliant sleight-of-hand with which he played upon the figures of our various surpluses. There was a good deal in the play, however,

to which he treated us about the opium-surplus which I hardly think was necessary. There is no mystery or juggling about our opium-surplus. We displayed our opium figures separately in all simplicity, mainly on account of the discussion that took place on that subject last year. The Council appeared to think that it would be prudent, on the Hon'ble Member's advice, to set a limit to our normal and reasonable opium-revenue for the year and to allot any excess that we may get over that limit to specific purposes. That is exactly what we did. We fixed the limit practically at the budget figure of 7 crores and we tried to explain to the Council that the excess of roughly 3 millions was being spent in a particular way. The Hon'ble gentleman does not accept the propriety of the way in which it is proposed to spend it; but that does not affect the principle of the discrimination between our opium excess and our ordinary surplus which he tried to establish.

"The motion, Sir, which the Hon'ble Member has placed before the Council is a recommendation in favour of a larger loan, and although the Hon'ble Member has told us that he does not really want a larger loan, still we know that resolutions are sometimes taken very literally. The rules, according to the Hon'ble Member, compel him to put his case in the form of a parable. A parable is a two-edged sword in some people's hands and there is always some danger that subsequent readers may interpret it as meaning exactly what it says. So what I propose to do, if the Council will allow me, and as the resolution has to remain in the proceedings of the Council in this particular form, is first of all to avoid misconception by answering the resolution literally before going on to discuss the inner meaning which the Hon'ble Mr. Gokhale tells us that it contains.

"The proposal, as it stands, advises us to borrow 2 millions more in England and in India than we actually require for next year's work. Now this, in the first place, we must resist as impracticable. It would be quite out of the question to increase our rupee loan by so large an amount as 2 millions; and the Secretary of State in Council, whose decision as to the capacity of the London market for absorbing fresh Indian loans we have to accept, would not thank us for any proposal to make this large addition to the amount which he intends to raise in sterling. In the next place, the proposal taken literally is open to serious objection on the grounds of economy. We are asked to borrow 2 millions now which will be used for expenditure at some future indefinite period. In the meantime, until the necessity for using the money arises, we should have to pay interest on the loan or, if we invested the money, to take the usual risks of buying cheap and selling dear. Why should we borrow before the necessity actually arises? Why saddle ourselves with interest or possible loss for an indefinite period? The market will still be open to us when the opium-revenue disappears. In the third place, attractive though the proposal for an Opium Fund at first sight seems to be, I am not quite convinced that it would be good business. The existence of a fund or reserve is often a real danger. Government after all is a very human organisation; and the influences which make for economy are by no means always as strong as the influences which make for expenditure and even extravagance. So long as it is known that Government, however hard up we, in the Finance Department, may pretend to be, have a large reserve for future expenditure, the temptation to draw upon that reserve is very great, and the tendency is to overrule pleas for caution and economy. If there is no such reserve, heavy new expenditure may mean new taxation or specific borrowing; in which case the powers of economy are enormously strengthened and the voice of caution has a chance of being listened to. It is thus in no spirit of temporising that I urge the wisdom of postponing the attempt to build up a cash reserve against the losses which the decline of our opium-revenue may involve in the future. There is much that we can do, and are doing now, to discount those losses in advance; there is much expenditure to curtail; there are other resources to develop. But even if the losses come upon us sooner than we expect, and even if they find us short of complete readiness to meet them, we shall not even then be at the end of our resources. When the time of transition comes, we may be able to carry

over it, as we have done before, by temporarily increasing our unproductive debt or by postponing its reduction, or by taking such other measures as the Government of the day, with the advice of the Council of the day, may determine to be best suited to the circumstances.

“There is thus to my mind a very strong case indeed against the proposal to create an Opium Fund. But the Hon’ble Mr. Gokhale has given us an alternative. If we do not like the Opium Fund, he would be ready to use the borrowed money on initial expenditure, upon Education, Sanitation and Medical Relief. There is of course, as the Hon’ble Mr. Madge has said, no one in this Council who will say a word against the merits of these claims upon us. The large grants for them which have been made in the current year are surely sufficient evidence of the Government’s practical sympathy with the objects which the Hon’ble Member has at heart, and it is most improbable that there will now be any going back from the forward policy which has thus been started. But when it comes to the question of the appropriate method of financing those reforms, it is just as well to consider exactly how we stand. When the Government of India have borrowed in the past, except in the event of war or other calamity, they have borrowed for works which will in a reasonable time return sufficient profits to cover the interest on the loan. Are the Government of India going to abide by that safe conservative tradition and confine their loans to loans for productive works, or are they going in the future to borrow for schools and hospitals as well? It is true of course the schools and hospitals are productive assets in the moral balance-sheet of the nation; but when you get into the moral balance-sheet, you are apt to drift into metaphysics, and metaphysics is a tricky cargo in the financial ship. It is a well-established practice to borrow only for works where we can measure the actual cash return; and if we were to abandon that practice and start loans for schools and hospitals—and if for them, why not also for roads and court-houses and jails and for the army?—then we should be embarking on a new policy and a policy of doubtful wisdom. He would of course be a bold man who would prophesy that the financial methods of the Government of India will endure in this mutable world for all time; but at present those methods are all against any increase of our permanent debt on purposes of social reforms, the expenditure on which is veiled in the mists of the future.

“This much for the literal interpretation of Mr. Gokhale’s motion which I submit that the Council ought not to accept in the form in which it stands. But the Hon’ble Member has explained that there is a somewhat different purpose behind the circumscribed terms of the resolution. He does not really want us to increase our borrowings next year; but he disapproves of our using a part of our Opium receipts in the reduction of our temporary debt. Now, Sir, what are the facts which the Hon’ble Member complains of? They are these. In 1908-09 we had a large deficit owing to various causes with which the Council is thoroughly familiar. The result of the deficit was that we had to run up bills, which we were unable to meet during the year. We have now had a windfall, unforeseen and unlikely to recur. What we propose to do is to pay off these bills from this windfall, and thus to place ourselves in the same position as if there had been no collapse of our revenue in 1908-09. Surely this is in accordance with the duty of a prudent Government or individual. What would a private individual do in similar circumstances? Suppose he owed money to his baker and his tailor and his shoemaker, and suppose he were suddenly left a small legacy; would you advise him to spend his legacy in buying a motor car, while his bills run on and run up? Or would you advise him to satisfy his creditors first and be content with a pony-cart? I am quite sure what my Hon’ble friend would do in such a case in private life; and why should he ask Government to act differently?

“From this homely analogy to the wider question which Mr. Gokhale has raised however is a big stride. What he has pressed on us today, with his usual wealth of statistical knowledge, is what he has so often urged in this Council before, that we are in far too great a hurry to reduce our unproductive debt. I am afraid that in this respect, between the conservatism of the Finance

Department and the radical optimism of the Hon'ble Member, there is a great gulf fixed over which I cannot pretend to throw a bridge. Mr. Gokhale honestly believes that we make a fetish of this reduction of our unproductive debt; that we might very well stay our hands in the work of reducing it and allow the money which we divert for that purpose to be otherwise and better employed. We on our side believe equally honestly that the presence of our unproductive debt is an incubus and that its growth is a danger to be averted to the best of our ability. We believe that in steadily striving to reduce it we act in the country's best interests. We reduce the dead weight on the taxpayer and we strengthen what Mr. Gokhale calls the shibboleth of the credit of India. There is much in which we may ask posterity to share with us; but posterity will have burdens enough of its own when it comes to carry them, and the less we throw upon posterity the truer service we render the country.

"I accept the Hon'ble Member's figures, with one reservation that I shall keep until we come to another resolution of his which stands on the agenda. I admit that in the last twelve years we have made remarkable progress in wiping out our unproductive debt. I agree that in the future we may not be able to reduce it at the same pace and that there is much to be said for introducing greater system into our Sinking Fund payment as Mr. Gokhale urges us to do. But that we should maintain a sinking fund, and on a liberal basis, seems to me absolutely essential. I cannot agree with my Hon'ble friend that we make too much ado over the credit of India. I cannot agree with him that the credit of a country is a Western formula and has no application to India; for, in my humble judgment, her credit is just as essential to her welfare as her education, or her technical skill or her industrial development, and her credit is built up in many laborious ways, of which the extinction of her unproductive debt is only one."

The Hon'ble MR. GOKHALE: "Sir, I should like to say a few words in reply to what the Hon'ble Mr. Meston has said, before this resolution is put to the vote. The Hon'ble Member began by giving me credit for sleights-of-hand and feats of jugglery of which I have considered myself more or less innocent. However, I should like to know where the sleights-of-hand and the jugglery have come in. So far as the two surpluses, the Opium surplus and the non-Opium surplus, are concerned, I only wanted to know why the Department had set apart one million for Education and Sanitation from the Opium surplus instead of from the other surplus in which there was a margin for it. The Hon'ble Member could then have kept the whole of the 3 millions of Opium surplus intact. He could still have given us the money for Sanitation and Education; he could still have made those grants to Local Governments of about a crore and four lakhs for various specific purposes, and yet he would have had a non-Opium surplus of half a million. I wanted to know why, instead of adopting this simple course, the other course has been adopted by the Government; but no answer has been forthcoming to that; and instead of giving the explanation asked for, the Hon'ble Member describes my presentation of figures as a feat of jugglery. However it is a small matter, and may well rest where it is.

"So far as the policy of providing a sliding scale of diminishing revenue for Opium is concerned, I entirely approve of it. I suggested that course myself last year, and I am convinced that that is the only safe and sound course. The question is, what is to be done with the surplus that you get over and above the revenue of this sliding scale? The Hon'ble Member said the Government would devote this excess just now to reduction of debt, and, when the time comes, they would consider what they should do—whether they should again raise their unproductive debt, or adopt such other means as in their wisdom and with the advice of the Council they might think proper—which means impose additional taxation, which they are sure to do. Sir, I have been following Indian finance for the last 25 years with some interest, and if I know one thing, it is this. Whenever there is a deficit, the occasion is straight away utilised by the Government for imposing additional taxation; but, on the other hand, surpluses have been rarely followed by a remission of taxation. It

is only when it becomes absolutely impossible to maintain the old level of taxation any more, that remissions are granted to the people, and that very tardily. The reason for this is obvious. The Department does not care to relinquish its hold on the money, if it can help it. Public opinion in the country is weak. There are no electors here to win over, to placate, or to please, and the Government, having the money, do not want to let it go.

“ Sir, the Hon'ble Member has said a good deal as to the form of my resolution; but I really think he need not have spent so much of his energy on it. He knew quite well what I had in my mind, and indeed, last year, it was he himself who put me in the way in this matter. I was then in a difficulty as to how to raise a similar question, and the Hon'ble Member came to my rescue and pointed out to me how I could get round the rules and raise the discussion. I then followed his advice and was very grateful to him for it; and all I have done this year is to adopt the same course again. He knew what I had then in view, and he knows what I have in view today; and therefore all that he has said just now about not raising any more loans, about the inadvisability of adding to our indebtedness, was really somewhat unnecessary.

“ Then, Sir, the Hon'ble Member says that, in the opinion of the Finance Department, with its conservative view in this matter, a reduction of debt is the wisest policy to pursue in such circumstances. Our debt, however, is extremely small, and my question is, how much do you want annually, as a sinking fund, to reduce this debt still further? Next year, for instance, you have already provided 2 crores for the purpose out of the ordinary revenue of the country. Are you not satisfied with that? Do you want 3 crores, 4 crores or 5 crores every year in order to reduce this debt of 37 millions? The Hon'ble Member has not attempted any reply to that. Of course a small debt is a most convenient thing for official speakers on the subject of Indian finances. It provides exceedingly good material for glowing periods to adorn the perorations of official speakers on the subject of the management of Indian finance whether here or in Parliament. But that is hardly any consolation to us who want so much money in so many directions for those pressing and all-important objects that I have mentioned. As to whether we can spend large sums on non-recurring purposes usefully, I think the Hon'ble Member may ask the Hon'ble Mr. Butler. After the Conference that we had at Allahabad recently, I am quite sure that the Hon'ble Mr. Butler would at once give him a programme that would show that not one but 10, 15 or even 20 millions could be usefully employed as non-recurring expenditure in the directions I have indicated. It is quite true that two years ago we had a deficit. But is that a fair way of putting it? We had a deficit two years ago; but the deficit came after 10 years of surpluses. Why does the Hon'ble Member take 1908-09 as the starting point? Why does he not take a point two or three years before that? You had 10 years of surpluses during which period you realized—you will find, if you will refer to the returns—a total of about 26 millions as surpluses. After 26 millions of surpluses had been realised you get one year of a deficit of 3.74 millions; after which you again have two small surpluses. And you insist on making up for the one deficit by devoting to paying it off succeeding surpluses, regardless of the fact that there have been 26 millions of surpluses behind. It only means that whenever you have money, you want to devote it to the reduction of debt, because somehow that is the ambition of every Finance Minister; and when you have a deficit, you keep that deficit before the public till you are able to get some more money to wipe it off. I really think, Sir, that the country has a right to complain of this policy. I am speaking of the general policy followed year after year in this matter, not of the policy adopted in this particular Budget. I have already expressed my great satisfaction as to some of the principles laid down and the dispositions made in this Budget. We are grateful to the Hon'ble Finance Member for what he has done, for he has done what we did not succeed in inducing any previous Finance Minister to do. He has given us a million for Education and Sanitation, and those of us, who have been raising our voice in favour of such a grant year after year these several years, surely we are not likely to be wanting in

gratitude to the Hon'ble Member for this. But the Hon'ble Member does not yet go far enough. One million is good, but three millions would be better. If he would set apart these 3 millions to constitute an Opium reserve, then I do not want them for the other purposes mentioned; but if you are going to use the money for reducing debt, we deem it our duty to protest. As my friend, Sir Vithaldas Thackersey, has pointed out, if you devote 2 crores a year to the reduction of debt, you would be able to wipe off the whole amount in the life-time of a single generation. My friend was not right about the 75 lakhs. The total amount under Famine Insurance is 150 lakhs, of which half is devoted to protective irrigation, when there is no demand for actual famine relief, and the other half, that is, 75 lakhs, is devoted to a reduction or avoidance of debt. Therefore, that sum is generally available for reducing debt along with the amount that is provided for the redemption of Capital under Railways.

"Before resuming my seat I would request you, Sir, to put the resolution to the vote in two parts, under rule 16. Rule 16 says 'if any resolution involves many points, the President at his discretion may divide it so that each point may be determined separately.' I recognise the force of some of the observations of the Hon'ble Mr. Madge. There may be other Members who would be willing to support me in my proposal about an Opium Reserve Fund, but who would not care to have the whole of the money assigned to Education, Sanitation and Medical Relief. I am therefore quite prepared to ask, Sir, that you, in your discretion, may put the two parts of this resolution to the vote separately; namely, first, that the 2 millions be devoted to the creation of an Opium Fund; and, if that fails, then that it should be devoted to Sanitation, Education and other purposes."

The Hon'ble SIR GUY FLEETWOOD WILSON: "Mr. President, the two main features which have been brought forward in support of this resolution are the question of the way in which a Sinking Fund is to be worked and the question as to whether or not debt should be paid off.

"Before taking these two points, I should like to say that the Hon'ble Mr. Gokhale said that no Government, so I understood him, will borrow to meet current expenditure. I am afraid we have a recent experience of a Government having done that as recently as 1908-1909, and that is one of the reasons why we have a temporary debt. He also said that our credit was so good that we could afford to let the debt run, and that he, for many years, has been advocating that we should not pay off this debt, notwithstanding which the Government have adopted the practice in the past, as I hope it will adopt the practice in the future, of paying off debt. It is probably because that practice has obtained in the past that our credit is so good at the present time, and I hope that if we continue that practice our credit will increase.

"Another thing that struck me was that a point was made that the debt of this country was immeasurably smaller than the debts of Western countries. Well, I hope it is; because not a day passes in this Council or outside it that it is not impressed upon me most forcibly by every Indian Member that I come across that this country is such a poor country that it cannot pay its own debts and should get indulgences of a pecuniary character on every possible occasion. Therefore I think we should be very chary of adding to the debt or allowing it to run on since we are told that this is a very poor country. Mr. Meston has dealt very fully with this resolution and I do not think there is any reason for me to take up the time of the Council, which has important work before it, with any further remarks; but I should like to say to my Hon'ble friend that I am quite willing to consider his proposal in regard to a fixed Sinking Fund. It is a very important question. The very fact that a man of my Hon'ble friend's standing and knowledge should advocate it, in itself justifies full attention being given to it, and I think it is quite right that we should consider his proposal for a fixed Sinking Fund in place of the fluctuating amounts which go in one way or another to bring about the redemption of an unproductive debt. I shall make a special point of

considering his proposal during the summer. So much for what I think was one of the features of his speech.

"In regard to the other, the question of paying off the debt, I will merely say that I differ entirely with the Hon'ble Member in regard to the liquidation of temporary debt. After all, every honest commercial house which is unable to meet its engagements and has to discount bills in a lean year considers it to be its honourable duty to take up those bills in a prosperous year, and even the most impecunious South American Republic makes an effort to redeem its temporary debt; and in adopting the course which we have adopted, I believe the Government of India will have behind it the approval of every sound man of business in England or in India. I am sorry that I cannot accept the resolution."

On the first part of the resolution down to the words "Opium Fund" the Council divided as follows:—

Ayes—15.

The Hon'ble Pandit Madan Mohan Malaviya; the Hon'ble Nawab Abdul Majid; the Hon'ble Raja Partab Bahadur Singh of Partabgarh; the Hon'ble Maulvi Shams-ul Huda; the Hon'ble Sir Bijay Chand Mahtab, Maharajadhiraja Bahadur of Burdwan; the Hon'ble Mr. Sachchidananda Sinha; the Hon'ble Mr. Haque; the Hon'ble Nawab Saiyid Muhammad Sahib Bahadur; the Hon'ble Mr. Subba Rao; the Hon'ble Mr. Gokhale; the Hon'ble Mr. Mudholkar; the Hon'ble Mr. Madge; the Hon'ble Mr. Chitnavis; the Hon'ble Mr. Dadabhoy; and the Hon'ble Sir Vithaldas D. Thackersey.

Noes—39.

His Excellency the Commander-in-Chief; the Hon'ble Mr. Carlyle; the Hon'ble Mr. Butler; the Hon'ble Mr. Syed Ali Imam; the Hon'ble Mr. Clark; the Hon'ble Sir Guy Fleetwood Wilson; the Hon'ble Major General Grover; the Hon'ble Mr. Earle; the Hon'ble Mr. Maclagan; the Hon'ble Sir Lionel Jacob; the Hon'ble Mr. Porter; the Hon'ble Mr. Robertson; the Hon'ble Mr. Brunyate; the Hon'ble Sir Henry McMahon; the Hon'ble Mr. LeMesurier; the Hon'ble Mr. Holms; the Hon'ble Mr. Meston; the Hon'ble Mr. Fremantle; the Hon'ble Mr. Todhunter; the Hon'ble Surgeon General Lukis; the Hon'ble Mr. Graves; the Hon'ble Mr. Macpherson; the Hon'ble Mr. Andrew; the Hon'ble Mr. Quin; the Hon'ble Mr. Birkmyre; the Hon'ble Mr. Graham; the Hon'ble Mr. Monteath; the Hon'ble Sir Sassoon David; the Hon'ble Mr. Phillips; the Hon'ble Mr. Gates; the Hon'ble Maung Bah Too; the Hon'ble Lieutenant Malik Umar Hayat Khan; the Hon'ble Lieutenant-Colonel Davies; the Hon'ble Mr. Slacke; the Hon'ble Mr. Stewart Wilson; the Hon'ble Mr. Dempster; the Hon'ble Sir T. R. Wynne; the Hon'ble Mr. Kenrick; and the Hon'ble Mr. Kesteven.

So the first part of the resolution was rejected.

The second part of the resolution was then put and rejected

TOBACCO-DUTIES.

The Hon'ble MR. MAZHARUL HAQUE: "Sir, the resolution that stands in my name and which is numbered (2) in this List of Business is substantially the same as the motion which I had the honour of submitting to this Council on the Tariff Bill. Sir, that motion you were pleased to rule out of order on the ground that it could not be treated as an amendment. As a matter of fact it was a substantial proposition of mine in rejection of the Bill itself, and I do not think that there was anything in it to be ruled out of order. Of course, I had to bow to the ruling of the Chair, but I gained my object. There was a full discussion; my Hon'ble friend Mr. Gokhale supported me, and the Hon'ble the Finance Member was kind enough to reply. Therefore, I do not consider that there is any necessity to move this resolution, and so I crave leave to withdraw it."

Permission was granted.

FEES IN PRIMARY SCHOOLS.

The Hon'ble MR. MAZHARUL HAQUE: Sir, I beg leave to move the following resolution for the consideration of this Council. The resolution runs thus :—

'That this Council recommends that the grants to Local Governments be increased by such an amount as will enable them to remit the fees payable in Primary Schools for the coming year.'

"I confess that I feel a little nervous in moving this resolution, and the cause of my nervousness is that I have already been threatened with being called to order several times in my speech. However, the call of duty is paramount, and I intend to speak what I have to say. Sir, this resolution aims at a very small beginning to be made in the advancement of that grand scheme of free and compulsory education which was so ably moved by my Hon'ble friend Mr. Gokhale in his speech last year, and to which I gave my humble but whole-hearted support. Our ideal is that education should become universal in India, and that every unit of the community—young or old, man, woman or child—should know how to read and write his own language and to keep his own accounts. That is our ideal and we intend to work for it, live for it, till we secure it. We may not succeed to-day, we may not succeed to-morrow; but we are bound to succeed sooner or later, if only the full force of public opinion is brought to bear upon the Government. Sir, this Council is aware that in 1906 the Government of India were themselves very strongly of opinion that fees in primary schools should be abolished. Sir Herbert Risley, in his letter to Local Governments, dealing with the subject, wrote thus :—

'If the Government of India have never declared that universal primary education is the aim in view, yet the whole spirit of their declarations has been in favour of the fullest possible provision of primary schools. To insist upon the permanent retention of fees is manifestly incompatible not only with universal school attendance but with anything that approaches to it. They would therefore desire to abolish fees as soon as the finances of the country permit Government to increase the funds available for primary education to such an extent as to counteract the loss of income which would thereby fall upon these schools. The Governor General in Council hopes that this time has now arrived, but he desires to examine the question in the light of the replies to the enquiries made in this letter regarding the cost of the scheme.'

"There could not be a more clear and definite expression of the views of the Government than that contained in this passage. They say that the time has come for the abolition of fees in all primary schools, but they want to know the probable cost of the scheme.

"Such were the views of the Government of India in November 1906. Since then the personnel of the Government has entirely changed and we have not a single Member of that Government who had taken part in the letter of Sir Herbert Risley. We do not know the views of the Hon'ble Members who now have their seats on the Ministerial Bench; but we may take it that they cannot with any propriety altogether repudiate the views of their predecessors. What they can do, and perhaps will do, is to take shelter behind the opinions of the Local Governments. To meet them on their own ground, I have taken the trouble of going through the bulky volume of the papers issued by the Home Department, a copy of which has been so kindly supplied to me by my esteemed friend, the Hon'ble Mr. Earle, to whom I offer my thanks for his courtesy. These papers are really worth perusal. On an analysis of all the opinions on the subject, I find that Madras, Eastern Bengal and Assam and the North-West Frontier Province enthusiastically support the scheme for the abolition of fees in all primary schools, while Bombay, the United Provinces, Burma, the Central Provinces, my own province of Bengal, and the Punjab oppose it. So that out of 9 administrations consulted, only 3 support the measure and the rest are opposed to it. The opposition is mostly based upon the fact that the money would be better spent on the extension of the schools in backward areas and the bettering of the teaching staff and the inspecting agencies than in the abolition of fees. But these are the personal opinions of the heads of these provinces. The people are practically unanimous that education should be made free. Thus the Chief Commissioner of the

Central Provinces writes, 'with the single exception of the Akola Municipal Committee, all the local bodies of the Central Provinces and Berar have welcomed the proposal to make primary education free, and the majority of these have also been inclined to favour it.' The Lieutenant-Governor of the Punjab says that the proposal is of no practical importance in his province because there primary education is already free so far as the agricultural classes are concerned. The letter of the Bengal Government says that 'the weight of opinion is in favour of the abolition of fees,' and goes on further to say that 'as to the desirability on general grounds of abolishing fees in primary schools, there can in Sir Andrew Fraser's opinion be no doubt.' I should like here to refer specially to a few very valuable opinions given by high officials of Government. The Hon'ble Mr. Earle was then Director of Public Instruction in Bengal, and he in his reply, after raising certain objections from the educational point of view, goes on to make these pregnant observations. I hope my Hon'ble friend will give his attention to me. He may have forgotten these observations; it is such a long time since he made them. He says :

'I am not however inclined to regard this question from a purely educational point of view. I think that the need of obtaining control over primary education at once is stronger than that of improving existing schools and establishing new schools in backward areas, strong though that need is. We have seen what has been the result in the past of leaving secondary education practically to look after itself. That class of education is, as officers and people recently consulted on the subject unanimously agree, in a deplorable state of inefficiency. In brief, the chief causes have been a policy of non-interference and meagre grants-in-aid. The immediate consequence of a bad system of secondary education has been the poor character of the men turned out of the colleges. Fortunately, the Government of India have now taken this subject in hand, and a scheme is under preparation which will involve very considerable expense on secondary education, with corresponding increase of control over secondary schools. This result will be entirely beneficial. The scheme for the abolition of fees in primary schools, if adopted, will give Government a similar control over primary education. Not only this, but the scheme will also lead at no distant date to that extension of primary education which, as all are agreed, is a most pressing need. Fees having been abolished, aided schools having become publicly managed schools, and unaided schools having been taken on to the aided list or having become publicly managed schools, strong pressure will be brought by the residents of areas where there are no schools for the establishment of schools in those areas. The abolition of fees seems therefore to me to be only the first of a series of efforts, all involving an extension of primary education and of control by Government. I recommend therefore that if possible the entire scheme may be carried through.'

"Sir, I am supported in my views by the opinion of the Hon'ble Mr. Earle, who at that time held the responsible charge of education in the province of Bengal. It is difficult to add any argument of my own to his statesmanlike handling of the question, and I hope that my Hon'ble friend will use all his official influence with the Members of his Government so that they may accept my resolution. The Hon'ble Mr. LeMesurier, our colleague in this Council, and Mr. Sharp, the then Director of Public Instruction in Eastern Bengal and Assam and now Secretary to Government in the Education Department, were also very sympathetic, and I have no doubt, will support me now. Sir, as a Musalman, I have been specially gratified that not a single Musalman gentleman or Musalman Association whose opinions were asked and whose replies are incorporated in those papers gave an unfavourable opinion. This will show that a large volume of official opinion is on the popular side. On a previous occasion in this Council I have already referred to the resolutions passed by the two principal Associations in India, the Indian National Congress and the All-India Muslim League, in favour of adopting a system of free primary education for the whole country. Thus we have a unanimous people backed by numerous high officials of the Government demanding this great reform. Sir, I should like to deal with the opinions of His Excellency the Governor of Bombay and His Honour the Lieutenant-Governor of the United Provinces. His Excellency the Governor of Bombay says that education should be made compulsory before it is free. But I do not see that there is any connection between the two. It is perfectly true that where you have introduced the element of compulsion, there must be free education. But it does not necessarily follow that where you have got no compulsion, there should not be free primary education. And the same may be

said as regards the reply of His Honour the Lieutenant-Governor of the United Provinces. He says first of all you ought to have universal primary education before you make it free. I most respectfully differ from him in that respect. In my opinion, unless you make education free in this poor country, you cannot make it universal. Yes; primary education cannot become universal until you make it free. There remains the question of cost. In the last quinquennial report on education the sum of Rs. 32,06,000 is shown as realized from fees. Surely this is an amount which the Hon'ble Sir Guy Fleetwood Wilson can easily afford for such a noble object. I am sorry to find that my Hon'ble friend is not here; but his able lieutenant the Hon'ble Mr. Meston is here, and I hope he will note what I have to say. The Hon'ble Finance Member can no more plead poverty or shortness of funds. It would be rank ingratitude on our part not to recognize the substantial help given to Education by his handsome grant of nearly a crore of rupees. Indeed, we are sincerely grateful to him for his generosity. He is the first Financial Member who has translated principle into action. But I must tell my Hon'ble friend that on this question of primary education we shall not be satisfied by mere non-recurring grants, however large they may be: what we want is that a definite policy should be laid down which should be persistently kept in view till the whole country is supplied with free primary education. The effect of my resolution is a move in this direction. The time has come when the Government should no more shirk their duty as regards this all-important question. It is not to the advantage of Government that a vast population of teeming millions should remain steeped in ignorance. While it is dangerous for the one, it is wasteful for the other. Sir, I shall not take any more time of this Council and I beg to move my resolution."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN: "Sir, as the resolution which is now put forward deals with free primary education in which the landholding classes whom I have the honour to represent are directly or indirectly concerned, I should be failing in my duty if I did not offer a few remarks. I think, when the new Department has been created for the purpose, we should let matters alone for a while and give it a trial, and if then things are found unsatisfactory, such a resolution can easily be brought forward.

"Education on an extensive scale is a question which will decide the destinies of India one way or the other, and to deal with it in an off-hand way by moving a resolution would be merely rushing things. I think the education which has hitherto been imparted in our schools is surely not the best, which is evident from the stuff it has produced. Defective primary education on a big scale would be worse than defective higher education, because the ignorant people thus produced would just learn how to read and write and any mischievous paper could lead them to acts which might be attended with serious consequences.

"Again, to draw off all the people from their forefathers' occupations and to be unable to provide them with any other suitable openings is a gross mistake. It has already been committed and the results are evident. The resolution as it stands may look very nice till the secret is revealed. The question is, where would the increased expenditure come from? Surely from the Government revenues, which are mainly contributed to by the agriculturist classes. An agriculturist who has only one *bigha* of land out of which he may get some twenty or twenty-five rupees a year has to pay land-revenue; while a trader who may earn a thousand rupees a year has to pay no income-tax, and this income also is generally derived from landholders. If free primary education is forced upon the people, it will mean that the trading and non-agriculturist classes will benefit at the expense of agriculturists. If, on the other hand, such classes paid fees, it would be only just, as they would be paying for an immediate benefit that they would be then deriving.

"Now, I have to say a word for the agriculturists and the difficulties they have to encounter in the way of educating their children. Owing to the increase in their numbers, their landed property is being divided and subdivided. An agriculturist's case is not like that of a clerk who goes to his

office and gets a salary with which he can support his family who do not work; but a zamindar along with each and every member of his family has to toil for his living. When he is working hard in the field and is ploughing, perhaps his wife may be cooking his food while his son of a tender age is taking out the livestock for grazing. If he sent this boy to school, he would have to get another man to do the work, whom not only he cannot afford to employ but in some cases it is impossible to secure. Then there is another difficulty. And that is that most of the agriculturists are obliged to reside near their lands which may be miles away from any village and perhaps at such a distance from a school that the boy cannot possibly go to the school and come back in a day and has to be maintained away from home at a cost which generally a zamindar could not bear. The agriculturist would thus be liable to a double check as it is called in chess, that is, he would be paying not only for extra labour in the place of his son but also spending another sum for the maintenance of his son, with the risk that when he is out of his control he may get so spoilt that he may be of no use to him in his occupation. When a boy or a man is doing some work, certain muscles of his are so developed as to fit him for that particular exertion."

The Hon'ble MR. MAZHARUL HAQUE: "May I rise to a point of order? Free primary education has nothing to do with compulsory education."

THE PRESIDENT: "I think the Hon'ble Member may very well take free and compulsory primary education together as the Hon'ble Mover has done."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN: "If a zamindar boy goes on working like his father, he will get hardy and be able to work efficiently; while, on the other hand, if he is sitting down in the school and carrying on his studies, he cannot have that bodily development and his limbs will become so weak that he will be unable to follow his father's occupation and also develop a sort of false honour which will prevent him from doing such a work. Personally I have hitherto never seen a boy who, after having passed the primary examination, has ever done the work of an agriculturist with his own hands.

"In the interests, therefore, of landholders and in order that their money may not be squandered over non-agriculturists, who are comparatively well off, I have been obliged to oppose this resolution."

The Hon'ble MR. GOKHALE: "Sir, I wish to offer a few observations on this resolution which my Hon'ble friend Mr. Haque has moved. Sir, personally I do not wish to press the question of the remission of fees at this time of day. I may mention that I used to raise this question in this Council year after year for several years, and that the resolution of the Government, to which my Hon'ble friend referred today, was issued after a discussion in this Council, initiated by myself. However, in view of the expressions of opinion that have come from several Local Governments, it is necessary to consider how far the Government is likely to remit fees and make education free at once. Of course, no one will rejoice more than I if Government is able to remit fees and make education free. It is a matter of 32 lakhs a year to begin with—this remission of fees; and if the Government so choose, they can do it. This would mean making it free first and compulsory afterwards, or it might be made compulsory first and free afterwards, whichever way we begin; we have all to advance towards the same goal, namely, free and compulsory education for all the children in this country. I hope to introduce in this Council in a few days, if Government will permit me, a Bill to empower municipalities and local boards to make primary education compulsory within their areas. The Government have given a large non-recurring grant to primary education for next year. I wish the Government had at the same time given a recurring grant to primary education to be distributed among the provinces. A non-recurring grant, without a recurring grant to support it, is likely to be largely thrown away; it will be spent on school buildings or it may be spent on buildings for training institutions: usefully spent, no doubt; but in order to make it really effective, it is necessary to supplement it with a recurring grant. It may be that, as the Department of Education has been only recently created, it is not

yet ready with its programme and so the question of a recurring grant has been simply postponed, and possibly the Finance Department may be able to find money later. If that is so, I have nothing more to say; but if there is no intention to find money for recurring purposes during this year, and if the Education Department is expected to wait till next year, then I would respectfully urge that it should not be so and that some provision should be made in the budget for next year for a recurring grant for primary education."

The Hon'ble BABU BHUPENDRANATH BASU: "I have much pleasure in supporting the resolution of my Hon'ble friend Mr. Haque. This question, as Mr. Gokhale has mentioned, has been brought forward in this Council as well as in the Local Councils on many different occasions. The question of expense has particularly stood in the way of Government. We have always had the assurance that if expense did not stand in the way, Government would not stand in the way. Government does not think so poorly of the stuff to which my friend the Hon'ble Malik Sahib has referred, and he has shown what that stuff is made of; but what we want is not high literary education but simply, as my friend the Hon'ble Mr. Haque mentions, some knowledge of reading and writing and arithmetic. That is not much, and that would be useful even to the agriculturist. If he had a little more knowledge, he would be able to hold his own against the mahajan and the zamindar. Apart from that, however, and coming to the question of expense, it strikes one, when the vast population of India is considered, that free primary education would mean the provision of a fund which would be beyond the means of the Government of India to create. I respectfully submit that we should not be overpowered by that fear. In the first place, amongst the higher communities of India from time immemorial it has been the practice of paying something back for the education that is imparted to their children. It is an immemorial custom that the *dakshina* of the *guru* must be paid; otherwise the education is fruitless. The result would be that only the very poorest classes who are at present unable to pay any fees, or who pay very low fees, which do not swell our revenues to any appreciable extent, will be benefited, and in that view the question is surely one worthy of consideration. I would not suggest at the outset that this should be done throughout the Empire, but selected areas might very easily be taken up where the experiment might be tried, and where also the experiment which my friend the Hon'ble Mr. Gokhale has already insisted on being tried, *viz.*, of making primary education compulsory, might also be introduced. Neither my friend Mr. Haque nor I expect that this resolution would be carried; but I think it is fair to us to say that we want to have this question prominently before the country and the Government, and that we want to bring it forward every year, not in the hope that it would be carried, but in the hope that its cause may be advanced notwithstanding the apprehensions of friends like the Malik Sahib."

The Hon'ble MR. SACHCHIDANANDA SINHA: "I had no desire to intervene in this debate at all and, but for the remarks of my friend the Malik Sahib, I do not think I should have trespassed on the time of the Council. I must express my surprise, however, to find him, a representative of the agricultural classes, oppose a motion the result of which, if carried, would be to enlighten the very classes he claims to represent, to make them a little more enlightened, and to make them understand and appreciate the blessings of British rule better than they do at present. I remember Sir Antony (now Lord) MacDonnell saying at a convocation of the Allahabad University that what the Government of India were afraid of was not education, but the ignorance of the masses. I, therefore, think that any measure which would tend in the direction of removing the popular ignorance should be welcomed by the representatives of all classes of the Indian people. My own impression is that the agricultural classes of this country are very much at a disadvantage as against the money-lenders - the class characterised by the Malik Sahib as the non-agricultural and trading classes; and I think that in their own interest, therefore, he should have welcomed a measure of this kind. But I suppose it is only in his capacity as the self-constituted Advocate General of India that he comes forward to oppose even a motion of this character."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN : " I stand for a point of order. This is a personal remark which is not allowed, and he has done the same thing to me the other day. He said it was a personal remark, and this is a personal remark."

THE PRESIDENT : " I did not catch the remark myself ; but I am sure that the Hon'ble Mr. Sinha will very willingly express regret for the annoyance caused to the Hon'ble Member."

The Hon'ble MR. SACHCHIDANANDA SINHA : " I beg to say that I meant no offence. With these few words I heartily associate myself with the remarks of my Hon'ble friend Mr. Haque and cordially support his motion."

The Hon'ble MR. SYED SHAMSUL HUDA : " I beg, Sir, only to say that I am in sympathy with my Hon'ble friend Mr. Haque, and so far as Muhammadan opinion is concerned, it is at one with the Hindu opinion that primary education should be made free in India. The question whether it should be compulsory or not is probably one as to which opinion is divided. My Hon'ble friend Babu Bhupendranath Basu has said that, although he does not want it to be made free throughout the Empire, he wants that in certain selected areas the experiment should be tried. I heartily support him and only beg to express the wish that Eastern Bengal and Assam, which is a province with a large agricultural population, should be selected as the place for the experiment."

The Hon'ble MR. QUIN : " The resolution on which we are asked to vote runs thus :—

"That this Council recommends that the grants to Local Governments be increased by such an amount as will enable them to remit the fees payable in primary schools for the coming year."

" Now, Sir, I feel that I can hardly expect to be recognised as the representative of a Local Government when I say that I rise to oppose this motion for an additional grant to a local exchequer. The attitude of a Provincial Member of this Council who comes here to represent a Local Government is popularly supposed to be that which is generally attributed to ' the daughter of the horse-leech ' who is always crying out ' give, give '. On this occasion, however, I feel that the proposal before us is one which it is not desirable should be supported by even the representative of a Local Government who may want more money.

" I would like briefly to state to the Council the reasons why I think that this resolution should not be accepted by them. In the first place I do not think that the question whether primary education is to be made free and whether all fees are to be remitted at the expense of imperial funds is a question which can be either properly or adequately dealt with on a resolution such as has been put before us today. This resolution affects an item in the Budget for one year only, and it seems to me that when the time comes, as come no doubt it will in the future, when the Government of India and this Council have decided that education should be made free throughout India, it will be necessary that a large financial scheme should be framed in order to cover the extra additional expenditure which will be involved. Until that time comes, it seems to me futile that we should pass a resolution—which to be effective, would have at any rate to be annual—recommending the remission of fees. It appears to me to be quite useless that we should pass a resolution this year for the remission of these fees, seeing that next year or the year after the exigencies of the situation might demand that the fees should be re-imposed. This is not, in my opinion, the way in which we should deal with a question of such great importance.

"The second reason why I object to this proposal is that I think the state of affairs which would result from the remission of the fees would be unjust to a very large number of people—the large masses of the people in India who are at present not within reach of facilities for education provided by Government. And not only are such facilities not provided now, but it

is quite clear that for some time to come it will be impossible for these facilities to be placed within their reach. The question was gone into in some detail and at some length in discussing the resolution to which the Hon'ble Mr. Gokhale has alluded which he proposed last year, and I will not detain the Council by giving any figures in the matter except a few which I would like to mention as regards Bombay. In the province of Bombay, of which we have heard it said today and concerning which it is generally admitted that it is by no means the least advanced educationally, there are over 25,000 villages and towns. Of this number at present two-thirds have no schools provided by Government. The question of providing more schools has been receiving great attention in Bombay, and within the last few years the number has increased very considerably, and I may say that within the last year no less than 656 new schools have been opened. But this still leaves something like 17,000 villages and towns in the Bombay Presidency where there is no school, and I may add that a considerable number of these, amounting, indeed, to several hundreds, are not small villages, but are villages where there is a population of over 500. Now, the extension of primary education by increasing the number of schools will no doubt be continued by the Bombay Government, and I have no doubt also by other Provincial Governments; but at the same time it has to be recognised that this is a policy which must not be carried on too rapidly because we are already finding in Bombay that there is great difficulty in obtaining qualified teachers for these schools at the rates of pay which can be given. It has, therefore, been found necessary to utilise a considerable part of the educational grant for the increase of the pay of the teachers. This is of course a great drain on the resources which are available; and taking all the facts into consideration, it seems to be entirely unlikely that education will be brought within the reach of the great masses of the people either in the Bombay Presidency or elsewhere in the near future. As I have already said, therefore, I regard it as unjust that the fees now levied should be given up, that the fees which are charged to boys who are within reach of schools provided by Government should be remitted largely at the expense of parents who, while they may have the desire to obtain education for their children, are not in a position to give it to them because Government cannot afford to place the requisite facilities within their reach.

"Lastly it seems to me that the proposed remission of fees is entirely unnecessary. It was abundantly shown in last year's debate in this Council and it is unquestionably true—at all events I can vouch for it as regards the Bombay Presidency—that where the rules relating to the admission of children to schools without fees are strictly observed, there is no probability that any boy will be kept away from school merely by his inability to pay the fee. Furthermore, it seems very probable that the remission of fees, as was stated in the debate last year, will not result in any large, or indeed in any very appreciable, increase in the number of boys attending the schools. This, as I have said, has already been more or less clearly shown in the papers which have been published on this subject, and I would now only add this small point, that during the last year the statistics of primary education in some Native States of the Bombay Presidency in which education has been made free and compulsory have been studied by one of our inspectors, with the result that a very small increase only has been noticed in the attendance at schools at which fees have been abolished. It seems to me, Sir, then that the proposal which has been made by the Hon'ble Member is both inadequate, unjust and unnecessary, and I hope therefore that it will not be accepted by the Council."

The Hon'ble MR. MADGE: "Sir, as a firm advocate of primary instruction of a practical kind, to which the despatch of 1854 gives a paramount place, I am sorry to oppose this resolution. Paradoxical as this statement may be, I think a little examination of it will show that it is quite reasonable. The despatch of 1854, which laid down the policy of the Indian Government on the whole subject of education, not only described the character which education ought to assume, but also the resources from which its support should be derived; and unless there is some design on the part of the Government to

throw overboard that policy, of which we have had no indication yet, I think we ought to trust the new Education Department to see how that policy, which has been departed from, probably unintentionally, in the past, is brought back to its bearings in that despatch. It is premature, Sir, now, when public opinion on the character of both high and low education is in a fluid condition, to broach a proposal of this kind. We ought to give the new Department time to consider how far we have departed from the policy of the despatch. There is a great deal of truth in what has been said by the Hon'ble Mr. Gokhale that to provide a sum of money from non-recurring expenditure for education, which is supposed to be a permanent thing, is almost a waste of money. When the new Department is able to provide for recurring expenditure on a permanent matter like education, then will be the time to consider what can be done for it. There is also a certain amount of truth in what my friend the Malik over there has said about the agricultural population. I do not for a moment agree with him in supposing that education, if it is practical, is dangerous; but we are often carried away by analogies drawn from civilized countries in this country. We suppose that all institutions that have succeeded there must succeed in this country. We have had more than one lamentable illustration, in my humble opinion, of the failure of that theory. But as regards education I think some consideration must be shown to the fact that the employment of young people in agricultural homes forms a necessary part of their domestic economy, and that compulsory education applied to that class, unless you made it selective as the Hon'ble Babu Bhupendranath Basu suggested, would become absolutely tyrannical; and I do not see on what ground you can make it selective, if it is to be a national institution. I think great injustice and hardship would be done to many poor families if you dragged their children to school and compelled them to undergo a course of primary instruction.

"In regard to the payment of fees, I have tried to study the valuable papers that were circulated last year in Simla, and in my humble opinion the weight of official opinion is rather against than for the introduction of free education just now. Where opinions differ, I mean mere opinions, it is open to non-official Members to disagree with official Members; but where official Members give opinions that are based on facts, I think that the least we can do is to trust them in the report of their facts and trace the connection, as I have done, between their opinions and the facts that they have stated. On these grounds I think this resolution is premature."

The Hon'ble MR. MUDHOLKAR: "Sir, in considering this question it is as well to remember that the experiment of compulsory and free education is not one which is utterly untried in India. We have in Baroda for some years past an experiment in this direction, carried out first in one district and afterwards extended to other districts. And so far as that State is concerned—and that State I think might well be taken as typical of other agricultural parts of India—I say so far as that experiment goes, it has proved successful. The question of compulsory education or free education is in British India a question more of expediency, of what is practicable, than of what is correct in principle. Though I am for free and compulsory education, I recognise that, so far as the country as a whole is concerned, we are yet miles and miles away from it; and until we have advanced our educational efforts to a far larger extent than is possible at present under the peculiar conditions of the finances of the Government of India, the question of either free education or compulsory education must remain in the domains of speculation. I think, Sir, that our first efforts should be directed to expansion of education and to have as many schools as it is possible to have with the available grants. I have been always taking an interest in education, and I have been for a number of years connected with local self-government; and I can say that there are very few boys—I cannot say that there are no boys—who are kept away from school by the inability of their parents to pay their school fees though these latter are anxious to give them schooling. In my province in primary schools the fee is very low, only one anna per boy, and I believe there are very few boys who are kept away from school on that account alone. In rural tracts

there are large percentages of free scholars admitted, and in many cases we find that private individuals are ready to afford help to those who are prevented from sending their children to school on account of poverty. So it appears to me, Sir, that the non-official Members should rather direct their efforts to secure expansion of education than to ask for free education though we have to keep this ideal in view. There are provinces like Bengal where they have a school for every $3\frac{1}{2}$ square miles. There are, on the other hand, provinces where there is not a school for 11 miles or for 22 miles. So when we have got a sufficiently large number of schools, then, and then alone, I think this question of general free education or compulsory education can be considered in a practical form. And though, as I have said, the ideal is to be kept in view, I think we might as well not spend much time over a discussion of it here."

The Hon'ble MR. BUTLER : "Mr. President, I cannot help expressing my admiration for the skill and dexterity with which the Hon'ble Mover of this motion skated over somewhat thin ice. He drew in his eloquent manner very largely on the letter of the Government of India issued in 1906, and he led us to understand that the change in the policy which has followed the issue of that letter was due to a change in the personnel of the Government. Sir, I think it is very easy to show that that is not so. In that letter it was expressly stated, as far as I remember,—and I think my memory is correct,—that free education was to be given as a measure of relief akin to remission of taxation. At that time there were large surpluses in the prospect of the Government of India. Since then those surpluses have disappeared and we are now being faced with totally different conditions, under which the problem assumes a different phase. The Hon'ble Mr. Haque quoted from those papers selections of the opinions of different officers; but, although they may not have been published before the debate at this time last year,—I forget whether they were published or not,—I submit that for all practical purposes and for the purposes of this Council, they were superseded by the debate which took place here on the 18th of March last year. The Hon'ble Member alluded very slightly to that debate which is present in the minds of all of us. I think we all remember the speech of Mr. Orange and the speech of the Hon'ble Mr. Gokhale who moved the resolution. I will not suggest that he has not alluded to that debate because it is less than a year since that debate took place, and that, therefore, had I raised the question under the Rules of Business this motion could not have been debated today. I did not wish to raise that question, because I knew it was a matter in which Hon'ble Members of this Council would be much interested and in which public opinion also was very greatly interested.

"Now I think I can take my start from the debate of last year. The conclusion that was reached then was that so long as the demand for education was in excess of supply, and so long as the supply of education was limited by the state of funds, it was premature and unpractical, however desirable in itself, to remit fees and thereby *pro tanto* to reduce the funds available for the extension of education. That, I think, was the sense of the Council on the 18th March 1910. Now, I need not ask Hon'ble gentlemen whether there has been any great changes in the conditions since then. We have not reached the land flowing with milk and honey: we have had indeed a few bunches of the grapes of Eshcol in the shape of grants for Sanitation and Education, thanks to the kindness of the Finance Department; but we are not yet near the promised land. Before we get there, we have to cross the morass of decaying Opium-revenue. That being so, I say that we are not any nearer, from the point of view of debate, to a settlement of this question than we were a year ago. I have heard this afternoon no new reasons for free primary education. I do not think that it has even been claimed that any new reason has been advanced this afternoon. The Hon'ble Member said that he would proceed with this motion year in and year out until he secured his wish. I hope that he may not have to wait as long as in one of the great civilised advanced countries of the West they had to wait for this. I recall that in the year 1791 the Constituent Assembly in France declared that education should be provided for all and should be free

in what was essential for all men. That was in the year 1791. They first had free primary education in France in the year 1881, that is, 90 years afterwards. I notice also that the Hon'ble Mr. Gokhale, who in this and other matters has shown so much moderation, has dropped for the present this question of free education, and I do not think that in the circumstances I need detain the Council much longer. I leave the question as it was left last year.

"Reference has been made by Hon'ble Members to the new Department that is still new and indeed has not yet been weaned. I can assure them that this Department is at present engaged, and busily engaged, in trying to draw up schemes for the advancement of primary education. What forms these schemes will take eventually I am not in a position to say; I do not know, and if I did know I could not say; but I can assure the Council that the Government of India will never depart from any pledges that they have given, and I think that the creation of the new Department was in some measure a pledge that they would press on the policy of education more earnestly and more vigorously, as funds permit, than before."

The Hon'ble MR. MAZHARUL HAQUE: "I have just a few words to say in reply. I am thoroughly satisfied with raising this discussion in this Council. That was my only object, and I never expected, while we non-officials are so much in the minority, that this resolution would be at once accepted. I said in my speech, and I repeat it, that we intend to bring this matter up before this Council year after year, because we have set our hearts upon providing free primary education for the people of the country and we shall not be satisfied unless they get it. Of course, we do not expect that we shall succeed at once, as it is difficult to make an impression upon the Government. But eventually we do expect to make an impression, and especially we have at the Head of this newly-created Education Department such a sympathetic officer as our friend the Hon'ble Mr. Butler. We non-official Members have been very pleased today to hear the speech of the Hon'ble Member and the pledges that he has given on behalf of the Government of India, and we are all grateful to him.

"I may say one word more. Being a lawyer, I thought that the Hon'ble Mr. Butler had really got me as regards the interpretation of rules and that perhaps I was wrong in moving this resolution, as he reminded the Council that it was within one year of the discussion we had last year on the same subject. I believe the Hon'ble Mr. Butler has mixed up the two sets of rules: one set of which is as regards the discussion of budget, the other as regards the discussion of matters of public interest."

THE PRESIDENT: "The Hon'ble Member must resume his seat. The Hon'ble Member is out of order. The admissibility of this resolution rests entirely with Government, and since it has been permitted, it is a mere waste of time for the Council to discuss it further."

"The Hon'ble MR. MAZHARUL HAQUE: "I bow to the ruling of the Chair; but I was charged with ignorance of rules, and I think I was bound to reply.

"Sir, one word more as regards the points raised by the Hon'ble Mr. Quin of Bombay. He said that it is the traditional policy of the Local Government to oppose this scheme of free primary education. At least I think that is what I heard him say."

The Hon'ble MR. QUIN: "That is not what I intended to say. I said it was the traditional policy or the supposed traditional policy of a Member representing a Provincial Government to get as much money as he can for provincial finances from Imperial revenue."

The Hon'ble MR. MAZHARUL HAQUE: "If that is so, I have nothing more to say. I shall leave the Hon'ble Mr. Gokhale to convert the Hon'ble Mr. Quin to our views, and I hope when he comes next year he will support us."

The resolution was put and rejected.

SANITATION (EASTERN BENGAL AND ASSAM).

The Hon'ble Mr. SYED SHAMSUL HUDA: "Sir, the resolution that stands in my name is this:—

"That this Council recommends that the grant to Eastern Bengal and Assam for Sanitation be raised from £60,000 to £100,000."

"Before going into the merits of this resolution, I wish to assure the Hon'ble Members from the different provinces that this resolution does not mean that any grants given to other provinces should be revoked for the benefit of Eastern Bengal, and I may also assure the Hon'ble the Finance Member that I fully appreciate the generous spirit in which my province has been treated in the matter of the grants. My object in moving this resolution is that a definite sum should be placed at the disposal of the Local Government, ear-marked for certain special sanitary purposes. If any one turns to the Sanitary Report of the Province of Eastern Bengal and Assam—I have in my hand the Report for the year 1909—he will find that out of a total population of about 3 crores, about 728,000 deaths have occurred due to fever only. The recommendations of the Malaria Conference regarding practical measures were divided into heads of (1) extirpation of mosquitos; (2) prophylaxis; (3) education of the sanitary staff; and (4) finance. As regards the first head, drainage was considered to be, under certain conditions, the most important anti-malarial measure in urban areas; but its impracticability in rural areas, except in special circumstances, was recognised by that Conference. In such areas the improvement of surface drainage by removing obstructions and filling up depressions was considered an important practical measure. Both in villages and towns, the lowering of high subsoil water-level, whenever practicable, was considered to be an anti-malarial measure of primary importance. Attention was drawn to the Italian method of filling up swamps, to the clearance of jungle, and to the thinning out of dense tree growths in the neighbourhood of habitations. Since these recommendations were made, the Government of Eastern Bengal and Assam have not found it practicable to do very much in the direction of improving the drainage of rural areas or in clearing jungles. This time fortunately a large grant has been made for sanitary purposes; but the projects which the Government of Eastern Bengal and Assam have in hand for improving the water-supply in urban areas and certain other schemes, would swallow up the whole of the £60,000 that has been granted by the Imperial Government under the head of 'Sanitation.'

"Well, Sir, the people feel, and especially those who live in malarial districts feel most keenly, that a great deal may be done which is not being done. It is all very well to carry on scientific investigations; but whilst you are carrying on your investigations people are dying by thousands. I was told the other day by a high official that before Government spent any large sums of money on drainage schemes and jungle clearing they must be satisfied that these are useful measures. I find the fact of their being useful measures has been recognised by the Malaria Conference. I do not say that the additional £40,000 that I want would have any great effect or that it can be utilised for any large drainage scheme at all. But my object is that, if there is any doubt as to the utility of these measures, this doubt should be set at rest by carrying on experiments in selected areas. There are districts in Eastern Bengal and Assam where the death-rate in consequence of malaria has been as high as 37.41, per mille. In such districts selected areas should be put under operation; the place should be well drained, jungle should be cleared, and if it is found afterwards that these measures have diminished malaria in the place, then we might try to insist upon these improvements being carried out; and considering the mortality in the Eastern province due to malaria, I think the people of the province could submit to a special taxation if necessary for the removal of such an evil. The Finance Member has been generous enough to distribute large sums of money to different provinces. As I have said, I want an additional sum of six lakhs for the purpose of trying experiment on the lines I have suggested, and I submit that this money should be earmarked as granted for

that particular purpose. If, Sir, this brings us nearer a solution of the difficulties which seem to surround the question—and these difficulties have been greatly increased by conflicting theories brought forward by experts—I think the six lakhs would be well spent. Therefore, in view of the fact that there is enough money in the hands of my Hon'ble friend the Finance Minister, I hope that this necessary measure will not suffer for want of funds."

The Hon'ble MR. GOKHALE: "Sir, I have no wish to object to this resolution; not at all: in fact I wish good luck to every one who wants anything from the Finance Minister. But I would like to know on what principle these grants have been based. I see no principle, looking at this list; probably the allotment is made in the spirit of the financial administration, prior to the year 1870, when the Government that clamoured most got the most. These grants have no necessary relation to either the revenues which the different Provincial Governments enjoy, or to the expenditure on Sanitation and Education—I take the two together—which they incur. I shall, therefore, be very glad to hear from the Finance Department on what principle the grants are based."

The Hon'ble MR. LEMESURIER: "Sir, I rise for a very short time to address this Council. I venture to ask the Hon'ble Maulvi Shamsul Huda to reconsider his resolution, not because I take it upon myself to question the ways and means of providing the money for which he asks, since that might best be left to the Finance Department, but because I am anxious to urge him to do nothing which will take away the character which the Local Government I represent here today ventures to hope it has made for itself with the Finance Department—a character for economy and for moderation in its requirements. The Hon'ble Member knows that, as the Finance Member has told us, the province of Eastern Bengal and Assam was in past years starved in administration on many points, and that until a year ago it had not the financial equipment to enable it to carry on the administration without assistance or overdrafts from the balances of the Government of India. Since that time the Financial Settlement has been concluded, which we gratefully acknowledge is adequate for our needs, and to which the recent conversion of so large a proportion of the fixed assignment into growing revenue has added the element in which it was somewhat weak, namely, the provision of a steadily growing revenue to meet the growing needs of administration. But, Sir, that settlement has been in force only since last year, and the Local Government does not feel itself prepared straight off to rush into large schemes of expenditure beyond those which under the painful but beneficial discipline of five years of waiting, and of constant necessity to justify its claims, the province has put into the form of a regular programme of reforms. In the coming year, between this year's grants and those promised for next year, something like 47½ lakhs has been allotted to the Eastern Bengal and Assam Government. In addition, recurring grants of £20,000 for police schemes and a sum which is not mentioned here for an increase of pay to the ministerial establishment, upon whose prosperity and contentment so much useful work depends, also a large grant for university and collegiate education, have all been provided, and these additions to permanent revenue will gradually enable Government to take up all those schemes which it has on hand and which have been admitted to be sound in principle and carefully worked out. But, Sir, the difficulty and responsibility of spending money on undefined schemes of Sanitation and Education are so great that the Government may well hesitate lest with its undeveloped administrative staff and its as yet incomplete resources it should fail to spend the money promptly and usefully, and thereby not only discredit the allotments which have been made to it, but further may risk taking up money which would be better used elsewhere, either by other provinces or for the wants of the country at large. That we could easily spend far more than the Hon'ble Member has asked for, perhaps two or three years hence I have every cause to know. I believe that the schemes of sanitation which have already been examined and for which estimates have been framed amount to a sum which

even the enlarged grants asked for in the resolution would not anything like cover ; but it is quite certain that all these schemes could not be dealt with at once. It is, I may say, estimated in the Provincial Financial Statement to be very unlikely that the grants which were made this year can fully be expended within the coming financial year. Therefore we feel, Sir, that we have no right to ask for further allotment of money, which we might not be able to spend but which other provinces might. And lastly, Sir, the feeling of the Local Government is this. Its proposals have been met fairly by the Government of India and money has been granted as it was available and as it could be spent ; and I would ask the Hon'ble Mover of this motion to agree with the Local Government that its best plan in future is to trust the justness of its own cause, and the accuracy and fulness of its own representations, and the impartiality of the Imperial Government."

The Hon'ble Mr. SYED SHAMSUL HUDA : " I have indeed very little to reply to. My Hon'ble friend Mr. Gokhale has asked on what principle these allotments have been made. That is a curiosity which I share with him because I cannot understand the principle upon which £333,000 have been given to Bombay as a subsidy towards 'the great work' in Bombay City. I confess that I was anxious to find out the underlying principle ; but failed. As regards the main question I must say I was somewhat taken aback by the opposition of the Hon'ble Mr. LeMesurier. I did not ask money for myself : I asked it for the province of Eastern Bengal and Assam ; and if the Hon'ble Mr. LeMesurier can assure me that the province is in a position to meet all its requirements on the lines that I have indicated, I am certainly prepared to withdraw the resolution. There is no doubt the province of Eastern Bengal is thoroughly satisfied with the grants that it has received ; but I do think that more money would be equally welcome to that province ; and if it could be spared, and if the necessity for it exists (and I am not at all sure that money is not required), I really do not understand why, if money can be given, the Government of Eastern Bengal should refuse to have it. It has been said that the grant that has already been made the Government does not know how to spend. In that case I must congratulate the Government of Eastern Bengal for having more than it really requires. As I said, this is a large sum, this £60,000, that has been granted to Eastern Bengal and Assam ; but they have got a project on which to spend the whole of this money. That project, so far as I am aware (and I have not been contradicted by my Hon'ble friend in that respect) does not include any large expense on drainage and clearing of jungles, and this was the substantial ground upon which I wanted money ; and I submit that the only relevant answer would have been that the money granted would suffice for that purpose. Therefore, Sir, I do not withdraw the resolution, although I know fully that it is as good as withdrawing it, because no resolution has succeeded up to this moment."

The resolution was put and rejected.

PROPOSED GRANT TO EASTERN BENGAL AND ASSAM FOR EDUCATION.

The Hon'ble Mr. SYED SHAMSUL HUDA : " I beg to withdraw the next resolution* which stands in my name. Government does not want it, and so I withdraw it."

SPECIAL GRANT (LOWER PROVINCES).

The Hon'ble Mr. SACHCHIDANANDA SINHA : " Sir, I rise to move the resolution which stands in my name :

That this Council recommends that the special grant of 7.6 lakhs made to the Government of the Lower Provinces for next year be raised to thirty lakhs."

" In rising, Sir, to move this resolution, my first words shall be words of gratitude to the Finance Member for having given the Lower Provinces Rs. 25 lakhs for Education and Rs. 10 lakhs for Sanitation from out of the current year's surplus. I assure him that we are very grateful to him

* That this Council recommends that the grant to Eastern Bengal for Education be raised from £74,500 to £100,000.

for these two large sums to meet our requirements; but I do not think that, regard being had to the educational and sanitary condition of the Lower Provinces, these sums are sufficient, and it is therefore that I have risen to move the resolution which stands in my name. We have heard just now from the official representative of the province of Eastern Bengal and Assam that they have got more money than they know what to do with. The Lower Provinces, on the contrary, have been declared by the Finance Member himself to have come to the verge of bankruptcy, and a province that has come to this state of affairs should be considered entitled to some special consideration at the hands of the Imperial Government. Now the ground upon which I seek that the sum of 7·6 lakhs placed at the disposal of the Lower Provinces Government by the Imperial Government from the next financial year should be raised to a larger sum of 30 lakhs is, that the sum so allotted is altogether inadequate to meet the urgent needs of the provinces in the matter of Education and Sanitation, especially in the province of Behar, which now forms the largest of the three provinces under the Lieutenant-Governor in Council. The sanitary condition of Behar is very unsatisfactory indeed. It is well known that, until not many years back, Behar was regarded as the healthiest portion of the Lower Provinces. But a reference to the Annual Report of the Sanitary Commissioner to the Government of India, just issued for the year 1909, says in dealing with these provinces that there were 68·40 per cent. of deaths due to malaria, and 'the districts with the highest death-rates were Darbhanga, Muzaffarpur, Bhagalpur, Shahabad and Darjeeling,' all Behar districts. Similarly, in a resolution of the Government on an earlier report issued two years back by the Sanitary Commissioner to the Government of the Lower Provinces, we find the statement made that 'more than 90 per cent. of the total number of deaths from plague occurred in the Patna Division.' We are further told in the same resolution:—'Looking to the different divisions, Bhagalpur now heads the list with a ratio of deaths per thousand of 30·40.' Later on it is stated: 'In remarkable contrast with these figures (that is, the death-rates of the general population) are those returned for the jails of the province, in which the death-rate per mille (*i.e.*, 1,000) decreased from 24 in 1905 to 17·05 in 1907'; and it is rightly added that these figures show 'what can be done by persistent and commonsense attention to sanitation.' It seems to me that, considering the much higher death-rate outside the jails, there is a strong temptation in the way of people to get themselves sent to jails to be able to lead better and more sanitary lives! A statement was laid upon the table the other day by the Hon'ble Mr. Butler, in reply to a question in this Council, from which it appears that there are six large towns in these provinces containing a population of 50,000 or more—Calcutta, Howrah, Patna, Gya, Darbhanga and Bhagalpur—the last four all Behar towns. Of these four Behar towns, only one—Bhagalpur—has got water-works and only one—Patna—drainage-works. Patna is the capital of Behar and a city with a population of nearly 150,000. It has been for years a crying need that it should have water-works; but owing to straitened finances the municipal board are unable to undertake the scheme. I think, Sir, I have said enough to satisfy the Council that the sanitary requirements of the Lower Provinces need a larger grant being made to them by the Imperial Government.

"I shall now say a few words on education in Behar. I doubt if the Council will believe me when I say that in the province of Behar, comprising a population of nearly 28 millions and extending over some 70,000 square miles in area, there is only one Government college—that at Patna. This college is, unfortunately, not a model college either. There is no M.A. class in this college; it is not affiliated, I believe, even in B. A., in Philosophy; and in point of class accommodation, laboratory and residential hostels for students it is very badly equipped. We want therefore a large non-recurring grant to be given to us for the purpose of improving the Patna College and the other four colleges at Bankipore, Muzaffarpur, Bhagalpur and Ranchi, which are all private institutions. I have no desire to detain the Council with the details of what might be considered either purely or more or less provincial require-

ments; but I have invited the attention of the Council to such broad and salient features of the problem as will enable Hon'ble Members and the Government to understand that our urgent needs and requirements compel us to demand more from the Imperial Government."

The Hon'ble MR. MAZHARUL HAQUE: Sir, I am another Beharee in this Council and rise to support the resolution moved by my Hon'ble friend Mr. Sinha. He has made out a very good case indeed for our Native province of Behar, and I do not think that the grant which has been allotted to the province of Bengal—the grant of 7 lakhs—is really sufficient for the needs of such a big province. I am rather apprehensive that this grant would be absorbed by Western Bengal. Calcutta is the head-quarters of the province, and Calcutta always manages somehow or other to take the bigger slice of these grants. I submit we have to bring our needs to the notice of this Council and to impress upon the Members of the Government the necessity of larger grants for our province so that we may get them. With these few words I support my friend."

The Hon'ble BABU BHUPENDRANATH BASU: "Sir, as belonging to the province of Bengal, although not to that part known as Behar, I have much pleasure in supporting this resolution. I quite admit that the needs of Behar are great, that the areas which were at one time looked upon as the healthiest places in the lower provinces of Bengal, stretching from Assam to Behar, are now more or less subject to attacks of malaria, and Behar has suffered more than Bengal from the ravages of plague. My friends, I must say, do an injustice to us, the banditti from Bengal, when they say that we absorb the best part of the apportionment of our province. In times gone by, when Behar was not so largely represented as it is today in the Local Council, questions on sanitation, education and medical relief were pressed both by its own representatives as well as by the Bengali Members with great insistence, and, as my friends will now realize, our efforts in that direction were not always successful. However that may be, Sir, the needs of Bengal are very great, especially in regard to education and sanitation. My friend the Hon'ble Shamsul Huda was just now speaking of the malarious condition of his part of the province, but it is nothing compared to what we suffer in the western part of the old province of Bengal; and therefore, if any principle had been followed by the Finance Department in the allocation of its funds—a principle from which we are kept in the dark—I respectfully submit that our own province of Bengal should have come in for a much larger assignment both from the recurring as well as the non-recurring grants made than have been given them under the present scheme."

The Hon'ble MR. GATES: "I should perhaps explain to the Council why I intervene in what appears to be a purely domestic matter; but the fact is that I am unable to share the views of the Hon'ble Mr. Gokhale and to wish good luck to all those who try to raid the Finance Department. The people of my province, living some distance off and not having the advantage of juxtaposition, regard these raids with great distrust, as they feel that they do not get a sufficient share of the booty. Now, it seems to us that the province of Bengal, however great its needs may be, should arrange to meet them by its own resources—resources which are admittedly ample, and which leave a large margin for the increase of taxation. Taxation per head in Bengal at the present time is something like Rs. 1-8. The other provinces pay a great deal more, and while this is the case the people of my province cannot consider it at all just that Bengal, owing to its position of juxtaposition to the Government of India, should obtain more favourable treatment.

"Moreover the past financial history of Bengal appears to an outsider not to suggest that it is a deserving province. It has received in the course of the last three years 47 lakhs from the Government of India; and not for any useful purposes, but simply to save it from the consequences of its extravagance. It is said that a great deal of this money was spent on education. Bad finance is not sanctified by good objects. And it is no consolation to us in other provinces, whose revenue is elastic and who provide a considerable

share of the surplus of the Government of India, to feel that 47 lakhs of our hard-earned money were spent in equalising the budget of Bengal. For these reasons, I hope that the Council will show no favour to this motion to give more money to this already unduly favoured province."

The Hon'ble MR. MESTON: "Sir, before the Hon'ble Mr. Sinha rose to explain his resolution, I had taken it as being an innocuous invitation to the other provinces to contribute out of their wealth an extra 22½ lakhs to Bengal. When making the Financial Statement last Wednesday, the Hon'ble Finance Member had made it abundantly clear that the settlements which are now being closed and made permanent were intended generally to be permanent and final arrangements with the provinces of their relations with the Government of India; also that the Imperial Government had certainly not got 22½ lakhs to spare; so that I assumed that the motion was simply a polite invitation to the other provinces to help Bengal. Apparently there has been no haste to accept this invitation and, to judge from the speech of the last Hon'ble Member, if the Hon'ble Mr. Sinha went over to Burma, he would meet with a rather hot reception!"

The Hon'ble MR. SINHA: "I would not care to go there."

The Hon'ble MR. MESTON: "In his speech, however, the Hon'ble Member has explained that it is not so much Bengal as a particular part of it that he would like to be the beneficiary of this additional money. He would be quite content, I take it, if Behar got a bigger slice of the family cake and the rest of the province got a little smaller one. That being so, I had hoped that some arrangement might be come to between the Hon'ble Member and the Hon'ble Mr. Basu. The Hon'ble Mr. Basu, from a notice which stands in his name lower down in the agenda, appears to be of opinion that Bengal gets too much, and I had some hope that he would be prepared to give the balance away to his friends in Behar. However, that arrangement also seems to have fallen through. This being so, I am afraid that I cannot hold out very much comfort to the Hon'ble Member. The Government of India could only help Behar by helping Bengal, and the amount of help which Bengal has already had is as much as it has been found possible to justify with reference to the needs of the rest of India. The current settlement of Bengal which was made in 1906 was described by the then Lieutenant-Governor as fair and liberal. It was very severely tried at the outset by the expansion of the scale of expenditure, an expansion out of all proportion to the growth of revenue; and those who were responsible for the provincial finances in 1907 and 1908 must have seen that they were making the position impossible and the provincial settlement a farce. Since 1908 wiser counsels, however, have prevailed, but it has become a matter of very great difficulty to repair the damage that was done in the past. For this reason Bengal was given wholly special treatment in the adjustment of the settlements which have now been concluded. The seven and a half lakhs which it gets has now enabled it to all practical purposes to budget for equilibrium next year if we omit abnormal and special charges. I may honestly say I wish it had been possible to give more assistance, because the difficulties that lie ahead are very many; but in the circumstances in which our Imperial finances now stand, it would have been only possible to help Bengal more liberally by taking from the other provinces, and this we could not afford to do. I said just now that I could not give the Hon'ble Member any comfort. Perhaps he will accept another gift which flows freely from the Finance Department—sympathy. We do sincerely sympathise with the Hon'ble Member and his colleagues from Behar. It was only a few weeks ago that the Hon'ble Mr. Haque told us that when stern duty calls him from his beloved country of Bengal across the border, he found it impossible to live in the stifling air of the United Provinces. To those of us who for various reasons prefer the air of the United Provinces and consider it decidedly more salubrious, it came as a surprise to be told today that when the Hon'ble Member goes home to Behar, even there he cannot live comfortably, because he comes into the domain of a stern step-father who starves and maltreats him. So our hearts do

go out to our poor friends in Behar, suffocated when they cross the border, maltreated when they return home; and we now understand the permanent gloom that settles upon them in this Council."

The Hon'ble MR. SACHCHIDANANDA SINHA : "Sir, I shall be very brief in my reply. I think I made it quite clear in my opening remarks that the reason why I pleaded for Behar was that that province now forms much the largest of the distinct ethnic territories composing the Lower Provinces which is now popularly named, or rather misnamed, 'Bengal'. I therefore made a demand on behalf of Behar, as one thoroughly justified by the facts and circumstances of the case I have already stated. In view of the remarks, however, of my friend—the Hon'ble Mr. Meston—who can offer me only his sympathy but no money, I do not think it necessary to attempt to meet his arguments in detail."

The resolution was put and rejected.

HIGH COURT FOR THE PUNJAB.

The Hon'ble MR. SACHCHIDANANDA SINHA :—"I move, Sir, 'that this Council recommends that the assignment made to the Punjab under the new settlement be so raised as to cover the cost of raising the status of the Punjab Chief Court to that of a Chartered High Court.' I assure the Council that it is not without a sense of trepidation that I rise to move *this* resolution, for fear of drawing upon me the wrath of my friend the Hon'ble Malik Umar Hayat Khan Tiwana, for being venturesome enough to move a resolution about *his own* province. When I moved a resolution about an Executive Council in the United Provinces he took me to task for my moving such a resolution while representing in this Council the Lower Provinces. I, therefore, think I am likely to come in today for a severe handling at his hands for my being so bold as to move a resolution about the Punjab itself. The only way to keep back from moving resolutions about the different Provinces and doing my duty by them, is for my friend to do the work himself and not to leave it to me. But if he does not choose to do so I have no other alternative but to move them in the Council.

"I do not think I shall be justified in taking the time of the Council in discanting upon the superiority of a Chartered High Court over a Provincial Chief Court. All that I want to point out to this Council is that this subject was taken up in the Punjab Provincial Council on the 8th of April last year, and in reply to the observations of an Hon'ble Member there—the Hon'ble Rai Bahadur Shadilal, the representative of the Punjab University—Sir Louis Dane, the Lieutenant-Governor, spoke as follows: 'The question of the raising of the Chief Court to a High Court has often been mooted, but it is a matter within the power of the Government of India. So far as I am aware, there has never been a local objection to the proposal. I would point out, however, that a High Court, with all its establishments, is an expensive luxury and would cost a great deal more than our present Chief Court.' It is clear from these remarks of His Honour the Lieutenant-Governor that the Punjab Government have no objection at all to the proposal and the only thing which stands in the way of the scheme being carried out is financial consideration. In view of the fact that there has been a strong feeling in the Punjab for years past, which has found expression in the Provincial Conferences and in the newspapers of the Province and also in the Provincial Council, that the Chief Court should be raised to the status of a High Court, I beg leave to move that, out of the large surplus expected by the Finance Minister next year, the Local Government be given a sufficiently large sum to enable it to have a Chartered High Court."

The Hon'ble MR. EARLE : "I do not think that I need trouble the Council with detailed remarks on this question. I do not propose to go into the comparative merits of a High Court or a Chief Court for the Punjab. The resolution of my Hon'ble friend is no doubt technically correct, but the subject-matter is one which could much more suitably be discussed in the Punjab Local Council.

It is a local subject and should be ventilated in the Local Council. The question of a High Court for the Punjab was taken up last in the year 1900. It was referred to the Government of India by the Local Government and by the Government of India to the Secretary of State. It was negatived by the Secretary of State and there the matter rested up to the present time. It can only be re-opened if the Local Government comes up again to the Government of India and makes a recommendation. Not only is this the case, but I think that the present time is a very inopportune one for raising questions of expenditure. We have lately submitted to a self-denying ordinance of economy, and, as far as I remember, when the Hon'ble Mr. Gokhale brought forward a resolution to that effect in this Council, my friend the Hon'ble Mr. Sinha did not dissent, and it seems a little inconsistent that he now comes forward and proposes a measure which will involve a very considerable expenditure of money upon the Local Government. We are unable therefore to accept this resolution."

The Hon'ble MR. SACHCHIDANANDA SINHA: "Sir, as I explained just now, the matter was brought forward in the Provincial Council of the Punjab, and I brought up the question here only in view of the observations of the Lieutenant-Governor. I am glad to know the view of the Government of India that if the recommendation comes up from the Punjab Government, the Imperial Government would consider the matter on its own merits, and I am prepared to leave it there for the present."

The resolution was put and rejected.

The Hon'ble MR. GOKHALE: "May I draw your attention, Sir, to rule 3 which says that the Council shall ordinarily rise at 4 o'clock, unless the President otherwise directs."

THE PRESIDENT: "We have a great deal of work before us, and I think we should, if we can, finish the first stage of the Proceedings today."

SHARE OF LAND-REVENUE (UNITED PROVINCES).

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "Mr. President, I beg to move that 'this Council recommends that the grant which it is proposed to make to the United Provinces for the relief of municipalities and town areas from Police-charges may not be made, and that instead thereof the Provincial share of Land-revenue may be raised in their case from three-eighths to one-half.'

"I will not detain the Council very long in explaining the grounds for this resolution. But it will be necessary to refer briefly to the history of the Provincial Settlements in order clearly to explain the position of the United Provinces. Now, Sir, we all know that when the Provincial Settlements were first introduced in 1870 there was no principle upon which they were based. The expenditure of the year which preceded was taken as the standard of expenditure and grants were fixed for the different provinces on that basis, but on a reduced scale. For we have to remember that when the measure was introduced one of the principal objects of it was a certain relief to the Imperial exchequer. The Resolution of 1870, which contained the first public expression of the views of the Government of India on the subject, stated among other things that 'the relief of the Imperial finances has been a principal object in the discussion of such measures on former occasions.' Sir Auckland Colvin, in introducing the Financial Statement of 1887, after referring to that Resolution, said:—

'That paragraph shows the important reserve as to the relief of the Imperial finances with which, at its inception, the system of decentralization was accompanied. The grants assigned, with certain branches of expenditure, to the several Local Governments were less than the grants made in the previous year for the same services; the balance was to be found, whether by economy or by local taxation, by Local Governments themselves.'

“ In the course of the Financial Statement for 1871-72 Sir Richard Temple made the position absolutely clear :

‘The Local Governments,’ said he, ‘are to have a fixed annual allotment from the general exchequer for these particular services and are to appropriate as local income all receipts connected therewith. They are to regulate (subject to certain general rules) all the expenditure on those services. If the existing income, namely, Imperial allotment *plus* departmental receipts, shall suffice for the requirements of that expenditure, then that is well; if it shall not suffice, then the Local Governments are not to apply to the Government of India for increased grants. They must raise what they need by local taxation or by such like means (subject to our central control) if they fairly can. But if they find that they cannot fairly manage this, then they must necessarily do without the increased expenditure. - However much the necessity for doing without the increase may be regretted, there is no help for it. This is the only way of following the good old rule of cutting coat according to cloth.’

“ I have quoted this at length to show that the Government of India originally fixed the provincial grants with a view to obtain relief from the constant demands made upon the Imperial Government. I have also shown that the grants were fixed without any reference to the revenue or population of a province, but entirely on the basis of the expenditure incurred in that province in the previous year. The first allotments were fixed on the basis of the budget grants for 1870-71. There were obvious objections against this mode of fixing the allotments. Sir Richard Temple urged that the objections had not been overlooked, but he pleaded that any other method that could be devised would have stirred up controversies and difficulties which would have caused an indefinite postponement of the whole measure.

“ To the objection that the grants for 1870-71 had been fixed very economically and therefore afforded too low a standard for future allotments, Sir Richard Temple did not seriously demur. He only said that those grants were really as much as the Government of India could possibly afford at the time, and that they were not likely to be able to afford more for some time to come. The next time when the arrangements were revised in 1877 a modification was introduced in them. But even then, in the result, a retrenchment of about 5 per cent. was made, and in the case of the North-Western Provinces a retrenchment of about Rs. 54,000 was made. In other words, the Local Government was expected to undertake the management of the new expenditure with a new grant of $3\frac{1}{2}$ lakhs less than the Imperial grant hitherto assigned for provincial purposes. Thus both in 1870 and 1877 we did not get an amount quite as much even as we had been spending in the year preceding the year of the revision of the settlement. We got something less on each occasion, and when the arrangement came to be revised in 1881-82, we did not fare much better. No doubt the finances of the Government of India were then in a flourishing condition, and our provinces received the benefit of a remission of taxation. But for the rest, 13 lakhs were taken away from us even in that year. This arbitrary arrangement went on for many years. But we find that a certain principle had been introduced in the provincial settlements in the year 1895-96. The Government of India had evidently laid down that a certain proportion of the land-revenue, *viz.*, one-fourth, should be allotted to Local Governments to meet certain kinds of expenditure, and from that time the share of land-revenue allotted to different provinces has been increased from time to time. At this moment the share of land-revenue allotted to every province except my own province is one-half. It used to be three-eighths in the case of the United Provinces and the Punjab until last year. This year the Government of India have raised it to one-half in the case of the Punjab, but unfortunately the people of the United Provinces have not received the same consideration. So that throughout the whole of the British Indian Empire there is no province now in which less than one-half of the land-revenue is allotted to the Provincial Government to meet provincial expenditure. In the case of Burma the revenue has actually been raised to five-eighths.

“ Now, Sir, I submit that there is no reason why the United Provinces should not be allowed to appropriate half of its land-revenue for provincial purposes. I have shown that in the beginning there was no principle on which provincial settlements were based, because they were based merely upon the grants

of the previous year. What happened was this. Those provinces which had come earlier under the British Government, provinces in which the civil administration had become very much more advanced than in the North-Western Provinces, were spending actually proportionally a much larger sum in 1870, and when the assignment was made in their case it was made upon the basis of the figures of their expenditure. The United Provinces Government happened to be spending much less at the time, and a much lower standard of expenditure was perpetuated in their case. But the Government have subsequently evolved certain principles which regulate the assignments to the various provinces. The Secretary to the Government of India stated before the Royal Commission on Decentralization what these principles are. The Commissioners say in their Report :

‘ The object and principal effects of these settlements have been stated to us by the Financial Secretary to the Government of India in these terms :—

“ The general principles which underlie the financial settlements made by the Government of India with a Local Government are as follows :—

“ That the Government of India shall retain certain administrative services which it is inexpedient to hand over to Provincial Governments and that they shall reserve the revenue from those services and such a share of the other public revenues as shall be adequate to the expenditure falling upon them.

“ That the remaining administrative services of the country being entrusted to Provincial Governments, each Local Government shall receive an assured income which will be independent of the needs of the Government of India *and sufficient for its normal expenditure.*

“ That this income shall be given in the form of a definite share of the revenue which the Local Government collects, in order that the Local Government’s resources may expand along with the needs of its administration.

“ And, lastly, *that so far as possible, the same share of the chief sources of revenue shall be given to each province to ensure a reasonable equality of treatment.*”

“ Now, Sir, this last statement is most important so far as the question before the Council is concerned. I take it that it has been the object and the policy of the Government of India to allot the same share of the chief sources of revenue to each province in order to ensure a reasonable equality of treatment. I ask for nothing more than that effect should be given to this policy in the case of the United Provinces, and that as every other province has been allowed half of its land-revenue, the United Provinces should be allowed half of their land-revenue, for provincial purposes.

“ Fortunately, Sir, both our contributions and our needs justify and support the recommendation which I request the Council to make. So far as our contributions are concerned, looking back to the last forty years and more, the Council will be satisfied that the United Provinces have been contributing the largest share of the land-revenue. Madras has occasionally come up to our standard; but on the whole the land-revenue contribution of the United Provinces has stood at the top, has headed the list throughout the country. In 1882 we contributed over £5,765,000; in 1887 we contributed £5,797,000; in 1897 we contributed over 6 crores; and in 1911 we are contributing 6 crores and 69 lakhs. As I have said before, Madras has only occasionally come up to the same figure and has sometimes exceeded it, as in the present year; but it is indisputable that, of all provinces, the United Provinces have on the whole contributed the largest share of land-revenue to the Government of India. I submit, Sir, that this is a very strong reason why those Provinces should have been allowed to appropriate at least half the amount of those revenue to be spent in the Provinces. It is their misfortune that they have not been allowed to do so. The Central Provinces contribute only 185 lakhs of land-revenue; Eastern Bengal and Assam contributes only 203 lakhs; Bengal contributes 293 lakhs; the Punjab, only 337 lakhs; Bombay, 536 lakhs; Madras, 675 lakhs; each of these Provinces gets half the amount of its land-revenue for provincial expenditure. Burma contributes only 436 lakhs, and receives $\frac{5}{8}$ ths of it for such expenditure. But the United Provinces, which contribute 669 lakhs, get only three-eighths of the land-revenue for provincial purposes! I submit, Sir, that there is absolutely no reason which would justify this inequality of treatment in the case of the United Provinces.

"It is not that we are receiving more under other heads of revenue which can make up for the loss under this head. The following comparative Statement will show at a glance both the contributions of the different provinces and the proportion of their total revenues allowed to them for provincial expenditure.

Statement showing the Total Revenue (1911-12)—excluding purely Imperial heads and Interest, Post Office and Telegraph, Mint, Railways and Military.

	Imperial.	Provincial.	TOTAL.	Percentage of Provincial share to Total.
	Rs.	Rs.	Rs.	
Central Provinces	1,01,03,000	2,53,77,000	3,54,80,000	71.52
Burma	2,31,42,000	4,92,58,000	7,24,00,000	68.03
Eastern Bengal and Assam.	1,51,28,000	3,22,42,000	4,73,70,000	68.06
Bengal	3,25,25,000	5,41,80,000	8,67,05,000	62.49
United Provinces	5,15,24,000	5,61,67,000	10,76,91,000	52.16
Punjab	3,22,40,000	3,99,36,000	7,21,76,000	55.33
Madras	5,82,01,000	6,45,07,000	12,27,08,000	52.57
Bombay	2,89,99,000	6,66,57,000	9,56,56,000	69.61
TOTAL	25,18,62,000	38,83,24,000	64,01,86,000	60.66

"We thus see that the Central Provinces are allowed 71.52 per cent. of their contributions for provincial expenditure, *i.e.*, that the provincial share of the total revenues contributed by the provinces is 71.52 in the case of the Central Provinces. It is 69.61 in the case of Bombay; 68.03 in the case of Burma; 68.06 in the case of Eastern Bengal and Assam; 62.49 in the case of Bengal; 55.33 in the case of the Punjab; 52.57 in the case of Madras; but it is 52.16 only in the case of the United Provinces!

"Looking again at the aggregate amount contributed by each province, we see that the United Provinces contribute more than any other province except Madras, where large receipts from the excise-revenue have recently swelled the total figures; but excepting Madras, which contributes about a crore more, the United Provinces contribute the largest total figure, *viz.*, Rs. 10,76,91,000. Therefore, when the total amount which is contributed by the United Provinces is not less than that contributed by any other province except Madras, and when the share of land-revenue which we contribute is larger than that of every other province except Madras, the land-revenue share of the United Provinces should in justice be raised to one-half. The average percentage of provincial share to the total revenue for all the eight major provinces is 60.66, that is, over 8 per cent. more than for the United Provinces, and if the resolution which I have the honour to recommend is accepted by the Council and the Government of India, that is to say, if one-eighth of the total land-revenue of the United Provinces is added to our share to raise it to one-half of the total revenue, we shall only get near the average total for the whole country, *i.e.*, near about 61 per cent.

"I have spoken so far of our contributions; I submit also that our needs justify our demand, and even more. The result of the smaller amounts that have been allotted to us has been this, that while the other provinces have largely gone ahead of us in every direction, in every matter which directly concerns the welfare of the people, we have lagged sadly behind. For instance, Bengal has a population of about only 3 millions more than the United Provinces and it contributes on the whole nearly 325 lakhs less to the Government of India. But it is allowed to spend much more in almost every department than the United Provinces. On general administration Bengal spends Rs. 24,24,000, while the United Provinces can only spend Rs. 19,16,000; on education Bengal spends Rs. 70,26,000, the United Provinces only Rs. 48,95,000. On medical relief Bengal spends 30 lakhs, the United Provinces only Rs. 26,04,000. On

scientific and other minor departments Bengal spends Rs. 14,69,000, the United Provinces spend only Rs. 12,91,000. On miscellaneous matters Bengal spends Rs. 6,03,000, while the United Provinces spend only Rs. 1,46,000. On civil works Bengal spends Rs. 78,92,000, while the United Provinces only spend Rs. 68,71,000. So that, looking at some of these principal heads of expenditure, we find that Bengal is spending much more than the United Provinces can under the existing arrangements. And yet, instead of having improved our position, the recent revision has put us in a specially unfavourable condition. Instead of our receiving a larger allotment, we have actually been required to make a recurring assignment of 19·76 to the Imperial Government.

“What is worse, however, is that it is not only in the matter of the provincial settlements that we have not been justly treated. Even in the matter of lump grants made from time to time to the various provinces, we find that the United Provinces receive a much smaller share than the other provinces. In the Budget for 1911-12, of the 90 lakhs that have been allotted to Education, we find that the United Provinces get only Rs. 15,91,000, while Bengal gets Rs. 24,50,000. We find that the United Provinces gets only Rs. 10,50,000 for Sanitation, while the needs of those provinces are much greater than the need of any other province, as I will presently show. Thus, out of a total of 11 lakhs, while Bengal gets Rs. 34,50,000, the United Provinces get only Rs. 26,41,000. I am taking only two provinces for the purposes of comparison, not because I grudge my friends of Bengal the larger share that they get, but because I want that the share of the United Provinces should be increased in order that the Government of those provinces should be in a position to do its duty by the people entrusted to its care. The same thing happened in 1907, when to start new settlements lump grants were made; 50 lakhs each were given to Bengal, Bombay and Madras and even to the Punjab, and only 30 lakhs to the United Provinces. So also out of the 40 lakhs that were recently set apart for education, 10 lakhs were given to Bengal, 8 lakhs to Madras, 6 lakhs to Bombay, and only 5 lakhs to the United Provinces. It is particularly unfortunate that the United Provinces should have received throughout less than their fair share of the revenue: and now that the Government of India are in a position to do justice to their claims, I submit that that justice should be done. The result of these smaller allotments has been particularly unfortunate. Let us take the case of Sanitation. The United Provinces used to be very much healthier than many other provinces of India; but for the last 10 years we find that the death-rate there has been going up very high. In 1908, the ratio of deaths in each 1,000 of the population for India as a whole was 38·21; for the United Provinces it was 52·73. Now, Sir, there is no other province in India which has been so unfortunate. Our sister province of the Punjab was stricken very badly and had a death-rate of 50·7 in the same year; but we were worse off than even the Punjab, with a death-rate of 52·73 per thousand. In 1899, the death-rate in the United Provinces was 33·19: in the course of the past 10 years, during which we have lost a very large number of people from plague alone, the death-rate has risen so high; from one end of the provinces to the other Municipal Boards and District Boards stand in need of much more assistance for Sanitation and Medical Relief; but the Local Government has not money to give them and cannot help them unless the Government of India put more money into the hands of the Local Government.

“I may refer also to the needs of Education. The United Provinces were the pioneers in the matter of primary education. Mr. Thomason, the Lieutenant-Governor of the United Provinces, introduced primary education there in the forties, and they were held up as a model to other provinces. But now they have to bear the reproach of being the most backward province in the whole of India, the North-West Frontier Province perhaps being excepted. The reasons for it are obvious. If we cannot get money enough to spend on education, education cannot make sufficient progress. How strong has been the cry for education will be seen by a reference to what has been said from time to time by the Directors of Public Instruction in the United Provinces.

I would invite the attention of the Council to only one such remark. Writing a few years ago, our late Director of Public Instruction said :—

‘It is scarcely reasonable to expect education to be spread so widely or, if as widely spread, to be so efficient, in a province with a small public expenditure as in another which spends more than three times the amount in proportion to the population. To remove the inequality and to raise the United Provinces up to the Bombay standard of liberality, we need to increase our public expenditure on education from 38 lakhs (the amount shown in my last report with our share of the 35 lakhs grant added) to 117 lakhs, *i.e.*, we ought to come in for a further provision of nearly 80 lakhs a year, on the supposition that progressive Bombay stands still: but, allowing for the inevitable expansion there, it would seem that measures are called for to spend in these provinces before very long not less than a crore of rupees annually in addition to the present outlay. If these figures are true, it will not do to put them aside because they are startling. It will be necessary to consider them, to become familiar with them, to acknowledge their irresistible logic, to take action to redress any existing inequitable inequalities that may have to be admitted when every possible allowance has been made for circumstances that may justly be held to modify the case.’

“These remarks are almost as true now as when they were made. In another place actually Mr. Lewis said :—

‘There is a demand in perhaps all districts for more schools, and more schools; but they cannot be opened because the funds are exhausted. When a people cry out for education and cannot get it, we may well, with Carlyle, count it a tragedy.’

“Now, Sir, if the people of the United Provinces had not been contributing large enough sums to the Government of India to permit of the required increase on Education and Sanitation, etc., I might not have been justified in pressing the resolution for the consideration of the Government. But we know that they do. And if the Government will only be pleased to recognise the justice of allowing the United Provinces to retain half the share of the land-revenue for provincial purposes, as they have recognised it in the case of other provinces, the most pressing requirements of the United Provinces will be fairly met.

“I submit, Sir, that the matter deserves the consideration of the Government at this moment because the Hon'ble Member has informed us that the provincial settlements are going to be made permanent. In fact, the words used by him are almost frightening. He has told us that, apart from the requirements of famine and war, the settlements now made will be fixed, rigid and permanent. A look at the Financial Statements and the proceedings of the Council of the United Provinces for the past few years will show that our Lieutenant-Governors and the Financial Secretaries of the United Provinces, and numerous Members of the Council there, have been urging year after year to our representatives here, a larger allotment for provincial expenditure. It has been clear that the allotment made is barely sufficient to enable the Government to carry on the administration. There is no margin worth the name left for development, and I am constrained to say that if the settlement is to be made permanent on the existing basis, the result will be disastrous so far as the progress of the people of the United Provinces are concerned. I, therefore, earnestly appeal to this Council to consider the justice of our case and to admit it. There is no doubt that this is just the time when the Government can, as they ought to, remedy the injustice from which we have so long suffered. As I have shown from quotations from the speeches of previous Finance Members, when the Government started the provincial settlements on the basis of the budget of 1870, they practically admitted that the standards of expenditure fixed were low, but pleaded that they could not afford to give more at the time. The Government now are, and they have long been, in a position to set the matter right, and I hope that they will do so. For many years past the contributions of the people of the United Provinces have largely contributed to the surpluses of the Government of India. These surpluses have in no small measure been the result of the toil of the tillers of the soil; and I submit that their condition requires the sympathetic consideration of the Government. The raiyats in the United Provinces do not at present enjoy much of the advantage of education; the sanitary condition of the villages in which they reside is simply deplorable; the medical relief provided for them is very inadequate; the general enlightenment which has relieved the lot of some other sections of His Majesty's subjects has not touched them; and altogether their condition is pitiable. If famine comes, they fall easy victims to it unless the State

comes to their aid. If disease comes, it takes a heavy toll from among them. I believe there have been between 12 to 15 lakhs of deaths during the last few years from plague alone in the United Provinces. At the present moment we are losing 11,000 souls every week from plague. I submit, Sir, that in view of these facts the Government of India should be pleased, as the responsible guardian of the people of the country, to consider whether their condition cannot generally be improved by the expenditure of a larger share of the revenues which are raised from them, on purposes which directly and vitally affect them. I am not asking for any contributions from other provinces: my provinces have been contributing large enough revenues to enable all legitimate expenditure to be met from them. All that I ask is that the Government of India, which takes possession under the Statute of all the revenues raised in the provinces, should be pleased to consider the justice and the mercifulness of leaving to the people such a portion of those revenues as is necessary to provide for their domestic progress and social advancement. It should consider the justice of leaving to them at least the same share of the revenue as it has thought it fit to leave to other provinces. I plead, Sir, for nothing more than justice to my provinces, and I hope I shall not plead in vain. I commend the resolution to the consideration of the Council in the earnest hope that it will receive the support of all the Members present and that it will commend itself to the Government of India."

The Hon'ble NAWAB ABDUL MAJID: "Sir, I support the resolution which has been brought forward by my Hon'ble friend Mr. Malaviya. There is no doubt that the United Provinces at the present time are in need of much assistance. In every department and on every side there are growing needs, and needs for which the province requires much. Unless, as has been suggested by the Hon'ble Mover of the resolution, something is done, I think there are many things and things which are very important which will be left undone in the United Provinces. It has been urged very strongly by the Hon'ble Mr. Malaviya that the other provinces receive a ratio of their income in a much larger proportion than the United Provinces. Well, if that is so, why should not the United Provinces receive the same treatment as the other provinces receive at the present time? If other provinces receive one-half of their land-revenue, then I would submit to this Council that the same indulgence should be shewn to the United Provinces also. If the United Provinces have not received fair treatment in the past, then surely it is time, especially when, as has been announced by the Finance Minister, a permanent settlement is going to be made, that something should be done for the United Provinces also, and they should receive the same treatment as the other provinces are receiving at the present time."

The Hon'ble MR. HOLMS: "Sir, it was not till a late hour yesterday evening that I saw for the first time the text of the resolution which my Hon'ble friend has moved today, and it will be understood that I have had no opportunity of communicating with the Government of the United Provinces and ascertaining their views on the resolution; so any remarks which I have to make will represent solely my own personal views. To begin with, I must say that I dissociate myself from the remarks which my Hon'ble friend has made in bringing forward the resolution regarding the apportionment of the large non-recurring grants for certain purposes. I am not prepared to say that the United Provinces has not received fair treatment in this matter. Next I would gratefully acknowledge the more favourable treatment which the United Provinces has received of late years from the Government of India in the matter of its finances. I cannot share with the Hon'ble Member his very gloomy views of the economic position of the United Provinces: I think they are over-coloured. I am unable to follow him also in the view he has taken of the figure of fixed adjustment; for there seems to me some want of appreciation on his part of the financial aspect of this matter. When I have said all this, I have to express my sympathy with the object with which the resolution is brought forward—that of obtaining for the United Provinces a larger share of the revenues raised in the province than it now enjoys. Speaking last year I said that I understood that the

United Provinces Government had under consideration the question of making a representation regarding a revision of their Financial Settlement, and I am not in a position to say whether, after having read the Financial Statement, that Government will abandon that intention. I had delved into the Financial Statement and got some figures together to show what are the surpluses contributed by each province for purely Imperial purposes, that is, mainly for the Army, for the cost of the Government of India itself and the Government of India departments and for certain home charges; and I propose at a later stage of the budget discussion to mention these figures. The two other provinces regarding whose finances resolutions have just been moved base their claims to preferential treatment, one on the ground of the good financial character which it bears with the Government of India, the other on the ground that it is now on the verge of bankruptcy. The United Provinces' claim may rest on the unblemished financial character which I have no doubt the United Provinces bears in common with many other provinces; but it is mainly based on the very large proportion of its resources which it contributes to the purely Imperial needs of the Government of India. With regard to the figures which I have got out, it may be interesting to mention the case of the two provinces whose resolutions have just been before us. The surplus which is contributed or will be contributed according to this budget by the eight large provinces for purely Imperial purposes is twenty-one crores of rupees in all. Of this twenty-one crores the United Provinces contributes, I make it, over $4\frac{3}{4}$ crores. However, absolute figures I do not think are of much use in a matter of this sort. The real test is to take the figure of surplus per head of the population and the figure per square mile of area. Eastern Bengal contributes 7 annas per head of its population towards the surplus for purely Imperial purposes, Bengal contributes 8 annas, and the United Provinces one rupee per head of its population. I do not want to dwell on this aspect of the case. I merely draw the attention of the Council to these facts as indicating that it is possible that the proposals of the Government of India for a final settlement of the finances of the United Provinces may not commend themselves entirely to the Local Government as being a complete and final settlement of the matter. I recognize fully that at this stage it is impossible to add as large a sum as the Hon'ble Member proposes to add to the resources of one province without taking it away from the other provinces. For this reason I do not feel myself able to support the Hon'ble Member's motion."

The Hon'ble MR. MESTON: "Sir, the strength of this appeal must have impressed the Council. It is by no means the first time on which the grievances of the United Provinces finances have been pressed in this Council and elsewhere, and we may listen to the Pandit's dying swan song on the subject with the respect which it deserves. Perhaps I may be permitted to say that, if my own personal affection for the province and its people and my early associations with it had been the only considerations, I would have asked my chief to get somebody else to undertake the unpleasant duty of opposing this motion. But as it is, I do feel that there are stronger considerations involved, for I am convinced that the United Provinces have not been at all unfairly treated in the settlement which has now been made. A good deal of what the Hon'ble Member has said is based on a misconception of the purpose of the settlement—a misconception which is probably not unnatural considering the complexity of the subject. The proposal which he puts forward is that one-eighth of the land-revenue should be transferred from the Imperial to the Provincial share in addition to what the province already receives. This of course would have to be met by a counterbalancing assignment of the figure which Mr. Holms has just given, 79 lakhs, and that would have the effect of raising the adjusting figure of the province to a very high minus figure indeed, a result which apparently the Hon'ble Pandit would strongly object to, but which would have the effect (though it would take time to explain why) of giving the province a far larger proportion of the share of growing revenue than any other province in India. With all my partiality for the province, I really cannot support that.

"What the Hon'ble Member wants, however, is not what I have been describing, but a gross addition of about 80 lakhs to the spending power of

the province in order to meet the many needs which the Pandit has been eloquently describing. As I have said, I am afraid this implies some misconception of the intention and theory of the financial relations between Local Governments and the Imperial Government. The Hon'ble Member has spared me the necessity of explaining what that theory is. He quoted it at length from the evidence given to the Decentralization Commission. I do not think he quite understands it; for he went very far wrong, as the Hon'ble Mr. Holms has pointed out, about the *minus* assignment, and he also laid far too much stress on the principle of equality among the different heads of revenue. The fact that one province gets half of the land-revenue and another gets five-eighths, while the United Provinces has only three-eighths, is really irrelevant. The great point is to get such a share of the growing revenue as will be equal to the normal requirements of the province, and to see that the ratio of growth in that share of revenue is roughly equivalent to the ratio of growth in its expenditure. Whether it gets that growth of revenue from its land-revenue or from excise or from stamps, or from any permutation and combination of them, is not important. What is really required is that we should give the province a sufficient share of its own revenues to enable it to meet its current requirements, calculated with a reasonable margin. The United Provinces have got this, and what they now have to do is so to regulate the development of their expenditure that it does not exceed the pace of the growth in their revenue. Their progress, I must admit, will not be so rapid as some of us would like to see. But certain provinces have, and must always have, relatively smaller spending powers than certain others. I must admit that Madras, the Punjab and the United Provinces are unquestionably the three which have in the past been forced to exercise the greatest economies. Inequality there has been, and inequality I am afraid there must always be to some extent; but it is not nearly so bad as the Hon'ble Pandit would have us to believe. For it must be remembered that our settlement system has tended steadily to remove the inequalities between the different provinces which the Hon'ble Member has complained of. There have been periodical re-settlements for the last thirty years, and in this interval there has been a steady advance in the equipment of every single province. The pressure has been constant in the direction of greater efficiency and greater comfort. The supervision and the control of the Central Government have had the same tendency. All these influences have reacted on each successive settlement and have inevitably worked towards levelling up the scale of expenditure in the different provinces. At every periodical review the poorer Governments have pressed their grievances, and the haggling of the last thirty years has now established a rough equality. In this way I genuinely think the United Provinces have unloaded a considerable share of grievances which at one time they possessed. In old days they suffered for their own virtue. In later days they have been certainly making up lost ground.

"My own connection with the province in provincial finance began when the present Lord MacDonnell ruled the province. He was not six months in office before he saw the financial poverty of the province and set to work to secure more generous treatment, and those who are acquainted with Lord MacDonnell's methods may be quite sure that he got it. The next re-settlement after that was in 1904, when the negotiations and the battles of the province were fought by the Hon'ble Mr. Holms; and here again those of us who have ever had to do business with Mr. Holms need no assurance from me that he got his money's worth. The last re-settlement of the province was in 1907, when Sir John Hewett himself bearded the Government of India at Simla, and after days of hot negotiation and discussion concluded a bargain which left very little to be desired. The further readjustment which has now taken place has also been on lines of more elasticity and more liberality; and I sincerely believe that the result will be steady and advancing prosperity for the United Provinces. I must oppose this resolution."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "Sir, if I have given expression to more gloomy views regarding the condition of my people than is justified by facts, I should certainly be sorry for it. No one can be more pleased and thankful to know that that condition is really better than I have

described it. But I venture to think that anybody who will go through the province now, anybody who will enquire into the present condition of the people there, will largely, if not entirely, support what I have said. My Hon'ble friend has said, Sir, that there has been a great improvement in the provincial assignments made to the United Provinces. I gratefully acknowledge that it has been so, but my point of complaint is that, although this has been done, the position of the United Provinces is yet extremely unsatisfactory. My Hon'ble friend admits that there has been inequality in the treatment of the different provinces. But he also says that such inequality there must be; I do not agree that the Government cannot remedy this inequality. I submit, Sir, there that is no reason why the inequality should not be remedied when both the contributions of the province and the needs of the province justifies such a measure, and when the finances of the Government of India permit of such inequality being remedied. The fact that there has been a mistake in the past is no justification for perpetuating that mistake. With all the improvement which has been made in our position and to which my Hon'ble friend has referred, the provinces do not yet get a fair share of the revenues—do not get sufficient revenues—to be applied to purposes which directly affect the vital interests of the people. I have mentioned some of the most pressing requirements of the people; I do not wish to take up the time of the Council by repeating what I have said. I submit that the fact that other provinces are receiving one-half of the land-revenue is by itself a strong enough justification in support of the view that I have submitted to the Council. My Hon'ble friend has said that, if we get what I ask for, it would raise the share of the United Provinces to an excessive degree. I submit, Sir, that, as I mentioned before, if the one-eighth share of our land-revenue, which would come to about 80 lakhs, will be given to our province, that would bring us very near to the average percentage of the provincial share for all India, which is about 61. If we get 80 lakhs, we will not be better off than several other provinces, and yet not as well off as some other provinces, for instance, the Central Provinces, which are receiving 71 per cent., or Bombay, which receives 69 per cent., or Eastern Bengal and Assam, which receives 68 per cent. But the worst of it is that, if we do not get what we want, there is not sufficient margin left to us for providing for the progress of the province in all the directions in which an advance should be made.

“I have done my duty, Sir, in submitting this resolution to the Council and to the Government, and I hope that the Government of India will be pleased to reconsider the matter, notwithstanding the fact that their present attitude does not seem to be favourable to it. If the Government will not increase the share of the provincial revenues, the fate of the United Provinces will be most deplorable.”

The Hon'ble SIE GUY FLEETWOOD WILSON: “I have listened with great interest to the very exhaustive and somewhat exhausting statement of the Hon'ble Pandit Malaviya; but I am sorry to say that I adhere to the view which I had already formed, which was that all the claims of all the provinces have received the most careful, the most painstaking and the most sympathetic treatment. I may say that the whole question was under review for many months at Simla, and I do not think there was any feature in any of these readjustments which was not approached with the desire to do justice to each and every province, and which was not gone into over and over again.

“I am sorry it is not possible for me to accept the resolution.”

The resolution was put and rejected.

THE PRESIDENT: “Gentlemen, I fear there is no chance of getting through the next resolution before 5 o'clock; so it will be convenient that we should now adjourn. The Council is adjourned till 11 to-morrow morning.”

J. M. MACPHERSON,
*Secretary to the Government of India,
Legislative Department.*

CALCUTTA;
The 17th March 1911.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO
1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Wednesday, the 8th
March 1911.

PRESENT :

The Hon'ble MR. J. L. JENKINS, C.S.I., Vice-President, *presiding*,

and 56 Members, of whom 50 were Additional Members.

SUBSIDY FOR VERNACULAR NEWSPAPERS.

The Hon'ble BABU BHUPENDRANATH BASU: "Sir, with your leave I shall place before the Council the resolution* which stands in my name. There is a slight error in the wording of my resolution: the amount, Rs. 65,000, mentioned there should be Rs. 62,500, and I would ask your leave to rectify that mistake in the resolution which I propose to place before the Council.

"My object in placing this resolution before the Council is, I must at once frankly admit, to call early and prominent attention to this subject. For some time past we have had rumours that the Government of Bengal contemplated making a large subsidy to a Vernacular newspaper to be started in our province. That rumour found a place in the leading Anglo-Indian journals and only lately has been confirmed by an announcement made in the Local Council that it is going to place Rs. 62,500 annually at the disposal of a private gentleman to start a Vernacular newspaper. One would have thought that the proper course that I should have adopted was to have moved a resolution in the Local Council. But, Sir, there are rumours already that other Local Governments, notably the Government of Eastern Bengal and Assam, are trying to follow suit, and that what Bengal has now adopted as its policy may soon be adopted by other Local Governments. As you know, Sir, the example of evil is very contagious; it spreads much more rapidly than a good precedent does. It is specially contagious when evil is hatched in the darkness of bureaucracies where light can hardly penetrate, and when it does enter it only serves to make the darkness more visible. Therefore, I have thought it my duty to bring to the notice of this Council and of the country this latest act of the Government of Bengal. The difficulty that we feel is that, like many other measures of Government, it is one of those measures which the Government has already undertaken, and public criticism becomes unavailing at this particular stage. Nevertheless, whatever may be the sacrifices, whatever may be the difficulties, in retracing a wrong step, I conceive it our duty as public men to offer such criticism as we think fit upon measures of Government in the hope that, if the step has been erroneous, it may yet be retraced.

* That the special grant to the Government of Bengal be reduced by the sum of Rs. 65,000, the amount which the Government of Bengal has promised as subsidy towards a Vernacular paper to be started in Bengal.

“In speaking of this measure I wish to speak with the utmost respect for the Government of my own province. Sir, Bengal, if I may say so without impertinence, has after many years had a Lieutenant-Governor whom she knows and who knows her people. Somehow or other there is a feeling in Bengal that we Bengalis have got but few friends in high places. That feeling may be right—I do hope and trust that feeling is wrong; but we have laboured under that feeling for some time past. The present feeling in Bengal, however, is that, in any event, in the Government of Bengal at least we have got some good friends and true of the Bengali people, and amongst those good friends we have always recognised Sir Edward Baker to be one. And, therefore, I must frankly say that it grieves me not a little that I should have felt it my duty in this Council to ask its opinion and to express its disapprobation of a measure which the Government of Bengal, I am afraid, has thoughtlessly taken. I shall not say a word in this controversy which will have the remotest effect of turning away from us the sympathies of my own Government. I believe that the Government of Bengal in taking this step has fallen into an error. The best of us are liable to err, members of the Civil Service not excepted. It is inconceivable that we should seek to bind a structure with ropes of sand or to build up public opinion with the slimy mortar of a subsidized Press. But, notwithstanding the apparent impossibility of such a task, it is now sought to be attempted. I am sure that the Government of Bengal feels that it has got very few friends in the Vernacular Press of the province. I am sure that it feels that there is an under-current of bitterness, if not of hostility, in that Press, and I believe that it is prompted by a sincere and genuine desire to start a paper which will give to the people the views of Government and which will explain in its own way measures and acts of Government which will serve to dissipate and remove prejudices against, and misapprehensions of, its acts and measures and which will therefore help to destroy the evil and baneful influence of a hostile Press. This, I believe, is the object with which the Government has come forward, even in its present bankrupt state, to make a large and substantial grant of Rs. 62,500 a year for three years.

“I readily and frankly concede that the Government of Bengal are actuated by a sincere desire for the public good in starting and promoting this paper; but the question arises—the great and important question—that, assuming and admitting the *bonâ fides* of Government and giving to it full credit for a sincere desire only to promote good and not to foster evil, what will be the effect of this step? That is what we as practical men are concerned to see. Sir, people will wonder that the Government of a great province like Bengal—for I submit we are still great though divided, I submit we are still great though, as my Hon’ble friend Mr. Sinha says, my province is misnamed Bengal—should act in this way and what will be the effect of this step. That is the principal question for consideration. Will the people read this paper? The Government will subscribe for 25,000 copies; we will assume that the Government will find means for the distribution of these 25,000 copies. But I ask you, Sir, who will read the columns of this journal loaded with silver to a particular leaning? Will it be the honest exponent of public opinion or will it be only the paid hack of a great and powerful Government? Naturally people wonder and ask, is the Government so blind, is their vision so oblique, to a result so obvious? But is there after all much to wonder at? For I may say without any disrespect that the Members of the Government—I speak in the presence of puissant Members of that body—live in an artificial atmosphere from where currents of outer life are sedulously kept away by the impenetrable panes of official infallibility. They do not move, as we move, in the busy haunts of men where thoughts converge from diverse ways and move in eddies carrying with them the hopes and aspirations lying scattered in the by-paths of human life. They are not affected by public opinion in the same way as men who live a public life and who have means of gauging the strength of that opinion. They certainly have reports, they have statistics, they have figures, they have papers in abundance bound with red tape, sometimes with little danger signals attached to them. But you may, Sir, as well attempt to construct a living human being out of the skeleton

in the Professor's laboratory as you may construct a living human society moving with the ebb and flow of those forces which we call life, out of figures, out of papers, out of red tape and out of little flags. And the result is oftentimes, as in this case, a complete and absolute divorce—I will not say from common sense, but I will say from reality—from public opinion in matters of great public interest.

“The paper will no doubt appear; the Government will find means to distribute 25,000 copies broadcast; but I ask again, what good will it do? It is not to be forgotten, I believe even the Members of Government know it, that people read the Vernacular newspapers not only for the news they contain; there are many other things in the Vernacular newspapers closely touching the life of the people, and the large mass of our countrymen naturally seek to know what the more enlightened amongst them have got to say on matters social, matters economical, matters political; these are the things for which the Vernacular papers are largely read. The Government paper will no doubt put forward on a Government measure the Government aspect of the question. Sometimes probably, I may ask you, Sir, how often will that view be accepted? For there will always be a suspicion, well founded in this case, because there is money behind it, that this opinion is not honest, that this opinion is not independent, that this opinion is not frank, and that this opinion is paid for.

“On the other hand, there will be a watchful, a jealous, a critical and independent Vernacular Press which will come forward with lightning rapidity upon the pronouncements of this Government-subsidized paper, seek to tear it to pieces, and there before the innocent rustic will be the expression of what he will conceive to be the independent opinion of this country. The result will be that in the village *patshalas*, in those humble places of amusement in our villages where people collect of an afternoon to spend their time and talk about diverse subjects, including, I am afraid, sometimes village scandal, the politics and the policy of the rival set of papers will be an active subject of conversation; and I am quite sure that you will admit that much good will not result from this discussion. I am quite sure that in these discussions people will be apt to place greater reliance upon the independent organs of public opinion, and I am quite sure that the evil thus produced will be much greater than the evil sought to be put down. I am drawing no fanciful picture, for in this case I have the misfortune to be able to appeal to experience, even to the experience of officials. Some years ago, under official advice, I will not say official pressure, the Universities of India adopted—credit is due to the University of Madras which resisted that pressure—a book which I believe you all know—Lee Warner's *Citizens of India*. That book was intended to teach loyalty to the rising generations of our young men. There was a note of warning in many local Senates that it would have a directly contrary effect, that Lee-Warner's conclusions were not accepted by the majority of our countrymen, and that when these conclusions were placed before immature youths they were sure to be controverted by other people, and young men would accept with a great deal of hesitation, if not suspicion, conclusions and facts which were placed before them by the Universities through official pressure. The result was amply justified, and, I believe, after five years' time, the Government and the Universities, after pouring in, I believe, a huge sum of money into the pockets of the author, for which I do not grieve, dropped this book, if I am permitted to use a homely expression, like a hot potato. I am afraid my friend to my right, the representative of the Government of Bengal in this Council, will find that before three years are over he will have to drop this experiment, for it will be an experiment fraught with greater danger to the experimenter than explosive substances on a chemist's crucible. I will not detain the Council by speaking at greater length. The subject seems to me to be so simple, to be so plain, that I hardly think it is much use putting arguments before this Council which are almost self-evident. I say, therefore, that this paper will do no good, that probably it will not be read, that most likely it will be boycotted, and that it will not serve the

needs for which it is sought to be brought into existence. It will not even in many cases be able to explain Government's motives on any particular act or measure, for Government motives are oftentimes matters of State which cannot be divulged. It will not be able even to take the public into its confidence in advance, for unhappily the Government of my country has the happy knack of developing a scheme from which it knows it will not recede and launching it forth upon the public and inviting criticism upon it which it knows will be unavailable. All this it will not achieve, but it will do a great deal of harm; it will create an atmosphere of controversy which will be surcharged with elements of hostility and bitterness. Is it desirable that it should be so? I appeal to my colleagues in this Council to discountenance this subsidy, and I appeal to them with all confidence. I appeal to the English Members present here to bear in mind the great traditions of their country—traditions which will not suffer for a day any Government to enter into a bargain with the Press of the country. I will appeal to my own countrymen to see that new dangers are not added to newspapers whose life is already under a great menace; and I appeal to you in confidence that you will help to persuade the Government of Bengal to undo, to rectify, the great error into which it has fallen, and in doing so you will uphold the fair fame of your own Government in the eyes of an Oriental nation; for, mind you, Sir, it will be on the tongue of everybody that the Government is seeking, after it has passed an Act, to check the liberty of the Press; it is seeking, by means which will never be looked upon as fair, to win over the small remnants of that Press which are still left to guide public opinion and to offer criticisms upon Government measures. For this and other reasons, weighty in themselves, I ask you, Sir, I ask my colleagues in this Council, to support me in this resolution, which is that the grant of 7 lakhs and odd, which my Hon'ble friend the Finance Member has provided for the impecunious Government of Bengal, may not be frittered away for an object unworthy in itself, and which will not be achieved by the means that it has adopted."

The Hon'ble MR. DADABHOY: "Sir, when I came to this Council this morning, I had no intention whatsoever of speaking on this motion; but after having heard my friend the Hon'ble Babu Bhupendranath Basu, I think I would be shirking my duty—my conscientious duty—if I on this occasion did not oppose him and point out various important matters which absolutely make it necessary that this subsidy should be given. I must at the outset make my position absolutely clear. I am one of those people who regard any subsidy given to papers with a great deal of disfavour. I am entirely against the principle of such a thing, and I would, under ordinary circumstances, have strongly opposed such a proposal. But I feel that circumstances in this country have happened which enlist my sympathies the other way. I feel that the action and conduct of Government on various occasions have been misinterpreted, and a great deal of misunderstanding has been deliberately created by a section of the Vernacular Press. Many of us will remember what Sir Herbert Risley said when he introduced the Press Bill in this Council: how Government had been accused by certain sections of the Vernacular Press of many misdeeds, and that even natural visitations, such as the plague, were attributed to them. Government was charged with poisoning wells; famines were attributed to the Government's action; and a great deal of misunderstanding was, and has been, caused by some of these papers by misinterpreting matters. We are also aware, and every Member of this Council who had the opportunity of reading certain sections of the Vernacular Press must have come to the conclusion, that some of these people have used the Vernacular Press as their organ for misrepresenting facts and matters; and I do not see any reason why the case of Government should not be properly brought to the attention of the people, and why, wherever misrepresentation of the Government policy or any particular Government action has been published in such papers, public opinion should not be corrected and brought into line. I have heard with great interest the very interesting speech of the Hon'ble Babu Bhupendranath Basu; but if he had substantiated his

speech by giving any formidable and substantial reasons why this action should not be taken, I should have warmly supported him. I waited throughout his speech to find any such reasons; but I have been disappointed. Perhaps my friend is not aware that after all this is not a new experiment. In a country like India, such a thing, in my opinion, is very necessary. It has been tried in all European countries. In England the different authorities have their own organs; if one Party states one thing which has been misinterpreted, there is the opposite Party's organ to contradict and controvert those allegations. In India we have not anything of this sort, and I do not see why a Vernacular paper should not be subsidized for the purpose of explaining the policy of the Administration where such policy has been deliberately distorted by selfish and interested organs. It is for this reason that I wish to oppose the resolution, and I shall give my support to the proposal put in the Budget; and I think every non-official Indian Member will carefully and impartially consider this matter and see what amount of injury is being done to the country by a certain section of the irresponsible Vernacular Press, and I do hope that the Council will on this occasion boldly oppose the proposition of the Hon'ble Mr. Basu."

The Hon'ble SIRDAR PARTAB SINGH: "Mr. President, as the Hon'ble Mr. Basu said just now, the evil of having a subsidized newspaper has not yet reached my province, so perhaps it might be said that I am a little bit beforehand in expressing my own opinion on this question. To my mind there is no doubt about this, that the dogma of sedition which has been preached in India has mostly been done through the Press, and now, if the Government wants to utilise the Press to remove misapprehension, to remove any doubts that may have been formed in the minds of people, I call it only fair play. Why are they objecting to it now? After all for a long time those who are against Government, they have had in the Press what they wanted; and so I think it is only right that Government should have their say now. In fact, when people hear both sides of the question, it will be much easier for them to decide which is right and which is wrong. I firmly believe, Sir, that if ever since the party against Government was started in our country Government had taken some steps to say what they have on their side of the question, a good deal of the present trouble would not have existed. With these words, Sir, I oppose the Hon'ble Mr. Basu's resolution."

The Hon'ble MR. GOKHALE: "Sir, I wish to say a few words in support of the resolution which my Hon'ble friend Babu Bhupendranath Basu has placed before the Council. I wish to support this resolution first because there is a report abroad that other Governments, besides the Government of Bengal, intend to follow suit, and secondly, because, though this matter concerns, in the first instance, Bengal alone, still there is a large principle involved in this question, and I think it is as well that that principle should be discussed from all points of view. But, Sir, before I say what I have to say on this subject, I would like to prevent, if possible, an injustice being done to the gentleman who has come forward at the instance of the Bengal Government to undertake this work. I refer to my friend Rai Narendra Nath Sen Bahadur. I am anxious that no wrong impression should go forth from this Council Chamber about the intentions or motives of the Rai Bahadur, or about the terms on which he has accepted this work from the Government. Rai Narendra Nath Sen Bahadur is one of the veteran journalists and public men of this country, and many of us, including, I am sure, my friend Mr. Basu, have held him in the highest respect for all the time that we have been in public life. And I feel bound to say this for Rai Bahadur Narendra Nath Sen, that among the public men of the country he is second to none in straightforwardness, in courage, and in strength of conviction; and it must also be recognized that he has laboured long and incessantly for the welfare of the country. I am quite sure, therefore, that the description of a 'paid hack' is the very last that can ever be applied to Rai Bahadur Narendra Nath Sen. At the same

time I must say that the Rai Bahadur has undertaken a task which is beyond the power of any human being. If the Government are anxious that misrepresentations of their acts and intentions, which, from time to time, appear in the Vernacular Press, should be corrected promptly—a desire which I can understand and with which I largely sympathise—whatever other course might be effective, this certainly is not an effective course. Far better that the Government should have an organ of its own, an open State organ conducted out of State funds and issued as a State publication. Or there are other possible ways, to one of which I will presently refer. But the course actually adopted by the Bengal Government is about the worst that could have been adopted, and I am quite sure that it will be found to be absolutely ineffective in practice. However high may be the character or the motives of a man who comes forward to conduct a subsidized paper, there can be no question about the fact that so far as the bulk of the readers, *i.e.*, of the public, is concerned, there will always be an impression that the opinion expressed in the paper is not an independent opinion. And in the present case, for one man who knows Rai Narendra Nath Sen Bahadur personally, 99 will only judge him from appearances. When it is known that the paper depends for its existence upon a large subsidy from the Government, no further proof will be required by most people to discredit the paper and, along with the paper all that appears in it.

“I have said, Sir, that I can quite understand the desire of the Government that they should have a few friends at least in the ranks of the Vernacular Press—papers that will give them fair play, papers that will assume the best, till the worst is proved. I quite recognise that situations sometimes arise when this desire may be strongly felt by the Government. But I am firmly convinced that the only way in which a real remedy can be found for such a state of things is by working for a general improvement in the situation of the country. Some of the remedies proposed, from time to time, may go some way. A State paper, for instance. Such a paper would have certain advantages over a subsidised paper conducted by a private individual. As my Hon'ble friend Babu Bhupendranath Basu has pointed out, how are the opinions of a subsidised paper to be regarded? Nobody will think that the opinions there have the weight which would be attached to a pronouncement from Government; for it will always be doubted if the editor of such a paper would be really taken by the Government into its confidence. Then there will be views about social questions and religious questions, about which Government is bound to observe an attitude of neutrality. Even in political matters, the paper will not represent the views of Government. Rai Narendra Nath Sen Bahadur, for instance, is not the man who will conceal his views where he feels strongly. Are the Government prepared to accept the responsibility for the views which he expresses? If not, why should the Government come forward and spend Rs. 62,000 in supporting a paper the social and religious views of which it cannot accept and the political views of which it may not be prepared to accept? As I have already observed, far better that the Government should issue a State publication of its own. Then it will at least avoid all religious and social questions; it will also avoid ordinary political controversies. Whenever it notices misrepresentations about its intentions in the Press, it will correct these misrepresentations and the public will know authoritatively what the Government have to say.

“But, Sir, there is another way, which perhaps would be better than a direct State organ. The Government might, without directly coming into the field, get some of its more pronounced friends or champions to undertake the work. There is, I understand, a body here, called the ‘Imperial League,’ of which, my friend, the Maharaja of Burdwan, is a distinguished member. The other day, when this body waited in deputation on the Viceroy, His Excellency made a suggestion that the members should not confine themselves merely to presenting addresses to departing and incoming Viceroys. And I am quite sure that the members themselves take the same view of their responsibilities. And they would, no doubt, be glad to come to the

support of Government, especially when a serious question like this has to be solved. Many of the members of the League are very wealthy men, and, if a suggestion were made to them, it is more than probable that they would come forward to start an organ of their own—an organ that would actively combat the views that are circulated in a section of the Vernacular Press. The paper will, of course, represent the views of certain wealthy gentlemen in the country only, but they will be men who have a stake in the country, as we are often reminded, and their view would be free from all those objections which may be urged against a subsidised paper, since there will be no Government money behind it. I think in many respects this would be a far more effective course to take than either a directly subsidised paper or even a State organ. But, when all this is said, I really do not believe that any of these courses will really achieve anything very much. The attitude of the Vernacular Press, deplorable as it may at times be, depends largely on a number of circumstances. For one thing the normal relations between the English and the Indians in the country determine it; and the special questions which for the moment may happen to agitate the public mind also largely influence it. And then there are the writings in the columns of the Anglo-Indian Press. What happens very often is that writers in the Vernacular Press take up the articles or attacks in the Anglo-Indian papers and reply to them. The officials, who read these replies, apply them to themselves, because the writers in the Vernacular Press often express themselves generally against Europeans as such, taking the Anglo-Indian Press to represent European views. And the real remedy for this state of things is neither a subsidised paper, nor a State paper, nor even a private organ, specially started by influential men, but a sustained and statesmanlike effort on both sides to bring about a general improvement in the relations between Englishmen and Indians in India. But whatever may be thought of this view, there is no question that the Bengal Government have made a great mistake, and I earnestly hope that a similar mistake will not be made by other Governments. Bengal has been fortunate in getting Rai Bahadur Narendra Nath Sen to undertake the work. Those who know him will not need to be told that he will not express any opinion which he does not himself hold. But other Governments may not be equally fortunate. They may choose individuals for the task who have not the same prestige and the same qualifications as Mr. Sen possesses, and the result then may be most mischievous.”

The Hon'ble MAHARAJADHIRAJA BAHADUR OF BURDWAN: “ Mr. President, I must frankly admit that I am on the whole in a dilemma by the resolution that my Hon'ble friend Babu Bhupendranath Basu has put forward in Council to-day, because I fully sympathise with the views expressed by Babu Bhupendranath Basu that such a paper will probably meet with hostility and criticism from the enlightened in the province. On the other hand, I feel that past experiences have shown that the Government are often in a very false position when certain unfounded motives are ascribed to their actions—motives which have been so well mentioned by my Hon'ble friend Mr. Dadabhoy. But while I think that Mr. Basu's resolution should receive the most careful attention of the Government, I fully support Mr. Gokhale's views regarding a State organ; not that even such a State organ would be popular, but it would not put into a false position men like Rai Bahadur Narendra Nath Sen, who is universally respected and who will be undoubtedly, when this newspaper is published, under a cloud among certain sections of the community who have hitherto valued his public spiritedness, and who will in future think that in his future actions he may or may not be guided by the dictation of Government. The reason that I wish to bring these matters to the notice of the Government is that I know full well that the Bengal Government is now bound to support this paper and that it has, I believe, entered into a contract or is about to do so with Rai Bahadur Narendra Nath Sen regarding this *Susil Samachar* of his. But I think, Sir, that this experiment, if it is to be tried, should be tried only for a year and not for three years. Then again, regarding having a State

organ, I think this matter should also be most carefully considered by the Government, so that, if it be possible to start a State organ, then let the State organ be started and newspapers not subsidised.

“My friend Mr. Gokhale has mentioned about the Imperial League. I am afraid the Viceroy's frank advice to the members of the League has been much misunderstood, because those members of the League who really wish the League to be a success have much appreciated those weighty remarks of His Excellency. Others have thought it has received a reprimand not to simply present addresses to incoming and outgoing Viceroys. The Imperial League could not freely, in its address to the Viceroy, say the actual work it is doing, because the work of the League is all confidential, and it is certainly not a subsidised association or anything of the kind. The reason that the Imperial League has not started an organ as yet, though it contemplates, I believe, to start one, is that it will only start an organ which will be able to give on the one hand the views of Government as they ought to be given and on the other hand the views of the people as well. It is for these reasons that the Imperial League would not consider of starting an organ under the auspices of the Government alone.”

The Hon'ble MR. CHITNAVIS: “Sir, it looks as if this resolution wanted to find fault with the Bengal Government, and I oppose it on the ground that it is not the function of this Council to do that. If the Bengal Government think that there should be such a paper, it is no duty of ours to check them. They know the circumstances of their province better, and we must leave them to their own discretion and not checkmate them by disallowing the grant made to that province for general purposes. These are my grounds for opposing this resolution. In my opinion the Bengal Council will be the proper place for such a discussion.”

The Hon'ble MR. GRAHAM: “In associating myself with what my Hon'ble friend Mr. Dadabhoy has said on this resolution I only want to say a few words as I should not like to give my vote in silence. I feel that for years the Government has been working at a great disadvantage with the Vernacular Press. It is so easy to misinterpret and in little ways to put a misconstruction on Government actions in the Press, and then Government has been in the position of a man unarmed, in no way able to refute or to correct the wrong impressions that have been made. I think it is only fair, as Mr. Dadabhoy has said, that they should have some chance of putting matters straight and being able to put forward before the people what their real intentions are.”

The Hon'ble MR. MADGE: “Sir, there is one view of the matter that appears to me to have been overlooked by some of the previous speakers. As a retired, perhaps I should say as a 'reformed,' journalist, I of course agree with all the abstractions that have proceeded from the Mover of this resolution. My difficulty on this, as on more than one former occasion, has been to apply those abstractions to some of the realities that we have to face in this country. Now, in this Council we have heard a great deal said about the grave need of primary education in this country. In my humble opinion there is no sphere in which primary instruction is so much needed as in the relations of the governed to the governors. When education was started in this province more than fifty years ago, Dr. Duff and some of his colleagues urged the theory that filtration would secure all that the Government wanted, and that if education were once set on a proper footing, it would gradually reach down to all the masses and touch every village in the country. I have no doubt that Dr. Duff and his colleagues acted with the best of motives; but a greater delusion could hardly have been entertained in those days. How far has any appropriate understanding of the Government filtered down to the masses to-day, and whose business was it to make right views filter down? On a former occasion, Sir, I expressed the opinion, and I repeat it now, that the evolution of any country ought to proceed on moral lines, before venturing on political lines. Whose duty was it to help uplifting the ignorant masses? The burden of it lay

upon those who had received any light at all from abroad or from anywhere else. I say it, Sir, without any desire of creating ill-feeling, but I do feel very strongly that instead of doing more for the moral elevation of the masses while harping on political reforms and one thing or another, the better educated classes have neglected one of their principal duties and failed to realise one of the great hopes based upon their education, when education was granted to this country. Now, Sir, the Government comes forward after a great deal of mischief has been done and tries to rectify this mischief by getting its views and facts, that have been misrepresented by the Vernacular Press, laid before the country. It has been said that, if an official organ can be started, it would perhaps do the work in some sort of fashion. But all the remarks that my Hon'ble friend the Mover has made against a Government grant would apply to such an organ the moment it was realised as an official organ. It would be called venal, and all the other adjectives that have been employed this morning would be applied to it, and perhaps rightly; whereas in choosing a man who is highly respected by everybody who knows him—I have claimed his friendship for five and twenty years and know he is highly honoured everywhere—in claiming a man of that sort, Government claims one of the best results of enlightenment in this country and says to the people of this country: 'We have chosen a man whom you can trust implicitly because of his character and past conduct, and it is through this channel that we want to have true views of things reaching down to his countrymen.' Is there any stronger moral position that a foreign Government would take in any country? I do not know whether my Hon'ble friend Mr. Gokhale, in saying that other Governments would be less fortunate than the Government of Bengal, means that they would be guided by worse motives, or that similar results to that which have been produced in Bengal have not yet been produced in other quarters."

"The Hon'ble MR. GOKHALE: "No; what I said is that they may not succeed in inducing men of that stamp to take up the work."

"The Hon'ble MR. MADGE: I am glad to have this explanation: it removes a little weight from my mind. I do hope that all over the country there are men of moral earnestness, men who are touched with the sufferings of the poor, who want to relieve them by every means in their power. And why should not other Governments follow the example of the Government of Bengal? It has been said of the Government of Bengal that it was very tardy in the days that have gone. I do not say so, Sir; but leaving alone the past, if, as I venture to think, the Government of Bengal have done perfectly right in coming forward to-day, and if it should have made any mistake in not having come forward a little earlier, I think all other Governments throughout this country would be very wise if they avoided any mistake that the Government of Bengal may be supposed to have committed."

The Hon'ble MR. SLACKE: "Sir, those who are conversant with the mufassal of the province to which I belong will know how common it is for villagers to assemble in the evening to hear the local postmaster or the local schoolmaster read out to them the contents of one or other of the various Vernacular publications issued in this province. Now, I would ask the Hon'ble Members to consider how often in those publications is any good motive ever assigned to Government or any praise given to Government for the good results which have happened from their measures? What one does find, and find in abundance, are distorted representations of what may result from the actions of Government—misrepresentations of the Government's intentions and suppressions of the truth. Now, so I understand, the Hon'ble Mover of this resolution is willing to admit the existence of all these evils, but is unwilling that any steps should be taken by Government to counteract them. There I wholly and entirely differ from him, because I consider that it is essential that something should be done on behalf of those ignorant masses to furnish them with an antidote to the poison which has for so many years been steadily instilled into their minds and which is still being instilled."

The Hon'ble MR. MUDHOLKAR: "Sir, when I came in this room this morning I had no intention of saying anything on this subject; but after what has been said by my friends from the Central Provinces I deem it my duty to give expression to my opinion, which is not in accordance with theirs. Sir, I think it is very necessary on the part of those who believe that their work lies in co-operating with Government in preventing the misunderstandings and misrepresentations of the acts or the motives of Government to take care that nothing is done which would defeat the purpose which all of us loyal citizens of the empire have at heart. I frankly admit that there are journals—and their number unfortunately at present is considerably large—which write in a spirit which is most deplorable and reprehensible. It is very necessary that those kinds of writing should be discountenanced and every effort should be made to administer an antidote to the poison which is being spread from day to day. Last year, when I had to accord my humble support to the Press Bill, I had to frankly admit that the number of those journals was unfortunately large. For what I said in this room I was taken severely to task by several of those journals. What I would ask, Sir, this Council to consider is this: Is the method of subsidising a paper the best method of counteracting that poison? There is, as my friend the Hon'ble Mr. Gokhale has said, the direct method, which is the method which I recommend Government should adopt. It is to have an organ established by Government for refuting misrepresentations wherever they are made. That is the direct method. There is no concealment of the real object in it. It has the merit of being frank, open and straightforward. And I believe it will have far more effect and it will carry greater conviction than the writings of men who would be called paid hacks. My friend, Rai Bahadur Narendra Nath Sen, is one whose friendship I have had the honour to enjoy for 23 years, and his paper, the *Indian Mirror*, is one of those which I read regularly, and which has often, I know, helped to put forward the view of Government and the view of all sane people throughout the country. I am afraid that immediately it is known that his new paper is a subsidised paper the value which is attached to his opinions will greatly diminish, and Government would be losing the support which his age, his experience, his knowledge and his independence give to them. It would be the same in other provinces also. Let us take, for instance, the *Indian Patriot* of Madras. That is a paper which is sturdy in its independence, and at the same time takes a very sober and dispassionate and loyal view of opinion. If my friend, Diwan Bahadur Karunakar Menon, became a subsidised journalist, the influence which he wields over the Madras Presidency will be gone. Let us, again, take the case of what I would call the English section of the *Gujerati*. The Vernacular section of the *Gujerati* is at present held in distrust, but not so the English section, which, as our President probably knows, is conducted by a gentleman of very sober views. Immediately that gentleman is employed as a Government agent, his influence would cease. As I have said, it is very necessary to administer an antidote to the poison which is being spread. That work would have to be done by two agencies: the first would be the direct agency of Government, and the second would be the agency of those true adherents of Government who value the moral life of the country, and recognise the support which is due from them to the Government. It is our duty to have newspapers which, while they are independent, while they are fearless, will at the same time take care to do away with the mischief which is being done by the thoughtless, the ignorant or the perverse. That is the work to be done, and I believe it is only in those two ways that the antidote can be effectively administered in this country."

The Hon'ble MR. MAZHARUL HAQUE: "My excuse, Sir, for rising to take part in this debate is that the resolution of my Hon'ble friend, Babu Bhupendranath Basu, concerns my own province, and I think I will be failing in my duty if I did not give my honest opinion as regards the principles involved in it. Sir, the evil that a section of the Vernacular Press is doing, a great deal of mischief, is recognized by all thinking men, and there is no doubt that it is the duty, the bounden duty, of Government to counteract this mischief. I am myself a constant reader of the Vernacular papers, but they are all in Urdu and

I have not come across any sedition in those papers; but there are undoubtedly certain sections of the Vernacular Press which are doing mischief by their wild writings. Admitting the evil, the question arises, whether the remedy which is being provided by the Government of Bengal is really the true remedy and whether other remedies cannot be found. Sir, I have not the least hesitation in saying in this Council, although I may be misunderstood by my own countrymen to-morrow, that the leaders of Indian public opinion have not done their duty in this matter. Sedition has to a certain extent spread in the country, and it was the bounden duty of the leaders to have checked it, which they could easily do. They could have organised societies, they could have held meetings, they could have a regular campaign against sedition; and I certainly believe that if they had only done their duty, sedition would not have been so rife in the country as it is. But I do say at the same time that the remedy which has been provided by subsidising a paper is not the right one. In my opinion it will create mischief—greater mischief than has already been done. I will give an example, Sir. The Government of Bengal is subsidising the paper. Well, what will be the policy of that paper? We all know that unfortunately for this country there are certain questions—very few questions indeed—upon which Hindus and Muhammadans differ. Take, for instance, the question of the partition of Bengal. On this question the unanimous opinion of the Muhammadans of India is that the partition of Bengal should not be undone. Then, Sir, what is this paper going to do? I should like to know which side of the controversy is it going to help. Is it going to try and assist in undoing the partition of Bengal and go against the public opinion of Muhammadans? I am certain that my friends the Hindus of Bengal do not like this partition: they are trying their best to have it reversed, and we, Muhammadans, shall try and resist their efforts. What is that paper going to do? Which side will it take in the controversy? If it takes up the question of the partition of Bengal and helps my Hindu friends, what will be the result? We shall oppose the paper in a body, we shall fight for it. But if it helps us and comes over to our views, which is most likely, as the Government is on this subject at one with the Muhammadans, then who will read this paper I should like to know? I do not think anybody will read it.

“My Hon’ble friend Mr. Slacke has given his views and there is a great deal of truth in them. But I should like to have an explanation to the objections that I have just taken. Sir, I am not an admirer of sycophancy or of hypocrisy. I would like my people to be manly and self-reliant and to fight for their rights. I am afraid I have myself got the reputation of a fighter in this Council; but I should like them also to give due credit to the good intentions of the Government. The British Government have done a good deal for the country, and we ought to appreciate it and be grateful. But how is this opinion to be spread in the country? It will not be spread by subsidising a paper as the Government of Bengal is now wanting to do. I would rather pass certain laws which would compel all papers, including the Anglo-Indian papers, to publish communiqués of the Government; but I would not subsidize any paper at all, because this will create much greater mischief in this country than my Hon’ble friend Mr. Slacke or the Government of Bengal imagine. With these few remarks I support the resolution of the Hon’ble Member.”

The Hon’ble NAWAB ABDUL MAJID: “Sir, I consider that this subsidy which Government is granting to this paper is the right course that the Government is adopting at the present time. We have heard the speeches of the Hon’ble Members to-day in this Council, and I find that they are all agreed that the Vernacular papers which are being circulated in this country are not doing their duties as they ought to do. It has been admitted on all hands here that the ideas and the principles of Government when brought to the notice of the masses are not brought to their notice in their true colours, but they are blackened, and it is said that the intention of the Government is not good. That being so, the question now is, how should Government counteract such a spread of noxious ideas among the masses of this country? I have heard one

or two Members of this Council say that this will not meet the object for which it is going to be enacted, that is to say, for which a subsidy is going to be granted. It is said on the one hand that a State paper will be of much more importance and will carry much more weight; but a State paper, if it is started, will be considered to be an organ of Government and it will not carry the same weight as a paper started by a man who is independent of Government in some way or other. It is said that the grant of a subsidy will also stamp that paper as subordinate to Government and it will not carry that weight which it would otherwise do. But the question is, 'supposing if the Government were going to start a State paper, how will Government be able to know the views and ideas which are underground, unless a paper is started by a private person? That private person will be in a much better position to know the ideas and the feelings of the people than Government, if it is going to start a State paper. I say, Sir, that this is the most salutary measure which Government is going to adopt, because at present discontent and unrest are confined to towns. If Government is not going to take some measures to counteract such discontent and unrest, it is quite possible that it will reach the villagers, and if it will reach the villagers, then I do not know what will be the result. The result of it will be such that then it will be impossible for Government to counteract the result of such noxious ideas among the masses and among the villagers. It has been said that it is the practice that these Vernacular newspapers are read in chaupals and in some post-offices in villages, and that every act of Government, which ought to be given as if it were in its true colours, is there laid before the people in all its evil side, and the people there do not know, do not understand, what is the real intention of Government. So unless something is done and some such step is taken so as to bring the real things to the notice of the masses, then I think it will be impossible that the Government of this country will be safe in future. Sir, I would go further and say that this salutary measure which Government is going to introduce in the province of Bengal, the Governments of other provinces also should take the same steps to introduce, so that they may not be hampered by the same difficulty that the Government of Bengal is hampered with at the present time. If these steps had been taken beforehand, if the mass of the people would not have been infected with the evil idea beforehand, then probably the Government of Bengal would not have to meet the same difficulty that it is meeting to-day. With these remarks I oppose the resolution."

The Hon'ble MR. SACHCHIDANANDA SINHA: "Sir, as one of the non-official representatives of the Lower Provinces and also as the only Member of this Council who is perhaps unfortunately the editor of a journal in these days of stringent Press laws, I think I may be allowed to say a few words in support of the resolution brought forward by the Hon'ble Mr. Basu. If I may say so without impertinence, it seems to me, Sir, that a good deal of the discussion carried on in this Council on the subject under discussion has been more or less irrelevant, in view of the fact that there is hardly any difference of opinion amongst us that a section of the Vernacular Press, and possibly a large section, is conducted on lines which are not conducive to the public good. Therefore, any disquisitions such as those which we have heard to-day, especially from my friend the Hon'ble Nawab Abdul Majid, if I may say so with all deference, are irrelevant to the discussion. What we are considering here is whether the particular line of action adopted by the Government of the Lower Provinces, is one which shall meet with the object which the Government profess to have in view. That is the only point, other considerations being, if I may say so, merely false issues. Now, if that be the case, I have no hesitation in saying that, in my humble opinion, the object aimed at by the Government will be frustrated. I need not cover the same ground as that done before me by some of the previous speakers; I shall only say that it seems to me that the gentlemen who opposed this resolution have evidently forgotten the old adage that you may take a horse to the water but cannot make him drink; and, therefore, although the Government may circulate broadcast 25,000 copies of this paper and spend on it a sum of more than R60,000, I do not see how they will be able to attain

their object unless the schoolmasters are directed to read out of it column after column to their pupils, and officials are circularized to read it sedulously so as to get their money's worth. And unless disobedience to these orders is made penal, I doubt very much if the effort is likely to succeed. My sympathies are, therefore, entirely in favour of the suggestion made by my Hon'ble friend Mr. Haque that Government, instead of starting a special or subsidized organ, should largely resort to the practice now partially prevailing of issuing communiqués to the Press and compelling, by even legislation, if necessary, the Vernacular papers to publish them; provided, of course, that liberty is reserved to the Press to comment on these communiqués. With these words, Sir, I have great pleasure in supporting the resolution before the Council."

The Hon'ble MAULVI SYED SHAMS-UL-HUDA: "Sir, upon this resolution prudence would probably have dictated to the non-official Members a policy of silence; but I feel that the question is one of such importance that I should not give a silent vote on it; and I am sorry that I must oppose the resolution proposed by my Hon'ble friend Mr. Basu. It has been said that the question is not whether the Vernacular Press is doing its duty, and that such a question is irrelevant, and that we have only to see whether the policy that Government has adopted is the best suited to attain its own object. I am afraid, Sir, it is an after-thought. If my Hon'ble friend Mr. Basu thought that Government would be well advised to start a paper on its own account, probably that advice would have been tendered to the Government of Bengal itself; and further he might have asked, instead of asking for a reduction to the extent of Rs. 62,000, for an addition of a lakh of rupees to enable the Government of Bengal to start its own paper. As I read the resolution, Sir, I look upon it as a vote of censure upon the Government of Bengal for having subsidised the particular newspaper; and therefore I think it is perfectly relevant to discuss whether the situation is such as to justify the action. It has been said by all the speakers that the Vernacular Press—at any rate a large part of it—has been misrepresenting the views of Government. It is also conceded that our educated countrymen have not done their duty in this respect. If under these circumstances the Government of Bengal subsidises a particular paper for the purpose of enabling the Government to explain its views to the people, I think the Government does what it ought to do and Government would be failing in its duty if it did not do that. At any rate it shows that the Government is anxious to conciliate public opinion and to create an enlightened public opinion instead of allowing the mind of the public to be poisoned by the sort of literature that is catered to the public day by day. It has been said that after all this would be a paid public opinion. But every opinion is more or less paid opinion. The editors—I mean no offence to my Hon'ble friend on the left—do not always express their own views. They have to consider what things and what opinions would satisfy those for whom their paper is intended and what would bring their paper the largest circulation. I am, I believe, right when I say that the paper of which Babu Narendra Nath Sen is the editor has not probably the good fortune of having a quarter of the subscribers that other newspapers have, which express opinions more suited to the taste which they are responsible for having created; and under these circumstances, if an honest journalist like Babu Narendra Nath Sen finds himself at a disadvantage in competition with the rest, Government comes and gives him a helping hand and asks him to be an exponent to a certain extent of Government's views, Government does exactly what is right and proper; and I think, Sir, in considering this question we should not forget the personal character of the man whom Government has chosen to represent its views. I believe the worst enemies of Babu Narendra Nath Sen will not say that he would, because his paper is subsidised, sacrifice his conscience and do anything that is unworthy of him. Therefore, in selecting such a man the Government of Bengal has shown good sense, for which it ought to get credit. I do not think I need dilate very much upon this question. I know this, that every man, even the meanest individual, has a right of defending himself when he is attacked. Our personal reputation is a valuable asset, and so is the reputation of a Govern-

ment; and I think, Sir, if the Government of Bengal is attacked before the bar of public opinion—attacked unjustly, villified and traduced—it has every right to choose its own mouthpiece so as to defend itself and to show how unworthy are those attacks.

“With these words, Sir, I beg to oppose the resolution which has been moved by my Hon’ble friend.”

The Hon’ble Mr. EARLE: “I must congratulate the Hon’ble Mover on the dialectic skill with which he introduced his speech and also on the very picturesque language which he employed. I must say that I speak at a disadvantage, being, as he alleges, ‘a mere skeleton tied up with red tape’. On the other hand, there is some advantage in being a skeleton, as the shafts which my Hon’ble friend launches can be received with impunity. I do not think that any serious public man would deny that there is a great evil to be met in connexion with the Vernacular Press, even if he could not agree as regards the particular remedy to be applied. Unfortunately for me, one of my multifarious duties is to read translations of extracts from the Vernacular Press. I fear that the impression which an impartial reader would gather from a perusal of these papers is that he was living under a tyrannical and arbitrary despotism instead of under the mild sway which is the natural outcome of applying British principles of administration. No serious public man would, I conceive, hold that Government should sit still with folded hands and allow the evil to go unchecked. The practice of subsidising the Press with the object of making known the intentions of Government is well known on the Continent of Europe. Fortunately in England such a measure is unnecessary, because there every shade of opinion finds expression in the Press. So too here in India there is no necessity for any action as regards newspapers which are published in English. There are some newspapers of that class which, in a general way, uphold the policy of Government. Others are stern critics of the policy but are moderate in tone, or are, at any rate, not uniformly and invariably hostile. The Vernacular Press, on the other hand, is in a lower stage of development and it is much less well-instructed. It is not too much to say that, with, of course, honourable exceptions, Government is not represented in these newspapers in a fair manner and meets with little or no support from them. The Press Act can, of course, and does, control open sedition. That is a different matter. There is such a thing as damning with faint praise, and the cumulative effect of hostile criticism is great. These are the newspapers which reach the comparatively uneducated masses, and it is necessary that the masses should be given at least an opportunity of judging for themselves whether the hostile criticism of Government is justified. The Government of India have left it to Local Governments to deal with the problem in such a way as may seem to be best. In some provinces it may be possible to subsidise existing newspapers which are of moderate tone; in other cases it may be necessary to assist the starting of new journals. Or it may be that other better methods will suggest themselves. The particular action taken in each province is a matter of experiment; and, if the experiment fails, it can be abandoned and some other better method adopted. It must, however, be clearly understood that there is an evil to be grappled with and that it is the duty of Government to take steps to reduce it.

“Lastly, I wish to bring to notice that though this resolution is, technically speaking, in order, in that it aims at a reduction of the special grant to Bengal, the subject-matter is one which would more suitably be discussed in the local Legislative Council. The Local Governments are, of course, responsible for the particular methods adopted for giving effect to the general policy of the Government of India.

“With these remarks, Mr. Chairman, I suggest that the resolution should not be adopted by the Government of India.”

The Hon’ble BABU BHUPENDRANATH BASU: “I am afraid, Sir, that there is some misapprehension of the grounds upon which I have put my resolution; but before I deal with them I must say at the outset that in offering

the observations that I have ventured to offer in this Council I had not even in the remotest degree before my mind the personality of the gentleman who has been selected in Bengal for editing the newspaper that has been subsidised by Government, and in all the remarks which I have made I have not for a moment thought of him. I share with my Hon'ble friend Mr. Gokhale—who in Bengal does not?—the great esteem in which my countrymen hold Babu Narendra Nath Sen. He has laid the country under great obligation to him for services in the past; but there must be, and there is, a limitation even to the greatest man; and in the task which Babu Narendra Nath Sen has undertaken I believe he has bargained to do a work which will be beyond even his powers, namely, to preserve an attitude of perfect independence and at the same time to make the people believe, with the subsidy behind him, that he has preserved such an attitude. I will say at once that I fully recognize that there is an evil to be combated and put down; in fact, in my own speech I have referred to it. All that I have ventured to demonstrate is that the method that has been selected, instead of combating the evil, will aggravate it: that is my position. It will lead to further hostility and bitterness. It would be quite a different matter if the Government had started a newspaper of its own, for then there would be no possibility of a belief that, in the garb of independent advice, what the people were receiving was the opinion of Government. The people would like to hear first hand what the Government has got to say in defence or in explanation of its own measures; and when the Government makes a statement, it is taken as a statement by Government of its objects and reasons; but when a third party makes the statement, it comes from one who is more or less in the confidence of Government and whose policy must necessarily be guided by the support that he receives from Government. That is the objection that we have ventured to urge against this method of trying to meet the evil. My Hon'ble friend Mr. Huda says that this is the best method suited to meet the evil. I really fail to see—even the Hon'ble Mr. Earle has not adopted that position—on what grounds he considers that this method of subsidising a Vernacular paper is the best method of meeting the evil that has arisen, and I conceive that there will be great difficulties and complications. There are, and there are bound to be, matters of public interest in which different sections of the people might be opposed to each other; and the attitude which this paper will take upon questions like these will surely embarrass the Government in its relations to the people. That is a view which should not be lightly set aside. I regret, Sir, that my Hon'ble friends Mr. Dadabhoy and Mr. Chitnavis should oppose my resolution. I have not known of a Vernacular paper in this province which has said that Government was poisoning the wells to kill the people, or that Government was spreading plague, or that Government was purposely creating pestilence or famine. It may be otherwise in my friends' provinces. But assuming that is so, assuming that this class of misguided and mischievous writers are allowed to exist and are not touched by the present laws that we have enacted, will the mere statement of a newspaper which will live upon a Government subsidy, remove or check the evil? That is the question which has got to be considered; and I would ask my Hon'ble friends to consider that question calmly and dispassionately. I was surprised to hear from the Hon'ble Nawab Abdul Majid that a paper conducted by the State will not have the same weight as a paper conducted by a private individual. However high the position of the private individual may be, whatever may be the weight of his authority, that position and that weight are bound to be deleteriously influenced by the support that the Government will openly give him.

“My friend the Hon'ble Mr. Madge agrees with me in the abstract propositions. Does it strike him as to why laws which are right in the abstract miscarry in practice? Does he analyse the surface over which these laws work, and does he realise why these laws, which hold good in other countries, do not hold good in our country, because of the difference in the sphere of their application? I pointed out—I referred to the experience of Lee-Warner's

book. Men connected with the Universities will at once assure this Council of the immense mischief which that book created. It would not be a rash assumption for me to say it, that much of the state of things which we lament to-day might be attributed to the influence which this book exercised upon young minds over a series of years. There are many ways in which Government may check the evil. My friend Mr. Gokhale has indicated to some extent what those ways may be.

“One of my friends has said that if this motion of mine had been for increasing the grant by a lakh of rupees to enable the Government of Bengal to start a paper of its own, he would have seen his way to support me; but I am here, Sir, not for the purpose of submitting constructive schemes, for unfortunately the Governments of this country seldom consult public men in the schemes they frame, and no wonder that their schemes, like the schemes of another class of beings, ‘aft gang agley’; but my duty here was to point out that the present scheme is not at all a suitable scheme for the object intended to be achieved. These are the only observations with which I beg to put my resolution to the House.”

The Council divided:—

Ayes—9.

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur; the Hon'ble Mr. Subba Rao; the Hon'ble Mr. Gokhale; the Hon'ble Mr. Mudholkar; the Hon'ble Pandit Madan Mohan Malaviya; the Hon'ble Raja Sir Muhammad Ali Muhammad Khan of Mahmudabad; the Hon'ble Babu Bhupendranath Basu; the Hon'ble Mr. Sachchidananda Sinha; and the Hon'ble Mr. Mazharul Haque.

Noes—44.

The Hon'ble Mr. Andrew; the Hon'ble Mr. Quin; the Hon'ble Mr. Birkmyre; the Hon'ble Mr. Madge; the Hon'ble Mr. Graham; the Hon'ble Mr. Monteath; the Hon'ble Sir Sassoon David; the Hon'ble Mr. Chitnavis; the Hon'ble Mr. Phillips; the Hon'ble Mr. Dadabhoy; the Hon'ble Mr. Gates; the Hon'ble Maung Bah Too; the Hon'ble Lieutenant Malik Umar Hayat Khan; the Hon'ble Sardar Partab Singh; the Hon'ble Lieutenant-Colonel Davies; the Hon'ble Mr. Stacke; the Hon'ble Mr. Stewart-Wilson; the Hon'ble Mr. Dempster; the Hon'ble Sir Vithaldas D. Thackersey; the Hon'ble Sir T. R. Wynne; the Hon'ble Mr. Kesteven; His Excellency the Commander-in-Chief; the Hon'ble Mr. Carlyle; the Hon'ble Mr. Butler; the Hon'ble Mr. Syed Ali Imam; the Hon'ble Mr. Clark; the Hon'ble Sir Guy Fleetwood Wilson; the Hon'ble Major-General Grover; the Hon'ble Mr. Maclagan; the Hon'ble Sir Lionel Jacob; the Hon'ble Mr. Porter; the Hon'ble Mr. Robertson; the Hon'ble Mr. Brunyate; the Hon'ble Sir Henry McMahan; the Hon'ble Nawab Abdul Majid; the Hon'ble Maulvi Shams-ul-Huda; the Hon'ble Mr. LeMesurier; the Hon'ble Mr. Holms; the Hon'ble Mr. Meston; the Hon'ble Mr. Fremantle; the Hon'ble Mr. Todhunter; the Hon'ble Surgeon General Lukis; the Hon'ble Mr. Graves; and the Hon'ble Mr. Macpherson.

So the resolution was rejected.

FINANCIAL STATEMENT.

SECOND STAGE.

The Hon'ble SIR GUY FLEETWOOD WILSON: “I now have to move the second stage and I do not propose to offer any remarks beyond drawing attention to the fact, for the information of Members of Council, that there are a few changes in regard to the heads which are attributable to the changes which have taken place in the constitution of the Government of India. The creation of an Education Department has necessitated the removal of one or two heads from one Department to another and, of course, they will therefore be taken in charge by other Members than took charge of them last year. There is a further slight change in regard to the particular heads for which I have to answer. Salt and Excise have been transferred to my Hon'ble friend the Member for Commerce and Industry.”

OPIUM.

The Hon'ble SIR SASSOON DAVID : " Sir, I beg to move the following resolution which stands in my name :—

'That this Council recommends that the quantity of opium for export to Singapore and other markets outside China be taken at 10,000 instead of 16,000 chests, and the price at Rs. 2,500 instead of Rs. 1,500 in the Budget Estimates.'

" My resolution refers to that portion of my Hon'ble friend the Finance Minister's speech which deals with the disposition and apportionment of the number of chests of Bengal opium between China and Singapore and other markets outside China.

" The alteration which my resolution embodies arrives at a higher figure by 10 lakhs of revenue, and when I have made it clear, I feel no doubt that the Hon'ble the Finance Minister and the Council will see their way to adopt the resolution.

" I desire in the first place that the total number of chests allocated for Singapore and other markets outside China may be reduced from 16,000 to 10,000 chests. My investigations into the statistics of the last few years has unmistakably demonstrated that the exports to Singapore and other markets outside China have not exceeded the average of 14,000 chests per annum, and that out of that quantity between 3 and 4 thousand chests were annually shipped from those ports to China.

" It is evident, therefore that these markets do not require for their own consumption more than 10,000 chests a year.

" I am surprised to see from the Financial Secretary's memorandum that it is expected that 20,000 chests or double the quantity of this annual average consumption will be sold for Singapore during the next financial year.

" In the second place, I am strongly of opinion that if the number of chests is reduced from 16,000 to 10,000 for the calendar year, Singapore market opium would certainly realise the same price as China opium, *viz.*, Rs. 2,500 instead of Rs. 1,500 per chest, and perhaps more, because 10,000 chests, as I have shown above, are about the actual requirements of those markets and there will be no other source of supply.

" I do not wish to commit myself by saying, as I said last year, that the budgeted figure of Rs. 2,500 per chest for China is too low. Everything depends upon the result of the negotiations now going on in Peking. But I can say with confidence that if our Government succeed, which we all hope they will, in safeguarding the legitimate interests of the trade so long as the trade remains, next year this time there will be another great windfall from opium notwithstanding the budgeted figure of Rs. 2,500 per chest against Rs. 1,750 for the past year. On other grounds too I contend that my resolution should commend itself to the acceptance of this Council. It would have the effect of restraining the smuggling of opium from Singapore and elsewhere into China, and by adopting it we would be practically furthering the cause of which the Hon'ble Finance Minister expressed himself the other day in such warm terms of approval.

" We would also be meeting the protestations of China, of which we have heard so much, that despite the anxious desire and the restraining influence that has been studiously exercised by the Government of India, the China market has been flooded with Indian opium.

" Sir, to sum up the situation briefly, my resolution if adopted will lead to the following advantageous results. It will strengthen the position of Government both in regard to their own finances and in their relations with China, Government will have 6,000 unsold chests for future disposal representing a net revenue of one crore and a half or perhaps more. We shall hear the last of the complaint from the Chinese that India is placing on their markets a larger number of chests than what has been actually promised. It will also reduce considerably the unfair competition to which the legitimate trade with

China is exposed owing to opium smuggled from Singapore on account of the temptation of large profits arising out of the vast difference in prices. I am sure Government are anxious to protect the merchants trading with China by securing them against illegitimate rivalry. And these results will be attained without in any way dislocating the Budget estimates, rather by improving them by 10 lakhs.

“With these words, I ask the Council to adopt this resolution, reserving my remarks until the Budget discussion as to the treatment meted out to British merchants by the Chinese authorities.”

The Hon'ble SIR GUY FLEETWOOD WILSON: “The Hon'ble Member, in a manner to which I can take no exception, has alluded to the difference between the result of our sales and the forecast which we took last year, and he as well as others has indulged in the pleasurable occupation of saying ‘I told you so.’ I do not deny, and we never contended last year, that their forecast was altogether unreasonable. Our statements in Council last year showed that we fully recognised the possibility of ours being an underestimate; but the figure we took for opium was not the result of timorous or hapazard calculation, but what we considered to be prudent. What we maintained all through is that no prudent, indeed, no reasonable, man would base a budget on the wild fluctuations of a speculative, I may even say an emotional, market.

“I take this opportunity of saying that in my opinion our attitude was sound as is evidenced by the extraordinary and hysterical communications which throughout the year I have been receiving almost daily from those interested in the opium trade. The alternations in their feelings of confidence and despair nearly exceeded the remarkable fluctuations which have taken place in the price of opium. I do not know what the price may be or may not be this year, but I shall be very glad indeed if it turns out to be higher than that which I had taken. But there is no desire on my part to budget for a windfall, and I still maintain that ordinary prudence necessitated great caution in forecasting the prices for the future.

“Coming now to the main point, which he pressed upon us, I may say that I have listened with great interest to the speech of my Hon'ble friend opposite. He naturally takes a very great interest—a personal interest—in the opium question, and is thoroughly conversant with it. I am placed at a very great disadvantage in replying to him, inasmuch as in taking the course which is the only one open to me I frankly admit that I lay myself open to the charge of not meeting the points which he has raised. I would ask him, however, to accept my assurance that if I do not do so it is not from any desire to treat him cavalierly or from any lack of respect for the arguments which he has advanced. I can only repeat the assurances which I gave in my Financial Statement with regard to the attitude of the Government of India. We are fully mindful of our duty to safeguard to the utmost extent possible the rights of the Indian opium traders and to do our utmost to get justice done to them; but beyond that I can say no more, and for this reason: negotiations of the most delicate character are at the present moment going on in Peking, and I will tell the Hon'ble Member quite candidly that I am afraid of saying anything more lest I should injure those very interests which he has at heart.

“I cannot accept the resolution.”

The Hon'ble SIR SASSOON DAVID: “My object in moving this resolution was to put the merchants dealing with China on the same footing as those of the Straits Settlements and other countries outside China. By making this differential treatment in the price of opium, I am sure the merchants in China will be very badly handicapped, and it is only with that view that I wish that the treatment of the merchants dealing with China should be on the same equal footing as those of other places.”

The resolution was put and rejected.

INTERPRETATION OF RULES.

The Hon'ble MR. GOKHALE: "Sir, before I proceed to the first of the series of resolutions of which I have given notice, I would like to get one or two points cleared up in the remarks which you made in this Council yesterday about the interpretation to be placed upon some of the rules; and I hope, therefore, that you will permit me to address to you a few observations.

"Sir, the rules which govern these discussions require, first, that our resolutions should refer to specific entries in the Financial Statement; secondly, that they should be clearly and precisely expressed and should raise definite issues; and, thirdly, what you mentioned yesterday, that the discussion should be limited to the subject of the resolution, and should not extend to any matter as to which a resolution may not be moved. In addition to these requirements, however, it appeared to me yesterday that two other limitations would be introduced by the interpretation placed on these rules by you, if that interpretation, as understood by me, were to be enforced. One is that the proposers of resolutions should also state how effect is to be given to their proposals, and secondly, that the whole of the proposals, whatever they may be, should be such as could be carried out during the year following. Now Sir, if your first dictum merely means that we should indicate in our speeches, supporting our resolutions, what steps may be taken by Government to reduce or raise expenditure, as the case may be, in the direction indicated by us, I have nothing to say; I accept that at once and it would be on those lines that all my remarks will be made. If, however, the dictum means that I should point out exactly how the particular reductions proposed are to be effected, well, all I can say is that that is entirely beyond any non-official Member of this Council. It would be a good reason for the Member in charge to urge, in opposing a given motion, that the motion was not practicable; and if, by any chance, the proposer succeeded in getting the Council to accept it, the Government could veto it on that ground. But my contention is that it cannot be ruled out of order on that ground. The whole position comes to this: here is the Budget Statement placed before us, asking us to assent to certain entries. I say that a particular entry should be a little less than what is proposed; if the Council accepts the view, the matter goes to Government; if it does not, the matter drops. The only thing that the Government may fairly insist upon is that the proposal should be such that it should be within the competence of the Department concerned to give effect to it, and that no large questions of policy beyond the competence of the Department should be raised.

"As regards the other point, I would respectfully submit, Sir, that it would be enough if a beginning could be made in the direction indicated during the budget year, and the whole proposal need not be carried out in the course of that year.

"Finally, Sir, one word about the purposes of these motions. It appeared to me that your observations on this point implied that the resolutions, of which I have given notice, travelled really beyond the purposes which these rules have in view. Now, Sir, may I respectfully point out that last year precisely similar resolutions were allowed, and we had at that time in the chair Sir Harvey Adamson, who as Home Member, in concert with the Law Member, was the author of these rules. He certainly would have called me to order if my resolutions had gone beyond the purposes of the rules. However, I hope I take it that, if I adhere to the lines which I have indicated in a general way, I shall have no difficulty on any point of order."

THE PRESIDENT: "I am very glad that the Hon'ble Member has given me an opportunity to state the position more clearly. I will begin where he left off. A precedent is not made in a day, and if a mistake was made last year—I do not say that a mistake was made—we are not bound by it for ever. In the next place, I would say that what I said yesterday was intended partly by way of indication of the interpretation which I would place upon the rule, and partly by way of well-meant advice to Hon'ble Members who had resolutions on the table. Now, what I said then was, and what I say now is, that a

resolution should be what it purports to be. It ought not to be used as a device for raising questions unconnected with the substance of the resolution, and I think that that sufficiently arises out of rule 13 which the Hon'ble Member has quoted.

“As to the other point, the advice which I gave, that Hon'ble Members should, in moving their resolutions, indicate in what manner effect should be given to their proposals—that, of course, is not a point of order except in so far as their doing so may be an evidence of good faith and goes to show that a resolution is really a genuine one and not intended to serve any ulterior object. But as a matter of advice I think it is good advice. Of course I never intended to imply that an Hon'ble Member in proposing a reduction should state exactly where every rupee of that reduction should fall; but I do think that he should be able to show that the reduction is practicable and how it should be effected during the course of the year to which the Financial Statement relates. I hope that what I have said will satisfy the Hon'ble Member that I have no intention of straining the rules; in fact, my desire is to allow Hon'ble Members the utmost possible latitude which is consistent with the practical, reasonable and business-like conduct of our affairs. I have sufficient confidence in the skill and experience of the Hon'ble Member as a debater to be sure that whatever interpretation is placed upon the rule, he will be able to say whatever he wishes to say.”

OPIUM.

The Hon'ble Mr. GOKHALE: “Sir, I do not wish to move the resolution* about opium, of which I have given notice, in view of the fact that the Department is more or less a doomed Department now. It is quite true that threatened men live long; but as the expenditure in this Department will now necessarily be curtailed, I wish to withdraw my resolution.”

THE PRESIDENT: “The resolution is withdrawn.”

MINT.

The Hon'ble Mr. GOKHALE: “Sir, I beg leave to move that this Council recommends that the expenditure under Mint be reduced by Rs. 50,000. It is somewhat unfortunate that the first of the series of resolutions which I have to move should be about a Department about which I have to say the least; but as Mint happens to come first, I must state what I have to say in a few words. I find, Sir, on an analysis of the figures for the last few years that the charges of this Department—I am confining myself to establishment charges and contingencies—are a very variable amount. Evidently, when there is money to be spent, the charges go up; when there is no money to be spent, the Finance Department is able to cut down the expenditure on establishment charges and contingencies. I find, for instance, that, as in the case of many other Departments, the highest point of expenditure was reached in 1907-08. As I have already said, I am confining myself to charges in connection with establishments and contingencies, and I may state that in connection with most other Departments I will do the same. I find that these charges, which, in 1905-06, were 6·9 or, say, 7 lakhs for the Mint Department, rose to nearly 9 lakhs in 1907-08, and that was the highest point reached. Then the Hon'ble Member, probably in view of the deficit which was then expected, put on a brake, and we find that in the next year—1908-09—the charges fell from 9 lakhs to 7·13 lakhs. The next year, *i.e.*, in 1909-10, they fell still further. They fell to Rs. 6,69,000. That is the lowest figure reached by these charges in recent times. Now, Sir, I find that there is a tendency for these charges to go up again: is it because the stringency of the

* “That this Council recommends that the expenditure under Opium be reduced by Rs. 50,000.”

financial position is disappearing? And I would like to know why this is happening. Last year the Department budgeted for Rs. 7,13,000, though the revised estimate is less; this year they have again budgeted for Rs. 7,23,000. This is a figure about Rs. 54,000 in excess of the figure for 1909-10, and my point is that, as the charges of this Department appear to be elastic, capable of being cut down when the Government wants to cut them down, and liable, to go up and go up pretty largely, when Government have money, in view of the debate on retrenchment we had the other day and of the necessity for finding money for many other objects, the budget grant for expenditure under this head should be cut down by, say, Rs. 50,000, which I propose in my resolution. Another thing to which I wish to draw the attention of the Council in this connection is that in the Calcutta Mint, while other charges have been kept down, and are, as a matter of fact, showing a lower and lower level, the charges in connection with Direction and Office have been steadily rising. In 1905-06 they were Rs. 66,000; in 1908-09 they reached the highest point, about Rs. 85,000; and for 1909-10, the last year for which figures are available to me, I find they were at Rs. 75,000. Now this steady rise in Direction and Office charges requires some explanation, and I hope that that explanation will be forthcoming.

“One more suggestion and I have done. I find that there are seven appointments in this Department with salaries ranging from Rs. 500 to Rs. 3,000, and there is not a single Indian among them. If, in the course of the next year, a vacancy occurs, either temporary or permanent, and if the Hon’ble Member will see his way to appoint an Indian, even if he does not give him a lower salary, he will be able to effect a saving in exchange compensation allowance; and I propose that he should take advantage of any such contingency arising. With these few words, Sir, I commend this proposal to the Council.”

The Hon’ble SIR GUY FLEETWOOD WILSON: “I may remark, Sir, that the salaries are consolidated salaries, so my Hon’ble friend’s plan would not save a penny if I appointed an Indian to-morrow morning. I now come to the question which he has raised, and very reasonably, namely, that the higher appointments in the Mint are not given to Indians. They are limited to five, and under an old regulation, a regulation for which I am not answerable, they are reserved for officers of the Royal Engineers. The decision was arrived at years ago, and as long as those appointments are allotted to Royal Engineers, Royal Engineers will have to be appointed to them. As regards the subordinate skilled class employed in the Mint, an intimate acquaintance is necessary, which can be only based on experience, with the complicated machinery which is used in the Mint. So far as I am able to understand a somewhat technical case, it is only the people who have been more or less trained in places in Scotland where this particular machinery is made who are competent to deal with it. That accounts for these few appointments not being given to Indians.

“I may also allude to the Assay Office, which is part of the Mint, but which my Hon’ble friend has not dealt with; but I prefer to deal with it, otherwise we may have a resolution in connection with Assay. The higher appointments are four and they are limited to members of the Indian Medical Service, in which service there are a great number of Indians, and distinguished Indians. Any Indian officer in that Service would be considered for any of these appointments if he liked to apply for it; but none has ever yet applied for it.

“The Hon’ble Member has alluded to the great rise which took place in 1906-07.”

The Hon’ble MR. GOKHALE: “In 1907-08.”

The Hon’ble SIR GUY FLEETWOOD WILSON: “1906-07, I understand. However, it does not matter. It was the year when the coinage, as is within the knowledge of my Hon’ble friend, was in excess of what it had ever been before. The fact is that in the case of the Mint it is the one Department in which the relation is absolutely between the cost of the

establishment and the productive power of that establishment. The Hon'ble Member knows that I have set my face against anything like undue coinage or unnecessary coinage. But it is in the slack years, and only in the slack years, that we can take advantage of the Mint being more or less light worked to recoin obsolete and worn out rupees, and I watched it myself most carefully and personally, and that is really what we have been doing. I must also point out to the Hon'ble Member that when we get a slack year, unless I do find some means of employing the Mint, the greater portion of that subordinate class which is entirely Indian would have to be turned out into the streets, and it is partly from a consideration for these people whom we employ that I allow the minting to go on of obsolete and worn out rupees so as to avoid wholesale discharges.

"I now come to the question which he has alluded to of 1907-08 (I made a mistake about the other year). The increase which he alluded to was attributable to the introduction of electric power into the Mint. It was a perfectly legitimate increase. There is thus no real increase in the expenditure of the Mint so far as I am able to ascertain, and I have taken trouble to ascertain it, to the best of my ability. Whatever apparent increase there is, is due to increase of coinage and therefore of receipts. As I have already explained, when we are not coining, as fully as we sometimes are, new rupees, we are bound to take that opportunity of replacing coinage which is not fit for circulation.

"I hope that with this explanation my Hon'ble friend will realise that in connection with the Mint as with the other Departments which come under my jurisdiction, I have made every effort to control expenditure, to introduce economy and at the same time to safeguard the vested interests of people who very often cannot speak for themselves—the subordinate Indian class in our employment."

The Hon'ble MR. GOKHALE : "There is only one point on which I should like to hear a word of explanation, and that is why the charges are going up again after having gone down up to 1909-10. I recognise that during that year and the previous year the charges were going down. They reached their lowest point in 1909-10—Rs. 6,69,000. There is no new coinage going on now, and I want to know why the charges are going up again. The Hon'ble Member has budgeted for Rs. 7,23,000 for next year."

The Hon'ble SIR GUY FLEETWOOD WILSON : "I have already explained to the Hon'ble Member that the relation between increase and decrease in the cost of the Mint is the relation which exists between more coining and less coining."

The Hon'ble MR. GOKHALE : "I do not wish, Sir, that the resolution should be put to the vote. After what has fallen from the Hon'ble Member, I would like to withdraw it."

The resolution was withdrawn.

FAMINE GRANT.

The Hon'ble MR. GOKHALE : "Sir, I beg to move that this Council recommends that the allotment of seventy-five lakhs of rupees under Famine Relief and Insurance, which is proposed to be devoted to reduction or avoidance of debt, be abolished, or, at any rate, suspended till it becomes necessary to borrow again for meeting famine expenditure.

"Sir, I had moved a similar resolution in the course of the financial discussion of last year, and the first part of this resolution, at any rate, is a repetition of that resolution. In view of what the Finance Minister said yesterday, that he would consider the desirability of creating a sinking fund of a definite amount, there is not much point in my pressing this resolution on the attention of this Council. But the Hon'ble Member has only promised to consider the question. He has not promised definitely to create a sinking

fund, and it is just possible that he may not create it after all, in which case I should certainly like to enter my protest against this particular allotment of 75 lakhs. Sir, as I pointed out yesterday, for the next year, with this allotment of 75 lakhs, the total sum devoted to the reduction of debt will amount to 2 crores, and in addition to that, whatever surplus you may get under Opium, whether it be 2 crores or 3 or 4, will probably be devoted to the reduction of debt. Now, Sir, as regards the amount allotted under Railways to capital redemption, that is laid down by Statute. The annuities have to be paid in accordance with a Parliamentary Statute, and therefore it is not possible to touch them, though we may take them into account for finding out how much money is being devoted to the extinguishing of debt. But this amount of 75 lakhs is entirely in the discretion of the Government of India, and by the Government of India I mean the Government of India with the sanction of the Secretary of State. Last year, in dealing with this question, I gave a brief history of this Famine Insurance Fund. I pointed out then that when this fund was created in the seventies—towards the end of the seventies—it was calculated by the Government of Lord Lytton that, taking a period of about 10 years, the Government of India might reasonably be called upon to meet a famine expenditure of about 15 crores of rupees, or a crore and a half every year. That amount was based on a consideration of what the Government had spent and what the Government had lost in the famine of 1874 in Bengal and the famines of 1876 to 1878 that ravaged Madras, Bombay and other parts of India. This was sanctioned by the Secretary of State, and special taxes imposed to provide an annual margin of a crore and a half for this purpose. Later on it came to be laid down that half of this grant should be devoted to protective works—railways and irrigation. Of course the first claim on the money is that of actual Famine Relief; but when there is no famine, as there is none this year, and I hope there will be none next year, half is devoted to protective works—at one time both railways and irrigation and now only irrigation—and the other half is devoted to a reduction or avoidance of debt. Now, in view of the fact that our unproductive debt is extremely small, and there is another provision made for reducing the debt, I think this grant ought to be made available to the people of this country for other purposes. I would like, for instance, this to be applied to the improvement of the agricultural classes, the classes that suffer most from famine, so that it will not be diverted from the real main object for which it was created, namely, to enable these to better resist the attacks of famine. Famine relief is a direct form of giving relief, and must, of course, have precedence; but protective railways and irrigation are only an indirect form, and they need not be the only indirect form; there are other indirect forms which might do as well. If, for instance, you give agricultural education to the agriculturists, if you help them to acquire industrial education, if small industrial occupations are promoted—in these and various other ways you can enable the agriculturists to better resist and tide over the effects of a famine. My proposal, therefore, is that this grant of 75 lakhs should be abolished altogether, and the money thus set free be devoted to some object which will improve the conditions of the agriculturists and enable them to resist famine.

“If, however, the Government are unwilling to do this, I urge that the grant should at least be suspended till the Government find it necessary to borrow again for meeting famine expenditure. Lord Lytton’s Government expected that every ten years they would have to borrow, in the absence of some special provision, such as they proceeded to make, a sum not exceeding 15 crores. This was, of course, a rough calculation. Now, during the last 10 or 12 years we have had several severe famines; but even after finding all the expenditure required for the famines, the Government have realized surpluses exceeding 20 millions, and they would have had large surpluses even if the famine grant had not existed. Therefore, there is no occasion now for a special grant in this connection, and no special provision should be made till the Government find it necessary to borrow again. I therefore beg to move this resolution.”

The Hon'ble MR. MUDHOLKAR : " Sir, I wish to support this resolution, and in doing so would advance some considerations other than those put forth by the Hon'ble Mr. Gokhale. The Famine Insurance Fund was created for the purpose of saving the lives of people. Famines, it was recognised, were things which must be regarded as occurring periodically in India, and it was considered necessary to have a fund which would obviate the necessity of raising large loans whenever a famine came. It was estimated that about a crore and a half would be required to be provided every year on the scale that during 10 years something like 15 crores would be required for actual famine expenditure and for minimising their visitations. The Famine Insurance Fund had a chequered life and its application varied at different times. On several occasions it was suspended, and almost immediately after it was created, for nearly four years, it was applied for purposes of war and for other objects of general administration. In recent times, however, it has been practically settled that in those years in which there is famine the money is to be applied primarily towards famine relief, and in other years half of it should be set aside for protective works and half—seventy-five lakhs—for the reduction of debt. Now, this is a policy which, if there had been no other disturbing factors, I for one would certainly have unreservedly accepted as a sound policy. But subsequent to 1878 developments have taken place—new scourges, devastating epidemics and diseases have appeared which require a reconsideration of the policy which was laid down some years ago. We had no plague in 1878 or even in 1890, but now we have plague, malarial fevers and other epidemic diseases. What we have to face is that whereas the population in the decade which ended with 1891 had increased by 22 millions or nearly 11·13 per cent., in the subsequent decade ending with 1901 it increased by only 12 millions or by less than 5 per cent. In certain provinces there was an actual decrease of population. In the Guzarat and in the Deccan and Kanarese portions of the Mahratta race of the Bombay Presidency, there was a decrease of nearly 4½ per cent. In Ajmere-Merwara there was a decrease of 15 per cent; in Berar there was a decrease of 5 per cent.; in the Central Provinces there was a decrease of 8·4 per cent. Thus, instead of a normal growth of population, we find that the population has actually gone down in several provinces. In the years which have elapsed between 1899 and 1909, in these ten years we find that nearly 5½ millions have died from plague alone. These are the recorded deaths. There are probably several cases of unrecorded plague deaths. The situation, I submit to the Council, is one which is very grave and which requires the most serious attention of the Government. Just as in the case of famine, it was considered necessary to apply large funds to the saving of human life, here has arisen an occasion when large funds are also required for saving human lives from epidemics. The question is one which depends mainly with the Imperial Government. Last year, when in regard to general sanitation in the Central Provinces and Berar I brought forward a resolution, the official representative pointed out to me what was being done and how all that the Local Government was in a position to do was done by the Administration. Well, the Hon'ble Mr. Phillips pointed out that in that year and in the year preceding they had been receiving from Rs. 2,10,000 to Rs. 2,28,000. In the years immediately preceding, however, we had only Rs. 6,000, Rs. 9,000 and Rs. 13,000, all set down as given for purposes of sanitation. The Hon'ble Mr. Meston, on behalf of Government, said that the Central Provinces were unable to carry out the necessary sanitary reforms, because the Administration was in a condition approaching bankruptcy. Well, this is a question which has to be considered in all its seriousness. The case of the Central Provinces is typical of the other provinces. If the population is not only not increasing in its normal ratio but is actually going down, then it behoves Government to take vigorous steps for combating these scourges which have appeared. The difficulty which is found in regard to plague is that large sums are required for the purposes of affording relief to people to go out and for spreading inoculation. Last year we were told by the great medical authority that we have in this Council that the plague is a rat disease. Well, I am not entitled to call into question the correctness of such an authoritative

statement. What in practice we find is that inoculation affords considerable immunity and evacuation also goes a great way to save human life. But these things require money, and neither the local bodies nor the Local Governments are in a position to meet the large expenditure required for giving help to people, to enable them to go and live for months in the jungles. In regard also to malaria several measures have been recommended. The Local Governments there also find that they cannot at all give effect to the measures recommended because there is dearth of money. I therefore appeal to the Government and to this Council to consider whether it is not more necessary to save human life than to have what is called conservative finance and to have a reputation for high credit. Sound finance is certainly necessary; but I would submit to Government, who occupies the position of *pater familias* in this family of India, that the credit of the family, the financial position of the family, is a matter of secondary importance to saving the lives of the members of the family. I consider that more than the payment of debts, more than obtaining a reputation for being punctual in the discharge of your obligations, it is necessary to preserve the lives of the people.

"It might be said that the Famine Insurance Fund is one which is intended only for the purposes of famine. Well, Sir, as Mr. Gokhale pointed out last year, and has been pointed out over and over again in this Council on other occasions, it is not at all rare for the Famine Insurance Fund to be diverted to other purposes than that for which it was created. On no less than five different occasions was it suspended and the suspension extended sometimes to over two years, sometimes to over three years, and was at times in whole and at times in part. So the diversion of the Famine Insurance Fund to other purposes is a thing not unprecedented. Well, after all it rests on Government to take the large and humane view of the subject and to decide whether it is not a proper one in the circumstances which have arisen. Sir, when we find that in certain places, for instance, like Nagpur, the headquarters of a province, the plague almost carries away at one visitation one man in every 10, when also in other places a regular decimation is going on, is it not necessary for Government to step in and to take the requisite steps for saving human life?"

"I therefore make an appeal to all Members of this Council and to the Government here in India and in England and call upon them to see whether it is not required by the present circumstances of the country that the portion of the Famine Insurance Grant which is generally devoted to the payment of debt should not, in the peculiarly unfortunate circumstances which have arisen, be preferably applied to the saving of human life."

The Hon'ble MR. MESTON: "The Hon'ble Mover's motion is really an echo of yesterday's discussion on the subject of the sinking funds. The Hon'ble Mr. Gokhale tells us again that we use our current revenues far too much for the purpose of capital expenditure, and that we might very well allow our debt to advance a little more rapidly and put our revenues more largely into the immediate requirements of the country. The question has been threshed out so often that I hope the Hon'ble Member will not accuse me of discourtesy if I say that he has given us nothing new on the subject, and I honestly confess that we in the Finance Department likewise have nothing new to say on the subject, so that I am afraid we must remain mutually unconvinced.

"The Hon'ble Mr. Mudholkar in supporting the resolution has hinted that high finance and ordinary humanity are not reconcilable. I trust that in the Budget which is now before the Council there is nothing to justify that unhappy view.

"The particular form in which the Hon'ble Mr. Gokhale has put his motion to-day calls for only a very few words of explanation, which I shall try to make as short as possible. For the broad purposes of his argument the Hon'ble gentleman groups together not only the Famine Grant but all the other moneys which in any way whatsoever we divert from revenue for capital purposes or transfer from revenue into our cash balances where they become in time avail-

able for such purposes. For the purposes of his argument this is quite justifiable, and it certainly substantiates the claim for the enquiry which the Hon'ble Finance Member undertook to conduct into the possibility of having greater system in our sinking fund methods.

"What Mr. Gokhale urges upon us, however, is the removal from our accounts of the only item which is ear-marked as being utilised for the avoidance or reduction of debt. Now I wish to submit to the Council that this would be a mistake unless it is undertaken as part of a larger measure for the definition of our duties in the way of avoiding or reducing our unproductive debt. I must admit that, in looking through the history of our Famine Grant and the constant misrepresentations and misconceptions which surrounded it and the complexity of accounts which it involves, one is often tempted to wish that it were possible to throw the whole thing overboard, to close this complicated system and to deal with famine debts and famine charges in the same way as we deal with other debts or charges. I am afraid, however, that any such proposal would cause enormous misconception both in India and in England, and I hardly think the ends to be served would be worth the storm that would be aroused. That being so, is it not wiser to keep the Famine Grant as a thing distinct by itself? Sanctioned now by long experience, it has been an integral part of our financial system for the last third of a century, and it is ear-marked for plain and well-defined purposes. We might, I think, keep our reforming zeal for the systematizing of the other methods by which our unproductive debt is to be reduced.

"There is in the actual figures, Sir, another argument against interfering even temporarily with the 75 lakhs which in good years we put away from the Famine Grant for the avoidance of debt. That argument is that if you reduced your Famine Grant by one-half, as this proposal implies, it would unfortunately cease to be equal to the strain that is thrown upon it. We used to keep an account of the uses to which the Famine Grant was put. A few years ago that account was no longer made up as it used to be. In the discussion of the Financial Statement of last year, as far as I remember, the Hon'ble Mover of this motion brought it up to date, and I think the results he arrived at coincided very closely with those we have now come to. He showed that if the Famine Grant had been funded from the year of its first inception in 1878 by the payment of a million sterling every year into the Fund, the balance now in hand, after paying for actual famine relief and for the cost of protective works, would be about $4\frac{1}{2}$ million sterling. In reality it is considerably less; because the later developments of famine policy tend to throw a larger share of famine charges on to the ordinary expenditure. For instance, the famine policy, which was so successfully worked by the Hon'ble Mr. Craddock in the Central Provinces last year, had the effect of transferring expenditure from famine works proper to an expansion of the programme of ordinary works, and to that extent it threw upon the ordinary Budget of the province expenditure which was really of a famine character. In the same way the losses on famine loans and the losses on *takkavi* which was given on such a large scale in the United Provinces never appear in our famine accounts at all. So that in reality the balance in our Famine Grant would be considerably short of $4\frac{1}{2}$ millions, and that would be the whole of the amount in these last 33 years which we have transferred from our Famine Fund or Famine Grant, whatever you like to call it, to the reduction of debt. If you take the figures of the last ten years, the result is still more striking. In the last ten years the Famine Grant would, by hypothesis, amount to 10 millions. In these ten years the actual expenditure on famine relief has been 7.1 millions and on protective works 2.8 millions, or a total of 9.9 millions, or within a decimal point of our total credit. If we had not been able to draw upon our 75 lakhs, or, if the Hon'ble Member prefers to put it in this way, if we had suspended it in the last ten years, our Famine Grant accounts would have shown an actual deficit. I submit that the Famine Grant is an institution which we might well let alone. It is a healthy tree which we have nourished with much care and sacrifice, and I trust the Hon'ble Member will not ask us to cut it down for some new plantation. Possibly the next generation will be grateful to sit under its shade."

The Hon'ble Mr. GOKHALE: "It is quite true, Sir, that neither the Finance Department nor myself have anything new to say on the subject. It is also true that for the moment the Hon'ble Member is unconvinced by what I have said, just as I am unconvinced by him; but I am in hopes that, if he is unconvinced this year, he will show himself more responsive next year or the year after. I find some comfort in the thought that a similar experience has come to the Finance Department in other matters in previous years.

"There is one portion of the reply of the Hon'ble Mr. Meston to which I would like to refer, and that is the concluding portion. The Hon'ble Member says that if we took the last 10 years, it would be found that the actual Famine Grant of a million a year was practically exhausted in famine relief and protective works, and that if my proposal had been adopted 10 years ago and if the Famine Grant had not been available, Government would have had to show a loss account in connection with famines. Now, Sir, this is really ignoring the whole spirit of the creation of the Famine Grant. When the Famine Grant was created more than 30 years ago by Lord Lytton's Government, there were no large, ordinary surpluses accruing to the revenues of the country to take into account. Sir John Strachey, the Finance Minister, who created the fund, took into account all possibilities of the ordinary revenue, and came to the conclusion that the Government could not provide out of that revenue this margin for famine expenditure, and therefore the Government of that time imposed extra taxation in order to have this margin. But now, when you have a large margin in your ordinary accounts, I do not see what is the special object of maintaining a separate account of this Famine Grant and then saying that famine expenditure is met out of this grant. My point is this: during the past 10 or 12 years, which the Hon'ble Member has taken, you have met the whole of your famine expenditure out of this Famine Grant, and you have had besides 23 millions or somewhere thereabout as the total of surpluses realized. If this Famine Grant had been abolished and the annual revenue reduced by its amount, even then you would have had large surpluses, the total being between 15 and 20 millions, instead of being between 20 and 25 millions. Well, Lord Lytton's Government never had such surpluses, and if they had thought that the ordinary revenues would provide such surpluses, they would never have created this Insurance Grant. I, therefore, venture to think there is not much force in the concluding portion of the Hon'ble Member's reply."

The resolution was put and rejected.

PROTECTIVE IRRIGATION.

The Hon'ble Mr. GOKHALE: "I beg to move the next resolution which stands in my name. It is this:

"That this Council recommends that the allotment of seventy-five lakhs of rupees under Famine Relief and Insurance, which is proposed to be devoted to Reduction or Avoidance of Debt, be transferred to Protective Irrigation."

"I move this resolution on the ground that any expenditure on some useful object is better in present circumstances than this eternal reduction of a small and vanishing debt. I would like to have these 75 lakhs, if possible, available for objects like education, sanitation and medical relief; but, if that is not possible, I should prefer that the amount should be spent on protective irrigation works. The Irrigation Commission's Report shows that there is plenty of room for protective irrigation in the country. They contemplate in 20 years' time a total expenditure on works, which they call intermediate, and those which they call unproductive, of about 28 crores. There is thus plenty of room for expenditure on protective works, and rather than that this sum should go to the reduction of debt, I propose that it should be devoted to protective irrigation."

The Hon'ble SIR GUY FLEETWOOD WILSON: "I do not propose to answer the Hon'ble Member at any length. The proposal that the money should be transferred from Famine Relief and Insurance to Protective Works is a perfectly reasonable one from his standpoint. But I think one objection alone prevents my entertaining his proposal, and it is this: we have given the very large addition of 18 lakhs to protective works this year, and I think that this amount is probably as much as they can profitably spend. There is nothing so wasteful as pouring money into a service when it will not be able to grapple with it satisfactorily for the time being, and therefore I do not feel that I am able to accept the resolution of the Hon'ble Member."

The resolution was put and rejected.

ACCOUNT AND AUDIT.

The Hon'ble MR. SUBBA RAO: "My resolution* relates to the second entry under the head of General Administration relating to Offices of Account and Audit. In the current year's Budget the amount put down against this entry is Rs. 29,24,000 and the revised estimate is Rs. 29,62,000, and the Budget estimate for next year is Rs. 40,85,000. This is a large increase, which is explained in the Financial Statement, due to the amalgamation of the two offices of Account and Audit, *i.e.*, the Civil Branch and the Public Works Branch. The entire charges of the two branches will be shown hereafter under one head. But I should like to enquire whether by the amalgamation of these two branches a saving is not possible. I submit that a good sum of money might be saved by these two branches having been amalgamated. You have now a Deputy Accountant General for the Civil Accounts and a Deputy Accountant General for the Public Works Accounts; similarly you have Assistant Accountants General, Examiners, etc., in each branch. There is a duplication of officers doing the same kind of work. When they are all brought together under one Department, I think it would be possible to have substantial savings effected by the amalgamation. That is one point which I wish to raise in connection with this entry.

"The second point I wish to raise is that the recent promotion which has been given to Honorary Examiners in the Public Works Branch - they are now given the rank of Chief Accountants—has resulted in an increase in their pay. Formerly, they were drawing a monthly pay of Rs. 350 rising to Rs. 450. Now they draw from Rs. 450 to Rs. 750, in two grades. All being Chief Accountants, they do the work of officers. Already we have about 70 officers in that branch and nearly 12 Chief Accountants have been added to the list of officers. The question is whether the number of officers could not be reduced.

"Then there is a third point to which I should like to draw the attention of the Council. I have no doubt that the Hon'ble the Finance Member is enforcing economy by employing Indians more largely in his Department. I may say I have given some attention to the question of the public service. Of all the Departments under the Government, this Department under the Finance Minister, it appears to me, is most satisfactory. The conditions of recruitment for Indians and Europeans here are fair; there is more comradeship among the officers of this Department than in any other Department under Government. I am aware that the Hon'ble the Finance Minister is trying to enforce economy by a larger employment of Indians, and I shall be very pleased to be informed of the steps which the Hon'ble Member is taking in that direction. I may express my satisfaction all the same with the way in which this Department is kept up and the way in which Indians and Europeans are entertained. These are the remarks which I wish to offer on this resolution."

* That this Council recommends to the Governor General in Council that the expenditure under the head of offices of Account and Audit be reduced by two lakhs.

The Hon'ble SIR GUY FLEETWOOD WILSON : " I will take first the point about the cadre which the Hon'ble Member has raised because it is a technical point and it will not interest the Council quite so much as it does him and me—the question of the Public Works Accountant cadre. I may say that the Hon'ble Member, with that courtesy which always characterises him when he is dealing with me and others, told me what his point was. It was a very technical point of internal economy, and I asked the Comptroller General to furnish me with a Memorandum, thinking that the Hon'ble Member would prefer to have first hand information on the subject. With your permission, Sir, and with the permission of the Council I should like to read the Memorandum of the Comptroller and Auditor General :

' One-third of the vacancies in the cadre of Public Works Accounts officers used to be filled by promotion of accountants. This proportion was cut down to $\frac{1}{3}$ th as a maximum, and as a *quid pro quo* 13 chief accountants were created, a corresponding reduction being made in the number of accountants.

' Chief accountants are gazetted officers, and the meaning of the Hon'ble Mr. Subba Rao may be that the number of officers has been increased without any increase in the work to be done by them. I would explain, however, in the first place that before the creation of these chief accountants there was a system of giving the best accountants honorary gazetted rank, and as a matter of fact, of the 13 men selected for the new posts, 11 to my knowledge already held gazetted rank. There was no reason therefore why they should not have been employed on gazetted officers' work even before the change, which from this point of view may be described as mainly one of nomenclature, and nothing was said in the orders creating the new class of appointments about a change in the character of the work to be performed by the men appointed to them. Some such change it is true is likely to occur gradually as the result of the grant of substantive instead of honorary gazetted rank. But this change would necessarily be accompanied by a redistribution of the duties of supervision between the gazetted officers and the senior men in the subordinate ranks. If Mr. Subba Rao means that the gazetted staff have made use of the new appointments to relieve themselves at the expense of a subordinate establishment which with reduced numbers is still called upon to perform the same amount of work as before, I believe the fact is otherwise. The practice indeed has differed. As a matter of fact, in making postings we consider the number of senior accountants in an office and do not discriminate between chief accountants and accountants of the first or second grade.

' If Mr. Subba Rao wishes, I should gladly see him and endeavour to make the position clear to him if the Finance Minister approves of my doing so.'

" I need hardly say that I have not the slightest objection to the Hon'ble Member placing himself in communication with Mr. Gillan.

" I now take separately the point which my Hon'ble friend raised in regard to the economy which might be effected by centralising the work in the office and avoiding duplication which has taken place in the past.

" I think that to a great extent I am in agreement with him, but I must point out that the amalgamation has only just taken place,—it is indeed barely complete,—and that it is impossible to effect these improvements which he indicates and at the same time safeguard what I may call vested interests, at the inception of an amalgamation. I am sure he would not wish wholesale dismissals to occur.

" Time is required and time we have not yet had.

" I think my Hon'ble friend has also made a point that work which was previously done by an inferior, less paid, class is now being entrusted to a superior and better paid class. In regard to that I may tell him quite candidly that I think a good deal of the audit work in the past has not been as efficiently carried out as is desirable, and I think it will perhaps be necessary to use better material to produce better results. But I can assure the Hon'ble Member that his anxiety to run the Department as economically as is consistent with good work is entirely shared by those responsible for it.

" The question of the more extended use of indigenous agency in the public service—I congratulate my Hon'ble friend on that particular egg being at last hatched, and I am also very much obliged to him for giving me an opportunity to state what is being done in that respect in the Departments which I control—the question of the extended use of indigenous agency in the public service was dealt with at some length in this Council on the 25th January both by the Hon'ble Mr. Gokhale and by myself.

FINANCIAL STATEMENT OF THE

"On that occasion I remarked that, although my personal sympathies in regard to the larger employment of Indians in the public service of the Crown could not come under review in this Council, yet as Finance Member it was permissible for me to say that, from the economic standpoint, it seemed to be for consideration whether we might not make greater use than at present of the undoubted abilities of the educated Indian.

"Other Members of Government will no doubt reply in regard to their own administrations, but I may now add to what I said on the 25th January that the policy of the Department of which I have the honour to be the head is in accord with my own feelings.

"The policy of the Finance Department, a policy steadily pursued and recently much developed, is a policy of increasing Indian recruitment.

"The Accounts Department is a large, important and growing service. In the Accounts Department we have done a great deal in the direction I have indicated, and we are gradually working to a half and half division between the two races of the superior and gazetted service.

"An Accountant Generalship is a prize appointment, and Indian members of the Accounts Department are equally eligible with Europeans. Several Indians have filled the position of Accountant General, either temporarily or permanently, and at the present moment an Indian, Mr. Wagle, is Accountant General of the United Provinces.

"In the Civil Accounts Department or old Enrolled List as at present constituted, the proportions are as follows:—

	Europeans and members of the domiciled community.	Indians.
Comptroller, India Treasuries, and other senior posts	5	3
Ordinary posts	29	21
Probationers	5	2

"The proportion in the List of the officers of the other Accounts Departments, which have only recently come under me, is not so favourable; but special recruitment for these Departments, which have only just become a portion of the Finance Department, has now ceased as the result of the amalgamation with the old Enrolled List. The proportion of Indians to Europeans will, therefore, as time goes on, become greater.

"But it is in our Secretariat and Headquarters establishment that our policy is especially noticeable.

"The Deputy Comptroller General is an Indian officer of eminence on whom the well-deserved honour of a C.I.E. was recently conferred.

"The very important appointment of Comptroller of India Treasuries is held by a Bengali.

"Notwithstanding the excellent European material available, it was to Mr. Dutta, an Indian, that the enquiry into the rise of prices was entrusted—an enquiry of consummate interest and of the first importance.

"Finally, in the Secretariat, that holiest of the holies, I have quite recently selected an Indian, a man of exceptional qualities, for the high post of Assistant Secretary to Government. I mean I submitted his name to His Excellency and it has been accepted. It is the first time, I think, that an Indian has held such an appointment.

"This is a record on which we have reason, I think, to congratulate ourselves; and I have only to add that, since I have been in India, in every instance in which an Indian has been selected, the appointment has been made, often at the instance of, and invariably with the cordial acquiescence of, the Secretary to Government in the Finance Department, the Hon'ble Mr. Meston."

The Hon'ble MR. SUBBA RAO : "After what has fallen from the Hon'ble the Finance Minister, I beg to withdraw the resolution."

The resolution was withdrawn.

REGISTRATION, GENERAL ADMINISTRATION, COURTS OF LAW,
JAILS, POLICE, MEDICAL.

The Hon'ble MR. EARLE : "Sir, I do not propose to take up much of the time of the Council. The budget heads which I am called upon to introduce are Registration, General Administration, Courts of Law, Jails, Police, and Medical. Inasmuch as a very lucid account of the figures relating to these heads is given in the Memorandum explaining the details of the estimates, I do not propose to waste the time of the Council by making any detailed remarks.

"The Council will observe that under the head of General Administration—Imperial—provision has been made for a net expenditure of Rs. 93 lakhs by the Imperial Government in connection with the visit to India of His Majesty the King-Emperor and the Coronation Durbar at Delhi, and for an outlay of 2 lakhs on account of the latter ceremony by the Administrations of the North-West Frontier Province and Baluchistan. Increases are also observable in connection with the formation of the new Education Department with a new Member. The net cost of the new Department including the Member's pay is Rs. 1,42,000. On the other hand, the cost of the enlarged Legislative Council has been less than was anticipated; the budget for 1911-1912 showing Rs. 1.52 lakhs as against Rs. 2.01 lakhs budgeted for 1910-1911. Under the same head—Provincial—the Council will observe that provision is made for an expenditure of Rs. 14.88 lakhs for provincial camps and provincial guests in connection with the Coronation Durbar at Delhi. Provision has also been made for charges for the Executive Council in Bengal for a full year. These amount to Rs. 2 lakhs. As against the outlay of 71 lakh on the removal of the offices from Shillong to Dacca, savings are expected on hill allowances and contingent charges.

"Under the head of Law and Justice—Provincial—the Council will observe that the payment of fees to lawyers in connection with the prosecution of special crime accounts for increases in the revised budget for 1910-1911 of Rs. 7.31 lakhs in Bengal, and of something like Rs. 1½ lakhs in both Eastern Bengal and Assam and Bombay. Happily large decreases in respect of such expenditure are anticipated in the year 1911-1912, namely, Rs. 5.17 lakhs in Bengal and Rs. 1.11 lakhs in Bombay.

"Under the head of Police—Provincial—there will be a large increase of over Rs. 42.03 lakhs in connection with the furtherance of reforms, and in Eastern Bengal and Assam in particular Rs. 2.50 lakhs and Rs. 2.75 lakhs will be spent on schemes for the strengthening of the subordinate police and the organization of the river police, respectively, both of which are urgently required. The Council will observe that municipalities in Ajmer-Merwara, Baluchistan and the North-West Frontier Province and in the Punjab are being relieved of all police charges with effect from 1911-1912.

"Under the head of Medical—Provincial—the budget for 1911-1912 shows that special provision has been made in Bengal for the improvement of the prospects of Civil Assistant Surgeons and in the United Provinces and Eastern Bengal and Assam for the improvement of the prospects of Sub-Assistant Surgeons. In the United Provinces also a special provision of 44 lakh has been made for the Medical College, Lucknow, which will, if possible, be opened in October 1911. It will be remembered that His Majesty the King-Emperor laid the foundation-stone of this college on the occasion of his last visit to India. In Bengal provision has been made for a new Chair of Anatomy to be held by an Indian. I have no further remarks to make in regard to these heads."

FINANCIAL STATEMENT OF THE
LIBRARY FOR COUNCIL CHAMBER.

The Hon'ble MR. SACHCHIDANANDA SINHA : " I rise, Sir, to move the resolution standing in my name: 'That this Council recommends that a library well equipped with official literature and works bearing on public affairs should be attached to the Council Chamber.' I may first of all explain, Sir, in view of some misapprehension on the part of the Maharaja Bahadur of Burdwan, that I do not necessarily mean by the Council Chamber this very room, but anywhere, in the Government Secretariat close to the Additional Members' room. Now, Sir, I shall say a few words in support of this resolution. Since yesterday there has been in this Council what examinees in this country call a 'massacre of the innocents', and of all the resolutions submitted to the Council so far, not one has been accepted by the Government. I trust that this resolution of mine, which is a very simple and innocuous one, will find favour with my Hon'ble friend Mr. Earle. I put this resolution before this Council on the strength of an item in the Financial Statement that out of two lakhs and one thousand budgetted for the expenses of the Council in the current year, the revised figures show that only one lakh and thirty-six thousand has been spent and that there is a saving this year of Rs. 65,000. This saving cannot be more usefully employed than in furnishing us with a library well supplied with official literature and works on public affairs. Had I been light-minded, I might have asked, for instance, that this money might be spent on restoring to us the privilege of having the red-robed chaprasis, a privilege which was taken away from us last year by some cheese-paringly economical officials. I beg to assure the Council that some of us attach considerable value to the great privilege of being followed by a red-coated minion, especially with an open umbrella to protect us from the sun. Or I might have gone further and asked for free lunches to be supplied to Members of this Council, who now have to go outside for lunch. But being, as I flatter myself, quite a serious-minded Member, I have asked for a thing which will be useful to all my colleagues who may want to do their work properly in this Council. I am fortified in pressing my demand by the fact that *even* my esteemed friend the Malik Sahib has promised to give me his support, and this in itself speaks volumes in favour of my resolution. Speaking seriously, Sir, I think that all the non-official Members of this Council will bear with me when I say that we have felt that we have been at a very considerable disadvantage, in putting forward our case before our official colleagues, for want of a library. I think there is some library here called the Imperial Records, but I do not know where it is and I do not think it is quite easy to obtain access to the books there. The official Members of this Council, apart from the fact that they have great experience of the Departments under their control, have this advantage over us that they are in possession of all the records, papers and documents bearing on any particular question, and it is therefore so easy for them to checkmate us. I, therefore, plead for only a fair field and no favour, when I ask that we should be given facilities to an equal extent with our official colleagues. I do not wish to take up the time of the Council any more, and with these words I move the resolution."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN : " Sir, I heartily support my Hon'ble friend, because a well equipped library is a good thing and would be of use to all of us. And I hope that before anybody else gets up to speak on the subject, Government will accept this resolution."

The Hon'ble MR. EARLE : " Sir, when I first saw this resolution, I thought that it referred to the institution of a library attached to this Council Chamber. As regards that matter, I am authorised to say that there is no room in Government House for the purpose. The Government of India, however, have under consideration the question of constructing a separate Council Chamber which would be worthy of the Imperial Council. That proposal will, I hope, be developed in the course of the year, and, if it comes to fruition, the Hon'ble Member's suggestion for having a well-equipped library will receive the fullest

consideration, such as it certainly deserves. For the present, the Additional Members have a room in the Secretariat; but the Hon'ble Mr. Sinha has made no reference to that room. Perhaps he thinks it entirely unworthy. Perhaps it is so, but while we are making preparations for the future library, to which I have referred, we shall be very glad of suggestions for improving the existing library attached to the Members' room. I think that what I have said will meet the wishes of the Hon'ble Member. We are quite willing to improve the existing room, and we shall, as soon as possible, provide a really satisfactory library attached to the new Council Chamber."

The Hon'ble MR. SACHCHIDANANDA SINHA: Sir, in view of what has fallen from Mr. Earle, I shall certainly withdraw my resolution and not press it to a division. I should just like to say one word as to the charge brought against me. I certainly think I was guilty of not thanking the Law Member for placing another room at our disposal. Last year we had a room, Sir, in the third storey of the garret in the Imperial buildings, and some of us who have not a light figure had great difficulty in going up there. I am grateful to the Law Member for having brought us down to his own level this year."

The Hon'ble SIR GUY FLEETWOOD WILSON: "I did."

The Hon'ble MR. SACHCHIDANANDA SINHA: "You did? I withdraw my expression of gratefulness to the Law Member and transfer it to the Finance Member. We have got a room, with a small collection of books, but it is not a library such as the one for which I am pleading. I think, if that room be improved in the meantime until we can have a grand and suitable library, it will suit our purpose equally well. I therefore withdraw my resolution."

The resolution was withdrawn.

POLICE (NORTH-WEST FRONTIER PROVINCE).

The Hon'ble MR. SACHCHIDANANDA SINHA: "Sir, in regard to the resolution* which stands in my name, I shall beg leave of you to withdraw it; but I shall state my reasons for withdrawing it. I frankly state that my object in bringing this resolution was to draw pointed attention to the state of affairs in the North-West Frontier Province which, in my opinion, requires the vigilant care of the Government of India. The province has no Council of its own in which the matter can be brought forward. In view of the rules, I do not think I can give them such a satisfactory turn as to bring it under discussion in Council to-day, and therefore I do not want to go against the rulings on that point. I shall move the resolution as a general resolution hereafter and so withdraw it."

The resolution was withdrawn.

IRRIGATION, LAND-REVENUE, ETC.

The Hon'ble MR. CARLYLE: "With regard to Irrigation all I want to say is that I have got from the Finance Department every penny I asked for, and I have asked for every penny that I thought could possibly be spent on the work that has really been sanctioned.

"So far as Land-revenue, Provincial Rates and Famine Relief are concerned, I do not think I need add anything to what appears in the second part of the Financial Statement.

"As regards the Forest-revenue, the high-water mark, so far as revenue was concerned, was reached in 1905-1906, and since then there was a fall mainly due to the introduction of a change in the system of working forests in Burma, departmental work being very much curtailed. Since then, however, there are signs of Forest-revenue increasing again and a normal annual increase may soon be expected. But I hope, however, that we are on the eve of something more than a normal increase. Very promising experiments have been made in connection with the preparation of wood pulp for the manufacture of paper, and if these experiments are as successful as we have some

* That this Council recommends that the expenditure on Police in the North-West Frontier Province be reduced by Rs. 10,000.

reason to expect, the greatest step in advance will be made in the history of the Forest Department in this country since it first started.

“As regards Agriculture, I will only say one word, and that is that I would ask all Members of this Council to read at all events the introductory portion of the Report on the Progress of Agriculture in India for 1909-1910. It will show the very important and practical researches that are going on both at Pusa and in the provinces.”

SCIENTIFIC DEPARTMENTS.

The Hon'ble MR. GOKHALE: “Sir, I beg to move that this Council recommends that the expenditure on Scientific and other Minor Departments be reduced by Rs. 50,000.

“Sir, this large head of Scientific and Minor Departments contains a number of smaller sub-heads, and while I move this resolution in the general terms put down here, I may state at the outset that as regards the work of many of the sub-heads, I have nothing but appreciation and I have no question to raise. I want to draw attention to the growth of charges and certain other circumstances connected with two of the sub-heads—the Survey of India and the Geological Survey. I find, Sir, that the expenditure on the Survey of India has been rising very rapidly. It was checked when the finances encountered those difficulties which resulted in a deficit; but then they are going up again. I find, taking the figures for the last 5 or 6 years, that the charges for the Survey of India, which were about 17·8 lakhs in 1905-1906, rose in four years, that is, in 1909-1910, to 28·6 lakhs. It was an increase of nearly 11 lakhs or about 60 per cent. in four years. Then there was a fall, a fall due, I believe, to the deficit and the brake put on by the Finance Department in consequence. But that was only temporary, and with easier finances the tendency for the charges to go up again has reappeared. The charges, which, in 1909-1910, were 28·58 lakhs, have fallen during the current year to 28·16 lakhs, which is the revised estimate figure; but in the next year's budget provision has again been made for 28·86 lakhs. This is a higher figure than the highest ever reached by the charges at any time during the last 10 years. I want these charges to be kept down, and that is one of the reasons why I moved this resolution.

“Then about the Geological Department. Here also the charges have been growing. They grew rapidly for three years from 1905-1906 onwards, and then there was a fall, and now again there is a tendency for the charges to rise. In 1905-1906, the charges were 2½ lakhs. In three years they rose, that is, in 1908-1909, to 3·7 lakhs—an increase of over a lakh or 48 per cent. in 3 years. Then the financial difficulties brought about a fall and the fall was satisfactory. It was from Rs. 3,64,000 to Rs. 3,12,000. This year the revised estimate is 3·17 lakhs. All this shows that when there are financial difficulties, this Department can reduce its charges. In next year's budget, however, the figure again rises to 3·49 lakhs, and no satisfactory explanation is forthcoming about the necessity of this increase. I therefore move the reduction mentioned in the resolution.

“Then, Sir, I find that in the Survey of India there are 57 appointments with salaries between Rs. 500 a month and Rs. 3,000 a month, and there is not a single Indian among them. In the Geological Survey and Museum there are 21 appointments with salaries between Rs. 500 and Rs. 2,000 rupees a month, out of which only two are held by Indians. And I would like to ask the Member in charge of the Department if he cannot, in the course of next year, in filling up any vacancies that may arise, find room for some Indians, so that, even if he is not able to effect a saving in salaries, he might save at least something in exchange compensation allowance.”

The Hon'ble MR. MADGE: Sir, I should just like to make a few remarks and to say that I cannot approve of this resolution; and as regards the Survey Department I merely wish to say that it is generally understood in public—and I say so because I have received some private information about it—that, in consequence of the reorganisation of the Department, the Government is at present engaged in trying to so readjust matters as to remove all the

real grievances of the Department; and, if that is the case, I do not see how it can be done without a considerable improvement in the salaries. The Government resolution that was published on the subject showed that the grievances of the Department had solid grounds, and it is in trying to remove these grievances that the charges must be raised. At least that is how I understand the matter.

"But as regards the other heads, the Geological Survey, the Inspector of Mines, the Meteorological Survey, and the Forest and Agricultural Institutes, every one of these Departments is concerned in making investigations into those matters on which the industrial development of the country largely depends. I think it is a proof of the great improvement of recent years that the Government is now directing its attention to such questions and to such problems with a view to give not only the Government itself but all the future education in this country a practical turn.

"The mineral wealth of this country which is still undeveloped is supposed to be enormous, and I do not see how Government can tap these resources unless these small beginnings are largely increased. So far therefore from hoping that there will be a reduction in these charges, I hope they will gradually increase until the development of the resources of this country is complete."

The Hon'ble MR. CARLYLE: "As regards the Survey Department I had not the least idea that the Hon'ble Member had it in mind in moving his resolution. If he had given me notice I would have looked the matter up and tried to give him more information than it is possible for me to give him. All I can say is that the increase in the expenditure in the Survey Department is mainly the result of the recommendations of a Committee which, as must be well known to the Hon'ble Member, was formed some years ago. It recommended a topographical survey of the whole of India in 25 years. In consequence of the proposal to complete the re-survey of India in 25 years, it has been necessary to enlarge the Department and spend larger sums of money than previously. There is nothing in the budget this year beyond carrying out the scheme prepared by the Committee.

"As regards the Provincial Services a distinct step in advance has been made in regard to the employment of Indians. It is now laid down that a certain proportion of Indians must be employed. In the higher service men have mainly been recruited from the army, and that must continue to be the case. The re-organisation of the Provincial Service proposed by the Committee has caused some dissatisfaction, and a Departmental Committee was appointed last year to report. This report has been prepared and will shortly be dealt with by the Government of India."

The Hon'ble MR. ROBERTSON: "I wish, Sir, to say one or two words about the Geological Survey which the Hon'ble Member has mentioned in his remarks. Before I do so I should like to express my concurrence with what Mr. Carlyle has said about not knowing beforehand something of the line that the Hon'ble Member was going to take. I certainly should not have thought that the Hon'ble Member was going to single out the Geological Survey for criticism. I think he mentioned the year 1905-06 as the first year for the purpose of the comparison he has made as to the growth of expenditure. I may tell him that after that date the Geological Survey was revised and expanded, and it wanted revision and expansion at that time. Until quite recently Sir Thomas Holland was at the head of the Survey, and I certainly think that under Sir Thomas Holland's supervision, and as the result of his guidance, the Government have got good value for the money spent and which they are spending on the Survey.

"With reference to the question of the employment of Indians, all I need say is that that also was a matter which Sir Thomas Holland did not overlook; and if there are no more Indians employed than the two which there are at present, I fancy the explanation must be that Sir Thomas Holland was not satisfied with the qualifications of the men who came forward. But I think the Hon'ble Member may take it from me that, if suitable men had come forward, Sir Thomas Holland was not the man to set aside their claims."

The Hon'ble MR. GOKHALE : " Sir, I think much of what the Hon'ble Mr. Madge has said was beside the point, so far as the discussion raised by me is concerned. I specifically stated at the outset that I did not want to refer to other Departments than the Survey of India and the Geological Survey ; in fact, I expressly stated I had nothing but appreciation for the work of the other Departments and wanted to raise no question about them. And my point in connection with both these Departments was this. For some reason or other, the charges went up to a certain year, and then, for a year or two, in each case, the charges went down, owing to financial pressure evidently. But the charges are going up again and there is no explanation forthcoming. I wanted to impress on the Council that if charges can be kept down owing to financial difficulties, they are capable of being kept down. And as the financial difficulties are not yet over it is necessary that the charges should not be allowed to go up again.

" As regards what the Hon'ble Mr. Robertson has said, that is only carrying the unsatisfactory state of the matter one step further. If there are no suitable Indians available owing to the lack of facilities for proper training, the Government have to see to it that such facilities are provided, and Indians with the necessary qualifications are available ; surely that is a duty resting upon the Government. However, I do not want to press this resolution."

The resolution was withdrawn.

SALT, EXCISE, etc.

The Hon'ble MR. ROBERTSON : " I rise, Sir, to introduce the heads of Salt, Excise, Customs, the Post Office, Telegraphs and Stationery and Printing. I shall ask you to permit the Hon'ble Mr. Stewart-Wilson to introduce the head Post Office and the Hon'ble Mr. Dempster the head Telegraphs.

" With regard to Salt, I have nothing to add to the remarks made by the Hon'ble Finance Member in introducing the Budget. And in the case of Excise, the revised arrangements, by which in two Provinces this head has become entirely Provincial and in three others the Provincial share has been raised to three-fourths, make it unnecessary to discuss the subject in detail in this Council. Under Customs we are concerned only with the expenditure side. The estimate for next year is more than a lakh in excess of the revised estimate of the year now current. This is due to the necessity there is of keeping our establishments up to the demands of expanding trade ; about half the increase, I may mention, in expenditure is due to a revision of the Custom-house establishment at the thriving port of Karachi.

" Last year, when dealing with the expenditure on Stationery and Printing, I referred to certain measures which were then being taken with a view to the exercise of greater economy under this head. The result has been, as Hon'ble Members will observe, a satisfactory saving of nearly four lakhs of rupees in the Stationery and Printing charges under ' Imperial ', and a further reduction in expenditure is foreshadowed for the coming year. I should perhaps like to refer very briefly to two matters in this connection. In May last a Committee of Departmental officers, under the presidency of the Controller of Printing and Stationery, took up the question of reducing the number and variety of the office forms in use in the Secretariat Offices of the Government of India, and in revising in the direction of economy the qualities of the papers used in the offices. Very substantial reductions in cost were brought about as the result of the Committee's recommendations, and similar work was carried out in the Post Office and in the Telegraph Department. I may add that these economies were brought about without causing undue inconvenience in the Government offices. It is true that we have had one or two complaints about the quality of the articles supplied. One complaint came from the head of an office in Calcutta, who sent us a specimen of a very useful article which finds a place on every office table. It is intended for drying ink. He asked us to examine this particular specimen which he sent up, as he said he did not himself believe in

its ink absorbent qualities : blotting paper it could certainly be called, if by blotting was meant the making of blots. I am afraid, however, we were unable to agree with him, as the blotting paper was of quite a fair quality.

“ Another change from which we anticipate good results is the introduction of a system of allotments for Stationery expenditure which is about to be introduced from the coming year in practically all the provinces of India. The responsibility for passing the demands of their subordinate offices, which has hitherto rested upon the heads of Departments, both Imperial and Provincial, has lacked that definite and financial check that in the last resort is likely to be the most effective ; and we are now trying a system by which these controlling officers will have the distribution of a fixed sum—in most cases below the average for some years past—among their own and their subordinate offices. Out of that fixed sum the expenditure on Stationery will have to be met.”

The Hon'ble MR. STEWART-WILSON : “ Sir, I beg to introduce the consideration of the Post Office heads. For the year 1908-09 the Accounts under these heads showed a deficit of £71,133 and for the year 1909-10 a further deficit of £353. Thus, during the last two years taken together the Department was shown as imposing a burden on the general revenues of the country to the extent of about £71,500 instead of making its usual contribution to them. This deficit was partly the initial cost to India of the sweeping reductions made in its postal rates, and partly the result of abnormally bad seasons. It is refreshing to be able to say that for 1910-11, the first year since the reduction took place during which the conditions of trade have been normal, there will be a surplus of at least £50,000, and that for the coming years we confidently hope for a surplus of substantially more than twice that sum. With this bright, but not too sanguine, prospect before us, this Council will, I hope, agree that the reductions in postage rates have been fully justified and that they have not been bought too dearly.”

TELEGRAPHS.

The Hon'ble MR. DEMPSTER : “ I beg to introduce the consideration of heads XIV Telegraphs and XVI Telegraphs, and to make a few explanatory remarks.

“ The improvement in trade has led to an increase in the use made of telegraph wires, and though the message revenue we expect in 1911-12 has not reached the figure which was put down for 1907-08, that is due to the decrease in the State revenue which I mentioned last year. For the coming year we have only estimated for an increase of half a lakh in our State revenue. Therefore, the increase in the revenue which we estimate is a real revenue. The accounts of the Department are not so simple as they might appear at first sight, because the Department undertakes a dual function. It carries on the telegraphic requirements of the country and in addition it supplies lines and wires for railways and canals. Now the rates which we charge railways and canals are calculated to give us a profit, but the tariff for messages is not calculated on the same basis.

“ I think the Council will agree that the expenditure under Capital in compliance with the demands of Railways and Canals cannot be questioned, and it will be observed that our revenue from these heads has risen from about 31 lakhs in 1907-08 to over 33½ lakhs in 1910-11, and we are budgetting for a further increase in 1911-12. This gives us an increase in wire and line mileage and it involves an increase in the cost of maintaining these, *i.e.*, in the revenue expenditure ; but those figures are included in the revenue which we get for those particular lines.

“ There has also been a considerable increase under Capital expenditure on the lines from which we obtain message revenue. The greater portion of this is due to the expansion of the combined office system. We have opened 324 combined offices between the years 1907-08 and 1910-11, including about 105 this year, and this expansion will periodically involve the erection of extra wires to carry the new traffic.

"The revenue expenditure in the Budget for 1911-12 is about 17 lakhs more than it was in 1907-08. The first point to which I would like to invite attention is that before a useful comparison between the figures can be made allowance must be made for the allocation of general charges. The same establishment deals with both Capital and Revenue expenditure and it is allocated out between the two heads according to the amount which is spent under Capital and Revenue. Therefore, if there happens to be a decrease in Capital expenditure, Revenue is debited to the corresponding and greater amount of the general charges. These in 1907-08 amounted to Rs. 3,43,000, and in the present year it comes up to about Rs. 72,000 increase. While there has been a steady growth of Revenue expenditure, still the way to see whether that has been excessive or not is to take the expenditure per unit. Taking the expenditure on lines, the expenditure per mile of wire during the past three years has been Rs. 10·9, Rs. 10·5 and Rs. 10·33—a steady decrease. The lines, moreover, are maintained in good order, as our interruption records show. We have for our entire system 1·1 interruptions per 100 kilometres of wire, and the nearest approach to that of any administration is Russia with 1·7: the others are much higher.

"With regard to Revenue expenditure in offices there has also been a natural expansion with the expansion of the combined office system.

"Turning to my own Department, the cost of handling a message, that is, of signalling operations, is declining. In 1905-06 it was 106 of a rupee, and that fell to 102 of a rupee in 1907-08; then, owing to the re-organisation, it rose to 116 of a rupee and last year it fell to 110 of a rupee. Then recruiting has been stopped for practically two years, and that means that we have got about 200 less men on the establishment than we would otherwise have had. That is a saving of about 2½ lakhs.

"With these remarks I beg to introduce these heads."

The Hon'ble MR. MADGE: "Sir, I have not asked leave to propose any resolution on the subject of the Post Office, partly because the Revenue and Expenditure for the present year is practically stereotyped, and also because some figures—"

THE PRESIDENT: "The Hon'ble Member is supposed to move a resolution. He is not in order."

The Hon'ble Mr. GOKHALE: "I rise to a point of order. Is not the procedure to be this, that the Members who are in charge of these different Departments should make their statements first, and the resolutions of which notice has been given should be next moved?"

THE PRESIDENT: "Yes."

RAILWAYS.

The Hon'ble SIR T. R. WYNNE: "SIR, I do not propose taking up the time of Council by discussing in minute details the figures given in the Financial Statement dealing with the construction and working of the railways of India for 1909-10. The year is an extremely interesting one from the Railway point of view, inasmuch as it affords ample justification of the policy adopted during the last five years of bringing the lines of India up to a better standard and enlarging their capacity—a policy which has been much criticised.

"Without going into minute detail I propose therefore to deal only with two important points brought out by the figures, the second of which will incidentally substantiate the soundness of the policy I have just referred to.

"The first is that a considerable amount of the capital grant for 1909-10 has not been spent, and the second is that Railway Revenue has resumed its former position as a very valuable contributor to the Imperial Revenues.

"Now, there has been for some years past a strong feeling that the amount of money which was provided annually for capital expenditure on Railways in India was insufficient, and it has been strongly urged that this amount should be increased.

"The report of the Mackay Committee was the latest pronouncement on this question, and it recommended that the programme figures should be annually not less than 18½ crores.

"It has not been found possible owing to money market and other considerations to work up to this figure, and the capital provided for expenditure on Railways has been for the last four years as follows :—

1907-08	1,500 lakhs,
1908-09	1,500 "
1909-10	1,500 "
1910-11	1,630 "

and for 1911-12 the amount provided is 14½ crores.

"With such a strong demand that more capital should be provided annually for expenditure on Indian Railways than has hitherto been made available, this Council is, I think, entitled to an explanation as to why it is that the sum actually provided for 1910-11 has not been spent.

"The actual figure of lapse is 381 lakhs.

"To explain this I must refer to the policy Railways have been working to for the last five years, the main feature of this policy being the improvement of their lines up to a standard both of rolling stock facilities and works so as to enable them to deal with the development of trade which had expanded beyond the capacity of the Railways to deal with in a satisfactory manner.

"This policy has been steadily adhered to, and to carry it out a very large proportion of the capital funds available has been devoted yearly to open line works and rolling stock.

"At the time this policy was adopted, there was no difficulty in deciding what works were required, and in ordering rolling stock there was a big gap to fill up.

"Consequently large sums were readily absorbed by open line works, and the following was the actual expenditure under this head for the following years :—

	R
1906-07	892 lakhs,
1907-08	1,100 "
1908-09	1,280 "
1909-10	980 "

but in 1910-11 the expenditure was only 858 lakhs as compared with a provision of 1,182 lakhs, a difference of 324 lakhs, and it is under this head that the lapse has mainly occurred.

"In the remarks I made last year on open line expenditure, I said that I thought this class of expenditure would tend to diminish appreciably at no distant date, and that it would be possible to devote more money to the construction of new lines in the future.

"My prophecy seems to have come about sooner than I anticipated, and I think the large sums that have been spent during the last five years on open lines have provided the additional stock and facilities most urgently required, and that now the time has come when the immediate necessity for a work is not so obvious and Boards of Directors and Railway Administrations require more time to carefully weigh each proposal and be thoroughly well convinced of its necessity before they will agree to sanction it and send it up to the Railway Board. The completion of works the necessity for which was obvious and could be put in hand at once, and the purchase of rolling stock as far as money was available, have, therefore, now steadied the heavy demand for open line expenditure which has existed during the past five years; and to this reason I attribute the failure to spend the grant available for 1910-11.

"At the same time I wish to make it quite clear that Railway Administrations have no intention of allowing Railways to fall behind in their transporting

power and so reproduce the position which necessitated so much being spent on bringing them up to date, and ample provision has been made for open lines during 1911-12.

“The logical deduction from this new development is that more money can be devoted in the future to the construction of new lines. This movement has already begun. For the year 1910-11 only 60 lakhs were provided for new lines. For 1911-12 the sum of 114 lakhs is provided.

“Turning now to the other matter, *viz.*, the resumption of Railway Revenue as a very valuable contributor to the Imperial Revenue, it may be interesting to refer to the past history of this subject.

“Up to the year 1900 Railways were a burden on the Indian Exchequer, inasmuch as their net earnings were not sufficient to meet interest and other charges they were liable to bear. Although as a purely Accounts matter of direct profit and loss they shewed a deficit as regards the full interest payable upon the capital raised, yet their enormous collateral advantages towards the improvement of land and other revenue must not be lost sight of, and there can be no question that without the Railways India would not be in the position she stands to-day.

“Since 1900 Railway Revenue has steadily produced a surplus—

	£
In the year 1899-00 it was	77,000
1900-01 „	325,000
1901-02 „	847,000
1902-03 „	229,000
1903-04 „	860,700
1904-05 „	2,105,500
1905-06 „	2,007,900
1906-07 „	2,307,700
1907-08 „	1,572,500
1908-09 „	-1,242,000
1909-10 „	825,000
1910-11 „	1,954,400
Estimated 1911-12 „	1,849,800

“These figures are very striking. They show a steady increase up to the year 1906-07, when the maximum of £2,300,000 was reached. In the following year the surplus diminishes and one year a deficit reappears, the lowest figure of surplus being in 1909-10, *viz.*, £824,000.

“The Railway Board was formed in 1905, and for the first two years of its existence the surpluses were 2 millions and £2,300,000, the maximum reached. It was then realized how far behindhand Indian Railways were in being able to meet trade demands, and the reduction in surplus during the following years was due to the general policy adopted by all Railways of improving their lines. This accounts both for the drop in surplus receipts and for the increase of working expenses. I explained last year, and will again touch on the matter, that working expenses have to bear a share of improvements and alterations as well as renewals. A Railway may have to spend more on working expenses without adding a single man to its establishment and staff while at the same time practising every economy in operating expenses.

“The results of working for the year 1910-11 indicate that the rise in working expenses mainly due to the improvements that had to be carried out is now beginning to bear fruit.

“Owing to the better traffic facilities provided, to increase in rolling stock and the general improvement made in their capacity, the Railways in India have been able to deal in 1910-11 with the largest traffic ever carried. As compared with the year 1904-05, when a surplus of two millions was earned,

gross receipts for the year 1909-10 have increased by 33 per cent., and I have no hesitation in saying that this result could not have been achieved if the Railways of India had been left in the same backward condition as they were in the year 1904-05.

“From the remarks I have been making I feel justified in drawing two very important conclusions.

“In the first place, I think we are on the eve of a very considerable increase in the mileage of new lines to be constructed annually.

“In the second place, if rains are propitious and crops good, I see every hope of Railways maintaining their present figure of surplus contributions to the Imperial Revenue and perhaps increasing it; but I wish to make it quite clear that if rains fail or trade is dull, that the cost of working the lines cannot be reduced in proportion to the reduction that will ensue of gross earnings. Some reductions can be made, but not in proportion. It would take too long to prove this statement to Council; but if any gentleman is sufficiently interested in the matter I shall be very glad to explain it to him personally. This concludes all I have to say.

“If there are any other points on which any Member may wish to ask any question, I shall be glad to reply to him.”

SALT.

The Hon'ble MR. GOKHALE: “Sir, I beg to move that this Council recommends that the expenditure under Salt be reduced by Rs. 50,000. Here again I have not got much to say. I find that the establishment charges in 1907-08 were 45 lakhs. Then, evidently, under the difficulties of the Finance Department, they dropped to 40 lakhs in 1908-09. In 1909-10 they dropped still further to 39·6 lakhs. But with an improvement in the financial condition, they are again rising and the figure for the current year is 43·7 lakhs—I mean, the revised estimates. Now, Sir, I do not understand why these charges should be allowed to rise by about four lakhs in one year, and that is why I propose this reduction.

“Then I find that there are 30 officers in this Department in all India, excluding Madras Presidency, on salaries ranging from Rs. 500 to Rs. 3,000 a month, and only three of them are Indians. In Madras the same officers evidently perform duties in connexion with Salt, Abkari and Separate Revenue, and I find that, while there are 21 such officers in that Presidency, only one of them is an Indian. My suggestion is the same as about other Departments, and my financial reason, exchange compensation allowance.”

The Hon'ble MR. ROBERTSON: “I have very little to say about the resolution which the Hon'ble Member has moved. I would point out that though the entry in the budget statement refers to establishment charges, I think, if he looks at the explanation which is appended to the statement, he will find that it includes other charges as well—working charges, contingent charges, etc.”

The Hon'ble MR. GOKHALE: “I have confined myself solely to establishment charges and I have left out all the other charges.”

The Hon'ble MR. ROBERTSON: “Although the charges are shown as establishment charges, I think that, if the Hon'ble Member will read the note to the Statement he will find that the establishment charges are a misnomer. There are other important items included under the head, the figures for which vary from year to year. As a matter of fact, I can practically meet the Hon'ble Member's resolution straight away, because there is at present a proposal which is under the consideration of Government to reduce the establishment charges in the Northern India Salt Revenue Department by something like Rs. 35,000, and that is some distance towards meeting the half lakh reduction for which he has moved. That matter is now under consideration and orders will be passed in a very short time.

“ With regard to the employment of Indians, I am afraid that I cannot give the Hon'ble Member very much information, except as regards the Northern India Salt Revenue Department, which is directly under the Government of India. The superior officers in this Department are admittedly nearly all Europeans or Eurasians, and for this there is a reason. It has been found as a matter of fact that natives of India do not care for service at the salt sources in Rajputana and elsewhere. If the Hon'ble Member has doubts on the subject, I should like to read to him a short extract from a report which I happen to have here. In 1897, Mr. Patterson, who was Commissioner of Northern India Salt-revenue, wrote as follows :—

‘ In my opinion the Department should continue to be mainly officered by Europeans. The officers are either stationed in places like Sambhar, Khewra and Pachbadra, in small colonies composed entirely of Salt-officers ; or they are in remote and isolated posts on the Salt Range or elsewhere. Or they are for eight months in the year marching about in the North-Western Provinces and Behar to supervise the saltpetre manufacture. As a rule, the highly educated class of Native gentlemen is not well adapted for any of these places ; they are not happy in a small European colony, and a life of solitude or of continuous touring for eight months in the year is still more distasteful to them.’

“ Only two years ago Sir Richard Dane—and I think that Members of this Council who knew Sir Richard Dane will acknowledge that a more just and sympathetic officer has never served in India—examined this question, and he also recognised the difficulty of getting Indians of a desirable type to take service in this Department. The matter was fully considered by Sir Richard Dane, but he was unable to make further suggestions. I think I have said enough to show that the matter has been sympathetically considered, but with the results which I have mentioned.”

The Hon'ble MR. GOKHALE : “ I would like to make one or two observations about the concluding portion of the Hon'ble Member's remarks. I cannot possibly accept his statement that Indians cannot be found for this sort of work. I am quite sure that if efforts are made and reasonable facilities afforded to Indians, Indians will be found competent and willing to undertake these duties. I do not think that the opinions of individual officers should be accepted as conclusive on a question of this kind.”

The resolution was put and rejected.

CUSTOMS.

The Hon'ble MR. GOKHALE : “ Sir, I beg to move that this Council recommends that the expenditure under Customs be reduced by Rs. 50,000. Here, too, I find a steady rise in the establishment charges. I have taken the figures for the last six years. I find that in 1905-06, these charges stood at 27·3 lakhs. They have risen to 36 lakhs in the current year, and for the next budget year provision is made for 37·2 lakhs. This means an increase of 10 lakhs in six years, or, in other words, of 36 per cent., i.e., an increase of over six per cent. per year. The other day, in moving my resolution on the growth of public expenditure, I pointed out that it was necessary to keep the growth of charges within the limits of the growth of revenue. Of course, if we only take Customs-revenue, possibly we shall find a larger margin for expenditure. But I submit that in all such cases the Government should take into consideration the growth of the total revenue only, and as that growth, taking good and bad years alike, is not more than one and half per cent., and even taking good years alone, it is not more than two or two and a half per cent., this increase in charges of more than six per cent. per annum is open to serious objection. I have therefore thought it necessary to draw the attention of the Council to the matter.

“ Then, Sir, there are 21 officers in this Department, with salaries ranging between Rs. 450 and Rs. 2,500 a month, of which only two are Indians. There are three probationers, but there is no Indian among them. I submit this is very unsatisfactory.”

The Hon'ble MR. ROBERTSON: "I have got very little to say about the resolution which the Hon'ble Member has moved. When I introduced this head in the last year's Budget debate I pointed out that the question of overhauling the Customs establishments at the different ports had for some time been receiving a good deal of attention. The increase in the establishment charges in the past few years is chiefly due to the creation of a new Imperial Customs Service which has added considerably to the cost of the Customs administration. With the introduction of the new Imperial Service, very considerable overhauling of the whole of the subordinate establishments was found to be necessary as I have just mentioned. The strengthening of the Customs staff at Karachi, for instance, is now in hand and will cost half a lakh of rupees. The rise in expenditure on these establishments is partly due to the expansion of our sea-borne trade and partly to the necessity for paying the subordinate staff more than they were paid before. They live in expensive places like Calcutta, Bombay and Rangoon, and the cost of living in these places, as everybody knows, has grown enormously. This, and the fact that expansion of trade means expansion of expenses, practically explains why the cost of these establishments has increased.

"Then, with regard to the remarks of the Hon'ble Member about the admission of Indians to the Imperial Customs Service,—he has mentioned that only two officers on the list of the Imperial Customs Service are Indians,—all I need say is that among the last three admissions to that list it so happens that there are two Indians. This is sufficient to show that the Government of India have not lost sight of the point he mentions."

The Hon'ble MR. GOKHALE: "Sir, I would like to make only one remark, and it is this: of course the cost of living is going up; and there may be a hundred other reasons for increasing these establishment charges; but, surely, there must be some relation between the growth of the charges and the growth of revenue. By revenue, I mean, as I have already said, the total revenue of the country. This increase of charges, at any rate of 6 per cent. annually, is much too high."

The resolution was put and rejected.

POST OFFICE.

The Hon'ble MR. GOKHALE: "Sir, I beg to move that this Council recommends that the expenditure under Post Office should be reduced by Rs. 50,000. I find here that, in 1907-1908, the establishment charges were 1.72 crores. In 1910-1911, that is, the current year, the charges in the revised estimates appear at 1.98 crores, a rise of about 26 lakhs or fifteen per cent. in three years. This is the same story as in other Departments, a rise of five per cent. per annum, a much higher rise than the general finances of the country can afford. I find on the other hand that the growth of Post Office revenue has been less than this, but I think that has just been explained by the Hon'ble Mr. Stewart-Wilson, and so I do not want to say anything more about it. Then, Sir, I find that there are 41 appointments in this Department, with salaries between Rs. 500 and Rs. 3,500 a month. And of these, only four are at present held by Indians; and, as in other Departments, they are only on the lower rungs of the ladder."

The Hon'ble MR. STEWART-WILSON: "I take up the question of expenditure first. The increase of expenditure in Post Office has been almost entirely due to the great increase in our work done. Since the year 1905-06 our work has increased by about 30 per cent., while the rate of increase in our expenditure has not even approximated to that figure. There has also been another reason, as in the case of the Customs Department. It has been necessary to improve the pay of our men. For many years the Post Office had a very unenviable name among the Government services in this respect, and the pay had become much too low for the work expected from our men. I have noted some figures here which I will read to the Council. In 1905-06 the pay of 264 sub-postmasters, 459 branch postmasters and 360 postmen were increased, all of these being practically natives of India. During the next four years, which are the

latest years for which figures are available, we were able to raise the pay of 2,003 sub-postmasters, 2,574 branch postmasters and 9,228 postmen, practically all natives of India, exclusive entirely of the numerous officials whose pay was raised owing to the abolition of the commission which used to be paid on the sale of stamps. The result of this has been that we are getting better work from our men than we did, that our men are much more satisfied than they were, and that we are able to recruit a better class of men than formerly. I do not think that the Hon'ble Mr. Gokhale will disagree with me that these are results that are highly desirable.

"As to the admission in larger numbers of Indians to the higher ranks in the Department, the Post Office, of all the Departments of the Government of India, is run almost exclusively by Indians. We all have, of course, had cause to make complaint at some time or other about the Post Office; but still I think that the Council will readily admit that the work done by the Post Office is on the whole good and that it is extremely creditable to the agency by which it is almost entirely run, that is to say, the natives of India. I take a very keen personal pride in being head of a Department manned as the Post Office is.

"With reference to the special complaint made by the Hon'ble Mr. Gokhale that the number of Indians in the highest-paid ranks is too small, perhaps some figures will help to explain how this has come about. In 1891 we had 140 men in the higher administrative ranks, *i.e.*, from Superintendents upwards to Postmasters-General. Out of these, including five Indian Civilians, we had 28 non-domiciled Europeans, being 20 per cent. of the total; and 37 Indians, making 26 per cent. of the total. On the 1st January 1911, we had 214 men in the higher administrative ranks. Out of these we had, including 7 Indian Civilians, only 24 non-domiciled Europeans against 28 twenty years before, being a percentage of only 11 against 20; while we had 109 Indians as against 37 in 1891, being a percentage of 51 against 28. The Hon'ble Member and I may both hope that, as the largely increased numbers of Indians reach seniority in the Department and we have a larger number of them to select from for the higher appointments, more will be so appointed, and I for one shall always be glad to see that their claims are not overlooked in any way."

The Hon'ble MR. GOKHALE: "I am very glad to hear what the Hon'ble Mr. Stewart-Wilson has said in reply to my observations. His solicitude to give larger facilities for the employment of Indians in his Department is well known and I entirely accept all that he has said; and, to mark my sense of the efforts he is making, and of his very friendly statement, I would like to withdraw this resolution."

The resolution was withdrawn.

TELEGRAPHS.

The Hon'ble MR. GOKHALE: "Sir, I beg to move that this Council recommends that the expenditure under Telegraphs be reduced by Rs. 50,000. Here I find that there has been an increase of 32 per cent. in five years, which means the same story again; an annual growth of five to six per cent. In 1905-06, the expenditure was 88 lakhs; for the current year, taking the revised estimates, it is 116.8 lakhs—an increase of 28½ lakhs, or of 32 per cent. in five years. The Hon'ble Member, who introduced this head, explained that the establishment charges, met out of ordinary revenue, bear a sort of inverse proportion to the capital outlay on telegraphs; that when the capital outlay is larger, the establishment charges, met from current revenue, appear smaller. I must confess that I have not examined this matter from that standpoint. I find, however, that the revenue of this Department, since 1905-06, has remained stationary; it was nearly 120 lakhs in 1905-06; it is 124 lakhs now. But while the revenue has not advanced, the charges, as I have pointed out, have increased by 32 per cent. in five years. Then, Sir, there are 86 appointments in this Department, with salaries between Rs. 500 and Rs. 3,000 a month, and of these only 3 are held by Indians. This, I think, is a matter for legitimate complaint."

The Hon'ble MR. ROBERTSON : " I should like to say a few words about what the Hon'ble Member has said as regards the expansion in the telegraph expenditure. Admittedly this expenditure is going up. We have, as the Council are aware, at very considerable cost had to raise the pay of the whole of the subordinate staff of the Department and also to give a long-looked for increase in the emoluments of the superior officers. That has been a very costly business, to the end of which I am afraid we have not yet come, although we are beginning to approach finality, and in consequence the expenditure has shown for the last two or three years a very considerable increase.

" With regard to the Hon'ble Member's remarks about revenue, I should like to impress upon him one thing. In previous years, that is, before 1909-1910, the custom prevailed of sending under what was known as the 'urgent' class, Rs. 2 for 16 words, a great deal of the State traffic in India. About two years ago very stringent orders were issued to stop this. It really meant that the wires were being taken up by State traffic to the detriment of the general public. In the first year in which these orders were issued, there was an immediate drop in message revenue under 'State' of something like Rs. 7,00,000, by telling officers to use the post office more frequently and also not to send telegrams at the urgent rate and thereby block the public traffic ; and we have good reason to believe that the fall in this 'State' revenue so-called still continues. That I may say accounts very largely for the decrease in the revenue as shown in those returns.

" Then I may say just a word about what the Hon'ble Member has stated about the officering of the Department. This was enquired into very fully about two years ago, and after much deliberation the decision was come to that in future three-eighths of the superior officers of the Department should belong to what is known as the Provincial Service ; five-eighths were to be Imperial and three-eighths Provincial. That decision was arrived at after full consideration of the administrative requirements of the Department, and it must be adhered to.

" I may, however, mention for the information of the Hon'ble Member that, if we go back to the year 1893, there was not a single Indian employed in the superior establishment of the Telegraph Department. At the present time there are 20 Indian officers."

The Hon'ble MR. GOKHALE : " I find, Sir, that even if we go back to the time when urgent State messages were sent on a much larger scale than now, even then, the growth of revenue did not keep pace with the growth of expenditure. Thus, in the year 1908-09, the revenue was 1 crore 31 lakhs, which means an increase of about 9 per cent. over the figure of 1905-06, or about 3 per cent. per annum, as against a growth in charges of between 5 and 6 per cent.

" As regards the fact mentioned by the Hon'ble Mr. Robertson that 20 years ago there was not a single Indian in this Department, whereas now they have just begun to introduce Indians, I would ask him to go a little faster. Out of 86 superior officers at present, only 3 are Indians. I think the Hon'ble Member will see the necessity of moving a little faster."

The Hon'ble MR. ROBERTSON : " Twenty, I think I said."

The Hon'ble MR. GOKHALE : " But I am taking appointments only of Rs. 500 and above ; there are only three Indians among them."

The Hon'ble MR. ROBERTSON : " The salaries below Rs. 500 are those of the latest recruits who comprise a considerable proportion of Indians. We do not begin our officers on pay as high as Rs. 500. Indians who have been recently recruited must be taken in on lower rates of pay ; as years go on they will rise to the higher rates."

The resolution was put and rejected.

RAILWAYS.

The Hon'ble MR. GOKHALE : " I beg to move, Sir, that this Council recommends that the working expenses of Railways be reduced by 50 lakhs of

rupees. It may be in the recollection of Hon'ble Members that last year I had moved in this Council a similar resolution. I had then suggested that the working expenses of railways should be reduced by a crore of rupees. This time I am more modest and I ask for a reduction of only 50 lakhs. But, Sir, before I say anything in support of this resolution, I would like to express my satisfaction about one or two features of this year's railway finance. In the course of my speech last year, I deemed it necessary to protest against, in the first instance, the tendency of the Railway administration constantly to exceed the Budget Estimates, and I also pointed out that the working expenses had been going up rapidly since the creation of the Railway Board, and that, unless the rate of growth was checked, the general revenues of India would again have to find money in order to keep our railways going, as they had to do for more than 50 years. I am glad to find, Sir, that in both these respects, there has been an improvement; that this year the Budget Estimates have not been exceeded, and that the working expenses too bear a smaller proportion to the gross earnings than was provided for in the Budget Estimates introduced last year. But, Sir, the proportion of working expenses is still much too high, and I must take this opportunity to press for a further reduction. I went into this question in some detail last year, and I pointed out how for 15 years before the creation of the Railway Board the proportion of the working expenses to gross earnings had ranged between 45 and 48—only one year showing a higher percentage, a little over 49—and how as soon as the Railway Board was created, the working expenses began to mount up. The Railway Board came into existence in 1906, and straightway the proportion in that year went up to 50 per cent.; next year, *i.e.*, in 1907-08, it went up to 57.5; in 1908-09, the year of a heavy deficit, it went up to 62; in 1909-10, owing to a general complaint, it came down to 55.3. And in the revised estimates for the current year, we see a further reduction to 54.6. However, for the next year, provision is again made for 54.4 per cent. of gross earnings as working expenses. Now, Sir, I think that 50 per cent. should be an ample proportion for the working expenses of railways. For 15 years they were satisfied with less than 50 per cent. We may take into account the fact that prices have gone up; on the other hand, there is the fact that for renewals and betterment, they have spent a great deal of money during the last three or four years. I think, therefore, that next year, or, if not next year, at least during the succeeding year, the Railway Administration should try its best to cut down the working expenses to 50 per cent. of the gross receipts.

“Then, Sir, I find that in this Department the exclusion of Indians from high office is practically complete, and one way of reducing the working expenses would be to employ Indian agency on a larger scale. Sir, my investigation of this question has led me to one conclusion, and it is this. The farther you move from the Provincial Governments, the smaller is the employment of Indians; the Provincial Governments, amenable to the pressure of public opinion and anxious to do what they can for the people entrusted to their charge, try to employ the Indian agency to some extent. When we come to the Departments under the Government of India, we find that the Indians do not fare so well. In Railways, the Indians fare the worst; and even among Railways, those managed directly by the State are better than State Railways under Companies' management; the position is absolutely hopeless. Taking the Railways managed by the State,—and I go down very low, I go down to Rs. 200 a month, because otherwise we have hardly any Indians anywhere,—I find that there are 820 officers with salaries ranging between Rs. 200 and Rs. 3,000 a month. And among these only 47 are Indians; and even these 47 Indians are confined to two or three Departments only. The Accounts Department has got 11; there are 15 in the lower ranks of the Engineering Department; and there are 12 in the lower ranks of the Traffic Department. In all other Departments there is hardly any Indian. There is one in the Code and Signalling, there is one in the Medical, there is none in the Management, and none anywhere else. This is the position as regards State railways under the direct management of the State. When we come to State railways managed by Companies, the position is even worse. Here we have over 1,100

appointments ranging from Rs. 200 to Rs. 3,500, and among these the number held by Indians is only 30. The number of permanent appointments on these Railways between Rs. 500 and Rs. 3,500 is 774 ; out of them only 10 are held by Indians ; the number of temporary appointments between the same limits is 30, out of which only 2 are Indians. Descending to appointments between Rs. 250 and Rs. 500, of which there are 299, we find only 18 held by Indians. Here, then, Sir, is plenty of room for the employment of Indians, and if Indians are employed there will be a considerable saving and the working expenses of Railways will be reduced. And there will be no difficulty in bringing down the proportion of working expenses to gross earnings to about 50 per cent., as I propose."

The Hon'ble SIR T. R. WYNNE: "Sir, the Hon'ble Member I take it does not wish me to answer his criticisms regarding the working expenses. The remarks he made were I take merely meant to enable him to introduce his proposals for the further employment of Indians on Railways. I would only point out that the arguments he has advanced to-day are precisely those which he advanced last year and to which I think I gave very conclusive answers, and I refer him to the report of last year's debate. Now, when we come to the question of largely employing Indians on railways, we find very different conditions to those existing in the other Departments. To begin with, railways employ a very large number of Indians already. The total number of people employed on Railways in India, according to the returns of 1909, as published in the Railway Board's Administration Report and which is the latest return available, is 515,702, of which 498,722 are Indians: 97 per cent. therefore of the employés on railways in India are Indians."

The Hon'ble BABU BHUPENDRANATH BASU: "Does that include coolies and porters?"

The Hon'ble SIR T. R. WYNNE: "Yes; it also includes station masters and all employés. These figures include both officers, subordinates and men, and taken as a whole I do not think they support the contention that Indians are not freely employed on Indian Railways. I take it, however, that the Hon'ble Mr. Gokhale wishes to distinguish between Indians employed in the superior and subordinate grades. I think that is his point, and the remarks I now make will refer solely to State Railways, as on Companies' Railways it is a matter for them to deal with, as Government have not very much power in that direction. My reply in regard to the State Railways is that Indians are now appointed every year to the superior grades of the Engineering, Traffic and Accounts Departments of State Railways. The Accounts Department, I should say, has recently been handed over to the Finance Department, and so the Railway Board have nothing whatever to do with the appointment of Indians to the Accounts Department. Now, in the Engineering Branch, Indian Engineers have been appointed to that Branch for a great many years, and there is no bar to their rising to the top of that Branch. At present for instance, there is my friend, Rai Bahadur Lala Ram, who has acted as Chief Engineer of the Eastern Bengal State Railway. He is now on leave, and when he returns he will again act as Chief Engineer. As regards the Traffic Department, the recruitment is of a more recent growth; but appointments are now being made every year, and the gentlemen who are now being appointed will have the whole field open to them in the future. They are being appointed, as regards pay and pension, on exactly the same basis as if they were Europeans.

"With regard to the Locomotive Department, there has been no desire, as far as I am aware, for any Indians to enter that Department. It is a Department where you have got to go through an apprenticeship and work for five years in an English workshop. After you have done that, you have to learn about running work and the management of drivers - a difficult class to handle; and besides that you have to work very hard at the scientific part of the profession. In fact, to qualify for the Locomotive Department, it may be necessary to reside out of the country for a good many years. In my opinion, the present rate of recruitment of Indians in the superior branches of Indian Railways is proceeding as rapidly as circumstances permit. Without intending in any way to disparage the ability and character of the natives of India, I say

deliberately that for the proper and safe working of its Railway system at the present time you cannot with safety reduce the present percentage of European staff in the superior grades ; to make my meaning quite clear, I will say that the special qualifications and early training which may make any particular European a good Railway officer are such as might render him quite unsuited to hold an appointment not on Railways which could be filled more efficiently by an Indian. The safety of the public and the proper working of the Indian Railways rests largely on the maintenance of strict impartial discipline, and the wealding together by personal control of men of different classes races, creeds and temperaments, both European and Indian. I see grave difficulties ahead if the class of officer which now secures the confidence of, and can get the best work from, a very large staff of such a varied composition, is to be at an early date largely replaced by a class which has not yet shown its fitness for the duties, though a few individuals of that class may have done so. This is a matter which must be dealt with most cautiously, and certainly not as a political question.

“ For their proper and safe working, Railways should be kept free from politics, and they should be dealt with on strictly commercial lines. This policy has had to be adopted in Australia, and India should benefit by her experience.

“ Indians are now being admitted to the superior staff of Railways, and, if they eventually prove their fitness as a class for the work, Railways will feel justified in increasing their numbers. They are now being given a fair trial in a new field of employment ; but for the present the safety of the travelling public and the vast interests of commerce do not justify the Railways of India readily agreeing for political reasons to a large reduction in numbers of a class of officer which has proved its fitness for the very technical public work entrusted to it, in favour of a class which, except in a few individual instances, has yet to prove its capacity in the same field.

“ The point for decision is simple and clear.

“ Which do you consider the soundest policy to adopt in the interests of trade and the travelling public of India which represents an enormous number of Indians ? Do you prefer to retain a system of recruitment of Railway officers which now secures efficient and safe working of the Railways of India while at the same time giving to Indians a fair chance of showing their fitness for Railway work, or do you prefer for political reasons to force on Indian Railways the employment of a large number of Indians, whose capacity for Railway work has yet to be proved, and so run the serious risk of diminishing the efficiency and reliability of the Railway service of India. ”

The Hon'ble MR. GOKHALE : “ Sir, the Hon'ble Sir T. R. Wynne began by saying that my object in moving this resolution was probably not really to ask for a reduction in the working expenses, but to raise this question about the employment of Indians. Now, I beg leave to assure him that he is not correct there. I did want to urge him to reduce his working expenses this year as I urged him last year. Then he has told the Council that I have brought forward the same arguments this year that I did last year, and to my arguments of last year he had given a conclusive reply. Well, Sir, the Hon'ble Member's reply of last year was not conclusive to me ; but his revised estimates, laid before us this year, are conclusive. He said last year that the proportion of working expenses to gross earnings, provided for in last year's Budget, was absolutely necessary. Well, we had a discussion on that point. Whether it was the result of that discussion or of the pressure of the Finance Department or some fresh light coming to the Railway Administration, the proportion has gone down this year— I am speaking of the revised estimates for the current year. And that, Sir, is a much more conclusive and satisfactory answer to me than what the Hon'ble Member said last year.

“ Now, Sir, as regards the employment of Indians, if I travel a little beyond mere financial considerations, I shall only be following the Hon'ble Member's example. And I hope that, as he was allowed to make these observations, you will allow me also to follow on those lines. I decline, Sir, to accept—and I say

that at once and emphatically—I decline to accept the general argument that he has advanced in this Council to-day of the unfitness of Indians for Railway work. If facilities have not been given to them to show their fitness, if they have not been tried, that, surely, is not their fault. If after fifty years of Railways in this country, you have only just begun to give a trial to Indians, that again is not their fault. If there is one Indian, discharging the duties of Chief Engineer, that only shows that if you select the right type of Indians and give them a chance, they will do their work as satisfactorily as anyone else. If people elsewhere, if the Japanese for instance, if other people are managing their Railways, I do not see why we should not be able to do so. After all we are not born with a double dose of original sin. I do not say that we want to dispense with European guidance, but there is undoubtedly room for a much larger employment in the higher ranks of Railway service without impairing efficiency in the least. Sir, the extreme position taken up by the Hon'ble Member, and the whole spirit of the statement read out by him, is enough to explain why we occupy such a very unsatisfactory position in Railway service. One has only to compare Railway administration with other administrations—one has only to contrast the spirit of the Hon'ble Member's remarks with, for instance, what fell from the Hon'ble Mr. Stewart-Wilson's earlier in the day to understand why it is that Indians fare so badly as regards employment on Railways. Sir, I protest emphatically against the Hon'ble Member's remarks, and to mark my protest I will divide the Council on this resolution."

The Hon'ble SIR T. R. WYNNE: "Sir, I wish to explain one remark.—"

The Hon'ble MR. ALI IMAM: "Is the Hon'ble Member in order?"

THE PRESIDENT: "I understand the Hon'ble Member wishes to make an explanation."

The Hon'ble SIR T. R. WYNNE:—"Yes, the explanation is with reference to the Hon'ble Mr. Gokhale's last remarks."

THE PRESIDENT: "Does the Hon'ble Member wish to correct a remark made by the Hon'ble Mr. Gokhale?"

The Hon'ble SIR T. R. WYNNE: "No."

THE PRESIDENT: "Then I am afraid the Hon'ble Member cannot be heard."

The Council divided:—

Ayes—10.

The Hon'ble Mr. Subba Rao; the Hon'ble Mr. Gokhale; the Hon'ble Mr. Mudholkar; the Hon'ble Pandit Madan Mohan Malaviya; the Hon'ble Nawab Abdul Majid; the Hon'ble Raja Sir Muhammad Ali Muhammad Khan of Mahmudabad; the Hon'ble Sir Bijay Chand Mahtab, Maharajahbiraja Bahadur of Burdwan; the Hon'ble Babu Bhupendranath Basu; the Hon'ble Mr. Sachchidananda Sinha; and the Hon'ble Mr. Mazharul Haque.

Noes—43.

The Hon'ble Mr. Andrew; the Hon'ble Mr. Quin; the Hon'ble Mr. Birkmyre; the Hon'ble Mr. Madge; the Hon'ble Mr. Graham; the Hon'ble Mr. Monteath; the Hon'ble Sir Sassoon David; the Hon'ble Mr. Chitnavis; the Hon'ble Mr. Phillips; the Hon'ble Mr. Dadabhoy; the Hon'ble Mr. Gates; the Hon'ble Maung Bah Too; the Hon'ble Lieutenant Malik Umar Hayat Khan; the Hon'ble Sardar Partab Singh; the Hon'ble Lieutenant-Colonel Davies; the Hon'ble Mr. Slaeke; the Hon'ble Mr. Stewart-Wilson; the Hon'ble Mr. Dempster; the Hon'ble Sir Vithaldas D. Thackersey; the Hon'ble Sir T. R. Wynne; the Hon'ble Mr. Kenrick; the Hon'ble Mr. Kesteven; the Hon'ble Mr. Carlyle; the Hon'ble Mr. Butler; the Hon'ble Mr. Syed Ali Imam; the Hon'ble Mr. Clark; the Hon'ble Sir Guy Fleetwood Wilson; the Hon'ble Major General Grover; the Hon'ble

Mr. Earle; the Hon'ble Mr. Maclagan; the Hon'ble Sir Lionel Jacob; the Hon'ble Mr. Porter; the Hon'ble Mr. Robertson; the Hon'ble Mr. Brunyate; the Hon'ble Sir Henry McMahon; the Hon'ble Mr. LeMesurier; the Hon'ble Mr. Holms; the Hon'ble Mr. Meston; the Hon'ble Mr. Fremantle; the Hon'ble Mr. Todhunter; the Hon'ble Surgeon General Lukis; the Hon'ble Mr. Graves; and the Hon'ble Mr. Macpherson.

So the resolution was rejected.

EDUCATION.

THE PRESIDENT: "I now call upon the Hon'ble Mr. Butler to introduce the Budget heads relating to his Department."

The Hon'ble MR. BUTLER, in introducing the head of Education, said:—"The important Budget heads which it falls to me to introduce are Education and the sub-heads of Medical which refer to Sanitation. I need not trouble the Council further than is necessary to give some account of the grants that have been made to Local Governments and Administrations in order to assist them to carry out urgent projects which are ready and only waiting for funds, which can be completed in a short time, and which do not involve future expenditure beyond the means of provincial revenues. Under the head Education the grants will of necessity be devoted to buildings and equipment. The distribution by class of educational project is as follows:—

	£
Technical and industrial institutions	105,400
Primary training institutions and primary schools	121,200
Secondary training institutions and secondary schools	73,100
Colleges	84,000
Hostels in colleges and secondary schools	157,000
Girls' schools	16,700
European schools	43,800
TOTAL	601,200

"The grants for technical education and hostels will, I anticipate, meet with general acclamation. Not less welcome will be the grants for secondary schools and training colleges; for the want of proper accommodation and equipment, especially scientific equipment, is by general consent one of the great defects of our present system. It may occur to some Hon'ble Members that even larger grants might have been made for primary education. But experience has shown that too large sudden grants for primary school buildings lead in the absence of carefully worked out plans to waste, and to the opening of schools which have eventually to be closed for want of funds to maintain them. Moreover, the power of local bodies to erect buildings within a given time is limited by the size of their establishments. It is intended to mature schemes in consultation with Local Governments for a definite programme of advance in primary education. Meanwhile the grants made will meet the more pressing and declared needs. The extensive poverty of European schools in the matter of buildings and equipment have been brought prominently to notice of late by Sir Robert Laidlaw and his Committee. I feel sure that I am voicing the thoughts of all who are interested in education in India, no matter what their creed, in wishing success to the efforts of Sir Robert Laidlaw and his Committee to raise funds by public subscription for the improvement of the schools in which they are interested.

"The detailed schemes to which the grants will be appropriated will be found in Provincial budgets. Among the larger grants of Imperial interest I may mention 3 lakhs for the engineering laboratory at the College of Science at Poona, 1½ lakhs for Institutes of Science in the Bombay Presidency, 6 lakhs for hostels in Calcutta, 8 lakhs for the Presidency College, Calcutta,

3½ lakhs for the modified scheme of the technological institute at Cawnpore (subject to the approval by the Secretary of State of the scheme), 2 lakhs for the Aligarh College, 2 lakhs for the Rangoon College.

“ Under the head Sanitation the grants will be allotted to urgent schemes of drainage and water-works in towns. Here again the detailed grants will be found in the Provincial budgets. But one item is of wide and far-reaching importance. A sum of five lakhs has been set aside (it is part of the ten lakh grant for the Punjab) as an endowment for research in connection with the Central Institute at Kasauli. It is hoped to utilise this sum to great advantage in the malaria campaign and, as funds become available, to inaugurate similar campaigns against other prevalent diseases. Is it too much to hope that this grant may become by the liberality of the wealthy in India the nucleus of a fund for an extensive campaign of scientific research in Indian diseases ?

“ I trust that I have said enough to assure the Council that the grants will be devoted to really pressing needs. They have been made after consultation with Local Governments and after anxious and careful consideration from every point of view by the Government of India.”

The Council adjourned to Thursday, the 9th March 1911.

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

CALCUTTA ;
The 22nd March 1911. }

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SPEECH OF THE HONOURABLE FINANCE MEMBER INTRODUCING
THE BUDGET FOR 1911-1912.

MY LORD,

I now present the Budget for 1911-12. The Financial Statement which I laid before the Council on the 1st of March has run the gauntlet of criticism and discussion; and the result leads me to believe that our financial dispositions for the year have commended themselves, in all their main features, to the great majority of my colleagues. The figures have now been again examined, and such alterations have been made in them as our latest information suggests. They are shown in their final form in the statements which are in the hands of Hon'ble Members, and in the explanatory memorandum which has been revised and brought up to date. There will be no discussion on the Budget to-day; but on Monday next it will be open to Members to offer such observations upon it as they think proper, without moving resolutions or dividing the Council.

2. The changes which have been made in the figures since they were last under our consideration are comparatively few and for the most part unimportant. They involve no question of principle, and I shall describe their general effect in as few words as possible.

3. Our Imperial surplus for the year which is now closing is nearly £100,000 *Revised Estimate, 1910-11.* smaller than we had calculated a month ago. There are three main reasons for this. On the one hand our Bengal opium sales in March showed a fall in prices, due mainly to rumours of further taxation at Canton, which pulled our revenue down by £83,000; while a certain slackness in the cotton and wheat traffic suggested a reduction of £120,000 in our estimate of net Railway earnings. On the other hand our Military charges are lighter by £108,000 than I took them in the Financial Statement, mainly as a result of short purchases of stores in England. I need not trouble the Council with the few other and minor variations, which practically counterbalance each other.

4. For the coming year the latest recension of our estimate shows our Imperial surplus at £819,200, of which £638,800 or 96 lakhs may be taken as derived from sources other than opium. The improvement since my estimate of the 1st March is thus £75,400. Minor causes apart, this may be ascribed to the following reasons. In the first place, additional interest will accrue to us in consequence of the law which was passed in Council on the 16th inst. for increasing the invested portion of the Paper Currency Reserve. Early next year we expect to be able to buy sterling securities at a cost of 2 crores, and three quarterly payments of the interest upon these (estimated at £30,000) will be credited in the Home Accounts. In the second place, the Punjab Government expects to receive 10 lakhs more than we took in the preliminary estimate from the sale of proprietary rights in its canal colonies; and half of this, or £33,300, goes to swell the Imperial surplus. In the third place, about £23,300 of the cost of the preparations for the Royal Darbar will be spent before the end of the current month, thus diminishing the provision which had been made in the Budget. And lastly, £11,300 have been added to the Military allotments, chiefly on account of the stores which it was meant, but found impracticable, to purchase in England during the current year. The net result of these four changes gives the improvement to which I alluded.

5. Leaving our revenue figures and the outgoings against them, I note in conclusion certain changes in our general cash position. Our opening cash balance for next year will be better than we estimated by about £680,000. This is partly due to the advance instalments of the new sterling loan for £3½ millions, which was issued last week at 96; partly to an increase in our savings-bank deposits; and partly to considerable further lapses in capital expenditure. Nearly half of the improvement, however, will be absorbed next year; chiefly as the result of increased provincial expenditure against the grants which local Governments have received in the current year. When I announced these grants in the Financial Statement, we had not had time to consult local Governments fully as to the time and manner of their expenditure. In the interval, the employment of the grants has been carefully considered by the provincial authorities in consultation with their Councils, and it has been decided to provide in next year's budget for a larger measure of expenditure than I had tentatively assumed in our preliminary estimates. Mainly owing to this cause, the combined cash balances at the end of 1911-12 will be only £396,000 better than we calculated a month ago. In no other important respect have we altered our estimate of ways and means, except that provision is made for the remittances through our Currency Reserve which are necessary to finance the additional investments that are in contemplation. There are no other points with which I need occupy the time of the Council.

GUY FLEETWOOD WILSON.

The 24th March 1911.

BUDGET

OF THE

GOVERNMENT OF INDIA

FOR

1911-1912.

ACCOUNTS	1909-1910
REVISED ESTIMATES	1910-1911
BUDGET ESTIMATES	1911-1912

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I.—General Statement of the Revenue, and Expenditure charged to

	For details, vide Statement.	Accounts, 1909-1910.	Budget Estimate, 1910-1911.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.
Revenue—					
Principal Heads of Revenue—					
			£	£	£
Land Revenue	A	21,332,141	21,138,900	20,955,400	21,418,800
Opium	"	5,534,683	4,650,600	7,527,900	4,280,400
Salt	"	3,319,518	3,395,000	3,196,200	3,291,700
Stamps	"	4,548,304	4,749,800	4,821,300	4,799,600
Excise	"	6,537,854	6,832,700	6,979,400	7,226,400
Customs	"	4,065,118	6,038,300	6,543,400	6,214,000
Other Heads	"	4,852,257	4,973,900	4,984,100	5,063,100
TOTAL PRINCIPAL HEADS . . . . .	...	51,089,875	51,779,200	55,007,700	52,294,000
Interest	A	1,184,343	1,115,300	1,418,900	1,177,000
Post Office	"	1,927,229	1,977,400	2,005,000	2,136,100
Telegraph	"	902,851	945,500	998,100	1,046,400
Mint	"	125,953	142,900	189,300	198,500
Receipts by Civil Departments	"	1,146,075	1,185,300	1,208,600	1,211,600
Miscellaneous	"	705,888	624,900	617,800	600,300
Railways : Net Receipts	"	12,445,378	12,629,600	13,685,700	13,963,600
Irrigation	"	3,660,156	3,604,800	3,733,100	3,824,100
Other Public Works	"	268,786	302,100	288,100	335,300
Military Receipts	"	1,136,961	1,147,400	1,174,200	1,248,000
TOTAL REVENUE . . . . .	...	74,593,495	75,454,400	80,326,500	78,034,900

N. G. BASU,
Off. Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT.
March 24, 1911.

Revenue, of the Government of India, in India and in England.

	For details, vide Statement.	Accounts, 1909-1910.	Budget Estimate, 1910-1911.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	8,859,590	8,837,100	8,922,800	9,071,000
Interest	"	2,115,045	2,142,900	2,212,200	2,125,100
Post Office	"	1,927,582	1,951,200	1,954,900	2,021,000
Telegraph	"	992,433	1,085,900	1,034,400	1,093,600
Mint	"	143,758	92,100	92,100	93,800
Salaries and Expenses of Civil Departments	"	14,185,968	15,085,500	14,997,800	16,858,400
Miscellaneous Civil Charges	"	4,807,694	4,914,100	4,799,100	4,886,700
Famine Relief and Insurance	"	1,000,000	1,000,000	1,000,000	1,000,000
Railways : Interest and Miscellaneous Charges	"	11,620,456	12,067,400	11,851,300	12,113,800
Irrigation	"	3,053,857	3,111,200	3,148,100	3,343,600
Other Public Works	"	4,137,151	4,559,300	4,589,200	5,501,500
Military Services	"	20,249,284	20,853,900	20,522,400	20,823,200
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . . . .	...	73,092,818	75,700,600	75,124,300	78,931,700
<i>Add—Provincial Surpluses : that is, portion of allotments to Provincial Governments not spent by them in the year.</i>	End of B	894,036	...	1,811,700	...
<i>Deduct—Provincial Deficits : that is, portion of Provincial Expenditure defrayed from Provincial Balances.</i>	"	...	622,200	...	1,716,000
TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .	...	73,986,854	75,078,400	76,936,000	77,215,700
SURPLUS . . . . .	...	606,641	376,000	3,390,500	819,200
TOTAL . . . . .	...	74,593,495	75,454,400	80,326,500	78,034,900

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement	RECEIPTS.			
		Accounts, 1909-1910.	Budget Estimate, 1910-1911.	Revised Estimate, 1910-1911.	Budget Estimate 1911-1912.
		£	£	£	£
Surplus	C	606,641	376,000	3,390,500	819,200
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	2,459,426	2,597,500	2,294,300	1,357,500
Capital subscribed by Native States towards outlay on State Railways	"	66,667	...	...	...
Capital raised and deposited by Railway Companies (net)	"	...	122,200	101,100	36,500
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	10,408,347	4,297,400	8,612,800	2,088,900
Temporary Debt (net Incurred)	"	...	2,250,000	...	...
Unfunded Debt (net Incurred)	"	783,154	1,119,200	1,142,700	1,123,300
Deposits and Advances (net)	"	4,274,012	...	1,201,100	...
Loans and Advances by Imperial Government (net Repayments)	"	157,027	...	167,300	...
Loans and Advances by Provincial Governments (net Repayments)	"	652,053	196,200	634,300	30,900
Loans to Local Boards for Railway Construction	"	6,083	6,300	6,300	6,600
Remittances (net)	"	286,264	9,000	299,200	2,200
Secretary of State's Bills drawn	"	18,006,586	15,500,000	23,500,000	15,825,000
TOTAL RECEIPTS . . . . .	...	37,706,260	26,473,800	41,349,600	21,290,100
Opening Balance—India . . . . .	...	10,235,827	11,902,427	12,295,428	12,465,528
England . . . . .	...	8,453,715	14,802,415	15,809,618	17,543,418
TOTAL . . . . .	...	56,395,802	53,178,642	69,454,646	51,299,046

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS			
		Accounts, 1909-1910.	Budget Estimate, 1910-1911.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.
		£	£	£	£
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	1,052,349	1,133,300	1,213,360	1,266,700
Outlay on State Railways	"	6,321,617	8,518,600	7,724,000	8,103,200
Outlay of Railway Companies (net)	"	2,117,982	2,468,300	324,800	1,434,000
Capital involved in Redemption of Railway Liabilities .	"	...	5,904,100	5,904,100	...
Capital raised and deposited by Railway Companies (net)	"	2,216	...	...	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	9,494,164	18,024,300	15,166,200	10,803,900
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	...	...	1,000,000	500,000
Deposits and Advances (net)	"	...	526,300	...	1,339,500
Loans and Advances by Imperial Government (net Advances)	"	...	66,900	...	114,200
Secretary of State's Bills paid	"	18,796,592	15,503,900	23,279,500	15,825,700
TOTAL DISBURSEMENTS . . . . .	...	28,290,756	34,121,400	39,445,700	28,583,300
Closing Balance—India . . . . .	...	12,295,428	12,469,327	12,465,528	12,483,228
England . . . . .	...	15,809,618	6,587,915	17,543,418	10,232,518
TOTAL . . . . .	...	56,395,802	53,178,642	69,454,646	51,299,046

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1909-1910.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
Principal Heads of Revenue—							
I.—Land Revenue	12,26,29,294	19,73,52,827	21,332,141	...	21,332,141	9,56,41,000	21,86,90,000
II.—Opium	8,30,20,245	...	5,534,683	...	5,534,683	11,29,18,000	...
III.—Salt	4,97,92,767	...	3,319,518	...	3,319,518	4,79,44,000	...
IV.—Stamps	3,45,90,827	3,36,33,720	4,548,304	...	4,548,304	3,66,49,000	3,56,70,000
V.—Excise	5,00,08,332	4,80,59,470	6,537,854	...	6,537,854	5,33,80,000	5,13,12,000
VI.—Provincial Rates	30,015	80,58,333	539,223	...	539,223	5,000	82,22,000
VII.—Customs	7,44,76,760	...	4,965,118	...	4,965,118	9,81,51,000	...
VIII.—Assessed Taxes	1,30,60,802	1,03,23,661	1,558,964	...	1,558,964	1,32,09,000	1,04,29,000
IX.—Forest	1,33,67,481	1,26,63,312	1,735,386	...	1,735,386	1,41,94,000	1,32,08,000
X.—Registration	60,964	63,94,696	430,377	...	430,377	59,000	63,21,000
XI.—Tributes from Native States	88,24,607	...	588,307	...	588,307	91,14,000	...
TOTAL	44,98,62,094	31,64,86,019	51,089,875	...	51,089,875	48,12,64,000	34,38,52,000
XII.—Interest	1,02,44,011	50,04,826	1,016,589	167,754	1,184,343	1,04,64,000	47,09,000
XIII.—Post Office	2,89,03,431	...	1,927,229	...	1,927,229	3,00,74,000	...
XIV.—Telegraph	1,34,79,855	...	898,657	4,194	902,851	1,49,07,000	...
XV.—Mint	18,89,293	...	125,953	...	125,953	28,40,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	2,58,954	41,41,125	293,339	...	293,339	2,72,000	43,75,000
{ Jails	2,98,930	31,53,394	230,155	...	230,155	3,44,000	31,98,000
XVII.—Police	1,28,917	21,05,333	148,950	...	148,950	1,79,000	21,06,000
XVIII.—Ports and Pilotage	...	21,01,249	140,083	...	140,083	...	22,26,000
XIX.—Education	29,595	24,58,540	165,875	...	165,875	41,000	27,20,000
XX.—Medical	8,403	8,52,795	57,407	828	58,235	9,000	9,30,000
XXI.—Scientific and other Minor Departments	2,67,946	13,47,447	107,693	1,745	109,438	1,86,000	15,11,000
TOTAL	9,92,745	1,61,59,793	1,143,502	2,573	1,146,075	10,31,000	1,70,66,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	11,86,550	7,10,253	126,453	65,633	192,086	12,38,000	7,42,000
XXIII.—Stationery and Printing	6,62,454	7,67,399	95,324	...	95,324	6,95,000	7,35,000
XXIV.—Exchange	6,67,215	...	44,481	...	44,481	9,39,000	...
XXV.—Miscellaneous	12,45,212	41,46,272	359,432	14,565	373,997	10,97,000	26,06,000
TOTAL	37,61,431	56,23,924	625,690	80,198	705,888	39,69,000	40,83,000
Railways—							
XXVI.—State Railways (Gross Receipts)	43,37,59,622	95,895	28,923,701	230	28,923,931	45,77,00,000	1,00,000
Deduct:—Working Expenses	24,31,18,578	96,184	16,214,318	...	16,214,318	24,63,15,000	85,000
Surplus profits paid to Companies, etc.	48,37,249	...	322,483	...	322,483	66,92,000	...
Net Receipts	18,58,03,795	-289	12,386,900	230	12,387,130	20,46,03,000	15,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	-724	...	-48	...	-48	...	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	2,20,641	...	14,709	43,587	58,296	1,88,000	...
TOTAL	18,60,23,712	-289	12,491,561	43,817	12,445,378	20,48,81,000	15,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,49,11,762	1,96,94,399	2,307,077	...	2,307,077	1,52,59,000	1,92,03,000
Portion of Land Revenue due to Irrigation	96,74,498	70,86,322	1,117,388	...	1,117,388	1,03,27,000	76,63,000
XXX.—Minor Works and Navigation	10,30,968	25,04,392	235,691	...	235,691	10,55,000	24,89,000
TOTAL	2,56,17,228	2,92,85,113	3,660,156	...	3,660,156	2,66,41,000	2,93,55,000
Other Public Works—							
XXXI.—Civil Works	5,10,015	35,21,772	268,786	...	268,786	4,57,000	35,64,000
Military Receipts—							
XXXII.—Army: Effective	73,58,192	...	490,546	385,011	875,557	79,85,000	...
Non-Effective	11,17,662	...	74,511	27,660	102,171	11,41,000	...
	84,75,854	...	565,057	412,671	977,728	91,26,000	...
XXXIII.—Mairie	12,51,892	...	83,460	...	83,460	13,58,000	...
XXXIV.—Military Works	11,36,600	...	75,773	...	75,773	9,87,000	...
TOTAL	1,08,64,346	...	724,290	412,671	1,136,961	1,14,71,000	...
TOTAL REVENUE	73,21,53,161	37,60,81,158	73,882,288	711,207	74,593,495	78,79,99,000	40,26,44,000

India, in India and in England.

ESTIMATE, 1910-1911.			Increase + Decrease— as compared with Budget Estimate, 1910-1911.	BUDGET ESTIMATE, 1911-1912.						Increase + Decrease— of Budget, 1911-1912, as compared with Budget Esti- mate, 1910- 1911.	Increase + Decrease— of Budget, 1911-1912, as compared with Revised Estimate, 1910-1911.
Total India (converted into £ at Rs=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.			
				Imperial.	Provincial.						
£	£	£	£	₹	₹	£	£	£	£		
20,955,400	...	20,955,400	-183,500	15,25,44,000	16,87,38,000	21,418,800	...	21,418,800	+279,900	+463,400	
7,527,900	...	7,527,900	+2,877,300	6,42,06,000	...	4,280,400	...	4,280,400	-370,200	-3,247,500	
3,196,200	...	3,196,200	-108,800	4,93,75,000	...	3,291,700	...	3,291,700	-103,300	+95,500	
4,821,300	...	4,821,300	+71,500	3,65,07,000	3,54,87,000	4,799,600	...	4,799,600	+49,800	-21,700	
6,979,400	...	6,979,400	+146,700	3,24,52,000	7,59,44,000	7,226,400	...	7,226,400	+393,700	+247,000	
548,500	...	548,500	+5,600	13,000	81,61,000	545,000	...	545,000	+2,100	-3,500	
6,543,400	...	6,543,400	+505,100	9,32,10,000	...	6,214,000	...	6,214,000	+175,700	-329,400	
1,575,900	...	1,575,900	-45,600	1,32,61,000	1,07,90,000	1,603,400	...	1,603,400	-18,100	+27,500	
1,826,800	...	1,826,800	+58,600	10,00,000	2,69,83,000	1,865,500	...	1,865,500	+97,300	+38,700	
425,300	...	425,300	-25,700	65,000	63,91,000	430,400	...	430,400	-20,600	+5,100	
607,600	...	607,600	+17,300	92,83,000	...	618,800	...	618,800	+28,500	+11,200	
55,007,700	...	55,007,700	+3,228,500	45,19,16,000	33,24,94,000	52,294,000	...	52,294,000	+514,800	-2,713,700	
1,011,500	407,400	1,418,900	+303,600	1,03,30,000	40,64,000	959,600	217,400	1,177,000	+61,700	-241,900	
2,005,000	...	2,005,000	+27,600	3,20,42,000	...	2,136,100	...	2,136,100	+158,700	+131,100	
993,800	4,300	998,100	+52,600	1,56,29,000	...	1,047,900	4,500	1,046,400	+100,900	+48,300	
189,300	...	189,300	+46,400	29,78,000	...	198,500	...	198,500	+55,600	+9,200	
309,800	...	309,800	+24,000	2,67,000	42,77,000	302,900	...	302,900	+17,100	-6,900	
236,200	...	236,200	-23,700	3,36,000	32,64,000	240,000	...	240,000	-19,900	+3,800	
152,300	...	152,300	+3,900	1,24,000	21,42,000	151,100	...	151,100	+2,700	-1,200	
148,400	...	148,400	+6,500	...	21,41,000	142,700	...	142,700	+800	-5,700	
184,100	...	184,100	+5,800	41,000	29,67,000	200,500	...	200,500	+22,200	+16,400	
62,600	900	63,500	+4,800	9,000	9,26,000	62,400	900	63,300	+4,600	-200	
113,100	1,200	114,300	+2,000	1,71,000	14,82,000	110,200	900	111,100	-1,200	-3,200	
1,206,500	2,100	1,208,600	+23,300	9,48,000	1,71,99,000	1,209,800	1,800	1,211,600	+26,300	+3,000	
132,000	63,300	195,300	+5,800	12,16,000	7,45,000	130,700	64,000	194,700	+5,200	-600	
95,300	...	95,300	+4,900	7,06,000	7,45,000	96,800	...	96,800	+6,400	+1,500	
62,600	...	62,600	+62,600	...	...	...	...	...	...	-62,600
246,900	17,700	264,600	-80,400	18,05,000	25,27,000	288,800	20,000	308,800	-36,200	+44,200	
536,800	81,000	617,800	-7,100	37,27,000	40,17,000	516,300	84,000	600,300	-24,600	-17,500	
30,520,000	200	30,520,200	+674,500	47,14,00,000	1,00,000	31,433,400	200	31,433,600	+1,587,900	+913,400	
16,426,700	...	16,426,700	+418,900	25,71,15,000	85,000	17,146,700	...	17,146,700	-301,100	-720,000	
446,100	...	446,100	-37,900	56,62,000	...	377,500	...	377,500	+30,700	+68,600	
13,647,200	200	13,647,400	+1,055,500	20,86,23,000	15,000	13,909,200	200	13,909,400	+1,317,500	+262,000	
...	
12,500	25,800	38,300	+600	2,05,000	...	13,700	40,500	54,200	+16,500	+15,900	
13,659,700	26,000	13,685,700	+1,056,100	20,88,28,000	15,000	13,922,900	40,700	13,963,600	+1,334,000	+277,900	
2,297,500	...	2,297,500	+42,400	1,42,89,000	2,03,90,000	2,311,900	...	2,311,900	+56,800	+14,400	
1,199,300	...	1,199,300	+69,800	1,04,59,000	85,45,000	1,267,000	...	1,267,000	+137,500	+67,700	
236,300	...	236,300	+16,100	1,34,50,000	23,33,000	245,200	...	245,200	+25,000	+8,900	
3,733,100	...	3,733,100	+128,300	2,60,93,000	3,12,68,000	3,824,100	...	3,824,100	+219,300	+91,000	
268,100	20,000	288,100	-14,000	9,81,000	40,48,000	335,300	...	335,300	+33,200	+47,200	
532,300	379,500	911,800	+5,400	83,73,000	...	558,200	425,800	984,000	+77,600	+72,200	
76,100	30,000	106,100	+3,100	11,24,000	...	74,900	32,000	106,900	+3,900	+800	
608,400	409,500	1,017,900	+8,500	94,97,000	...	633,100	457,800	1,090,900	+81,500	+73,000	
90,500	...	90,500	+15,800	13,56,000	...	90,400	...	90,400	+15,700	-100	
65,800	...	65,800	+2,500	10,00,000	...	66,700	...	66,700	+3,400	+900	
764,700	409,500	1,174,200	+26,800	1,18,53,000	...	790,200	457,800	1,248,000	+100,600	+73,800	
79,376,200	950,300	80,326,500	+4,872,100	76,53,25,000	39,31,05,000	77,228,700	806,200	78,034,900	+2,580,500	-2,291,600	

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1909-1910.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	₹ 63,54,120	₹ 11,99,163	₹ 503,552	₹ . . .	₹ 503,552	₹ 29,06,000	₹ 10,84,000
2.—Assignments and Compensations	85,50,905	98,14,789	1,224,380	..	1,224,380	85,47,000	97,66,000
Charges in respect of Collection, vis. :—							
3.—Land Revenue	40,82,780	5,06,59,885	3,649,511	568	3,650,079	41,31,000	5,14,54,000
4.—Opium (including cost of Production)	1,66,40,862	..	1,109,391	764	1,110,155	1,87,44,000	..
5.—Salt (including cost of Production)	49,52,549	..	330,170	573	330,743	56,58,000	..
6.—Stamps	—3,60,264	10,84,724	48,297	103,492	151,789	—4,04,000	10,84,000
7.—Excise	30,66,145	28,97,513	397,577	336	397,913	31,74,000	29,95,000
8.—Provincial Rates . . . . .	..	74,175	4,945	..	4,945	..	86,000
9.—Customs	32,56,867	..	217,124	371	217,495	36,02,000	..
10.—Assessed Taxes	1,97,193	1,94,695	26,126	..	26,126	2,05,000	2,03,000
11.—Forest	78,96,551	71,29,788	1,001,756	4,941	1,006,697	82,47,000	74,26,000
12.—Registration	17,565	35,18,169	235,716	..	235,716	18,000	36,00,000
TOTAL	5,46,55,273	7,65,72,901	8,748,545	111,045	8,859,590	5,48,28,000	7,76,98,000
Interest—							
13.—Interest on Debt	3,61,43,967	1,23,54,172	3,233,209	5,519,190	8,752,399	3,60,47,000	1,22,78,000
Deduct—Amounts chargeable to Railways†	4,22,83,760	..	2,818,917	3,308,274	6,127,191	4,31,12,000	..
" Amounts chargeable to Irrigation	52,15,149	90,38,531	950,246	108,465	1,058,711	57,50,000	92,83,000
Remainder chargeable on Ordinary Debt	—1,13,54,942	33,15,641	—535,954	2,102,451	1,566,497	—1,28,15,000	29,95,000
14.—Interest on other obligations	82,28,217	..	548,548	..	548,548	85,05,000	..
TOTAL	—31,26,725	33,15,641	12,594	2,102,451	2,115,045	—43,10,000	29,95,000
15.—Post Office	2,80,83,826	..	1,872,255	55,327	1,927,582	2,84,62,000	..
16.—Telegraph	1,32,23,208	..	881,547	110,886	992,433	1,33,54,000	..
17.—Mint	19,35,424	..	129,028	14,730	143,758	13,01,000	..
Salaries and Expenses of Civil Departments							
18.—General Administration	90,33,972	1,09,09,177	1,349,543	326,236	1,655,779	97,34,000	1,15,62,000
19.—Law and Justice { Courts Jails	9,19,277	4,04,28,105	2,756,492	257	2,756,749	9,11,000	4,22,94,000
20.—Police	18,29,256	1,09,67,006	853,084	..	853,084	19,09,000	1,08,30,000
21.—Ports and Pilotage	28,83,809	6,04,16,237	4,220,003	2,303	4,222,306	28,44,000	6,22,25,000
22.—Education . . . . .	..	26,20,902	174,727	52	174,779	..	26,69,000
23.—Education	6,92,923	2,47,24,706	1,694,509	10,363	1,704,872	9,49,000	12,66,51,000
24.—Ecclesiastical	18,53,312	..	123,554	489	124,043	18,75,000	..
25.—Medical	8,85,759	1,34,83,736	957,967	9,866	967,833	10,38,000	1,39,53,000
26.—Political	1,18,44,855	11,85,304	868,677	6,450	875,127	1,51,42,000	12,05,000
26.—Scientific and other Minor Departments	57,82,735	65,20,145	820,192	31,204	851,396	63,75,000	66,27,000
TOTAL	3,57,25,898	17,12,55,318	13,798,748	387,220	14,185,968	4,07,77,000	17,80,16,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	34,97,544	..	219,836	13,750	233,586	33,85,000	..
28.—Civil Furlough and Absentee Allowances	3,630	..	242	397,574	397,816	7,000	..
29.—Superannuation Allowances and Pensions	11,71,826	1,46,46,252	1,054,538	2,039,502	3,094,040	12,20,000	1,53,11,000
30.—Stationery and Printing	11,05,708	80,07,922	607,575	117,147	724,722	12,92,000	77,21,000
32.—Miscellaneous	7,82,358	38,17,411	306,652	50,878	357,530	9,38,000	28,75,000
TOTAL	63,61,066	2,64,71,585	2,188,843	2,618,851	4,807,694	68,42,000	2,59,07,000
Famine Relief and Insurance—							
33.—Famine Relief	9,02,639	2,93,728	79,758	..	79,758	50,000	..
34.—Construction of Protective Railways	1,80,226	..	12,015	..	12,015	5,01,000	..
35.—Construction of Protective Irrigation Works	63,05,659	..	420,377	12,512	432,889	56,41,000	..
36.—Reduction or Avoidance of Debt	33,80,068	37,50,000	475,338	..	475,338	47,44,000	37,50,000
TOTAL	1,07,68,592	40,43,728	987,488	12,512	1,000,000	1,09,36,000	37,50,000
Carried over	14,76,26,562	28,16,59,173	28,619,048	5,413,022	34,032,070	15,21,90,000	28,83,66,000

	ACCOUNTS, 1909-1910.				REVISED ESTIMATE, 1910-1911.			
	INDIA.		England.	TOTAL.	INDIA.		England.	TOTAL.
	Amount in Rupees.	Equivalent in £ at R15=£1.			Amount in Rupees.	Equivalent in £ at R15=£1.		
† Included under the following heads :—								
State Railways—Interest on Debt	₹ 3,84,67,346	₹ 2,564,489	₹ 3,089,068	₹ 5,053,551	₹ 3,94,13,000	₹ 2,627,500	₹ 3,152,400	₹ 5,779,900
Ditto —Interest chargeable against Companies on Advances	38,16,414	25,4428	219,212	473,640	36,99,000	246,600	219,300	465,900
TOTAL	4,22,83,760	2,818,917	3,308,274	6,127,191	4,31,12,000	2,874,100	3,371,700	6,245,800

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12.

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Revenues of India, in India and in England.

ESTIMATE, 1910-1911.			Increase + Decrease — as compared with Budget Estimate, 1910-1911.	BUDGET ESTIMATE, 1911-1912.					Increase + Decrease — of Budget, 1911-1912, as compared with Budget Estimate, 1910-1911.	Increase + Decrease — of Budget, 1911-1912, as compared with Revised Estimate, 1910-1911.
Total India (converted into £ at Rs=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.		
£	£	£	£	Imperial.	Provincial.	£	£	£	£	£
266,000	...	266,000	+ 24,100	25,64,000	11,68,000	248,800	...	248,800	+ 6,900	-17,200
1,220,900	...	1,220,900	+ 15,000	82,44,000	1,01,00,000	1,222,900	...	1,222,900	+ 17,000	+ 2,000
3,705,700	2,500	3,708,200	-66,100	43,84,000	5,26,91,000	3,805,000	800	3,805,800	+ 31,500	+ 97,600
1,249,600	500	1,250,100	+ 153,200	1,77,45,000	...	1,183,000	500	1,183,500	+ 86,600	-66,600
377,200	2,300	379,500	+ 21,500	54,90,000	...	366,000	500	366,500	+ 8,500	-13,000
45,300	75,000	120,300	+ 9,600	-4,28,000	11,12,000	45,600	95,300	140,900	+ 30,200	+ 20,600
411,300	500	411,800	-19,900	22,82,000	42,47,000	435,300	100	435,400	+ 3,700	+ 23,600
5,700	...	5,700	-800	...	1,10,000	7,300	...	7,300	+ 800	+ 1,600
240,100	600	240,700	-1,300	37,20,000	...	248,000	200	248,200	+ 6,200	+ 7,500
27,200	...	27,200	-900	2,14,000	2,08,000	28,200	...	28,200	+ 100	+ 1,000
1,044,900	6,300	1,051,200	-41,700	9,95,000	1,59,51,000	1,129,700	6,500	1,136,200	+ 43,300	+ 85,000
241,200	...	241,200	-7,000	19,000	36,90,000	247,300	...	247,300	-900	+ 6,100
8,835,100	87,700	8,922,800	+ 85,700	4,52,29,000	8,92,77,000	8,967,100	103,900	9,071,000	+ 233,900	+ 148,200
3,221,600	5,781,700	9,003,300	-41,000	3,74,18,000	1,20,32,000	3,296,600	6,032,700	9,329,300	+ 285,000	+ 326,000
2,874,100	3,371,700	6,245,800	+ 103,100	4,58,09,000	...	3,053,900	3,572,700	6,626,600	-277,700	-380,800
1,002,200	110,100	1,112,300	+ 5,000	66,44,000	92,16,000	1,057,300	112,300	1,169,600	-52,300	-57,300
-654,700	2,299,900	1,645,200	+ 67,100	-1,50,35,000	28,16,000	-814,600	2,347,700	1,533,100	-45,000	-112,100
567,000	...	567,000	+ 2,200	88,80,000	...	592,000	...	592,000	+ 27,200	+ 25,000
-87,700	2,299,900	2,212,200	+ 69,300	-61,55,000	28,16,000	-222,600	2,347,700	2,125,100	-17,800	-87,100
1,897,500	57,400	1,954,900	+ 3,700	2,94,96,000	...	1,966,400	54,600	2,021,000	+ 69,800	+ 66,100
890,300	144,100	1,034,400	-51,500	1,43,91,000	...	959,400	134,200	1,093,600	+ 7,700	+ 59,200
86,700	5,400	92,100	...	13,26,000	...	88,400	5,400	93,800	+ 1,700	+ 1,700
1,419,700	351,100	1,770,800	+ 26,300	1,97,43,000	1,32,31,000	2,198,500	378,900	2,577,200	+ 832,700	+ 806,400
2,880,300	1,500	2,881,800	+ 63,900	9,16,000	4,28,99,000	2,921,000	5,000	2,926,000	+ 108,100	+ 44,200
849,300	...	849,300	-58,000	19,45,000	1,13,71,000	887,700	...	887,700	-19,600	+ 38,400
4,337,900	2,000	4,339,900	-74,200	31,41,000	6,64,31,000	4,638,100	2,000	4,640,100	+ 226,000	+ 300,200
178,000	100	178,100	-5,100	...	26,53,000	176,900	100	177,000	-6,200	-1,100
1,840,000	10,500	1,850,500	-56,400	6,63,000	3,36,03,000	2,284,400	10,500	2,294,900	+ 388,000	+ 444,400
125,000	500	125,500	-1,400	19,09,000	...	127,300	500	127,800	+ 900	+ 2,300
999,400	12,500	1,011,900	-118,500	9,64,000	1,82,44,000	1,280,600	11,900	1,292,500	+ 162,100	+ 280,600
1,089,800	5,200	1,095,000	+ 81,600	1,24,07,000	12,40,000	909,800	2,500	912,300	-1,100	-182,700
866,800	28,200	895,000	-45,900	74,57,000	74,03,000	990,600	32,300	1,022,900	+ 82,000	+ 127,900
14,586,200	411,600	14,997,800	-87,700	4,91,45,000	19,70,75,000	16,414,700	443,700	16,858,400	+ 1,772,900	+ 1,860,600
225,700	10,900	236,600	+ 1,000	33,27,000	...	221,800	10,900	232,700	-2,900	-3,900
500	395,000	395,500	-2,800	6,000	...	400	408,000	408,400	+ 10,100	+ 12,900
1,102,000	2,054,500	3,156,500	-5,200	12,34,000	1,58,18,000	1,136,800	2,069,000	3,205,800	+ 44,100	+ 49,300
600,800	124,500	725,300	-44,400	14,29,000	77,36,000	611,000	102,000	713,000	-56,700	-12,300
254,200	31,000	285,200	-63,600	11,82,000	33,22,000	300,300	26,500	326,800	-22,000	+ 41,600
2,183,200	2,615,900	4,799,100	-115,000	71,78,000	2,68,76,000	2,270,300	2,616,400	4,886,700	-27,400	+ 87,600
3,300	...	3,300	+ 3,300	...	...	...	...	...	...	-3,300
33,400	11,600	45,000	+ 11,700	9,00,000	...	60,000	40,000	100,000	+ 66,700	+ 55,000
376,100	9,300	385,400	-81,300	59,61,000	...	397,400	2,600	400,000	-66,700	+ 14,600
566,300	...	566,300	+ 66,300	37,50,000	37,50,000	500,000	...	500,000	...	-66,300
979,100	20,900	1,000,000	...	1,06,11,000	37,50,000	957,400	42,600	1,000,000	...	...
29,370,400	5,642,900	35,013,300	- 95,500	15,12,21,000	31,97,94,000	31,401,100	5,748,500	37,149,600	+ 2,040,800	+ 2,136,300

BUDGET ESTIMATE, 1911-1912.

INDIA.			
Amount in Rupees.	Equivalent in £ at Rs=£1.	England.	TOTAL.
₹	£	£	£
4,20,38,000	2,802,500	3,397,200	6,199,700
37,71,000	251,400	175,100	426,900
4,58,09,000	3,053,900	3,572,300	6,626,600

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1909-1910.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R 15 = £ 1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
	₹	₹	£	£	£	₹	₹
Brought forward	14,76,26,562	28,16,59,173	28,619,048	5,413,022	34,032,070	15,21,90,000	28,83,66,000
Railways—							
38.—State Railways: Interest on Debt	3,84,67,346	...	2,564,489	3,089,062	5,653,551	3,94,13,000	...
Annuities in purchase of Railways	...	...	...	3,357,708	3,357,708	...	...
Sinking Funds	...	...	...	165,205	165,205	...	...
Interest chargeable against Companies on Advances	38,16,414	...	254,428	219,212	473,640	36,99,000	...
Interest on Capital deposited by Companies	21,68,115	...	144,541	1,749,775	1,894,316	24,11,000	...
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision	—26,456	...	—1,764	...	—1,764	—13,000	...
40.—Subsidized Companies: Land, etc.	5,87,818	18,359	40,412	...	40,412	7,22,000	38,000
41.—Miscellaneous Railway Expenditure	5,40,198	20,601	37,387	...	37,387	7,45,000	27,000
TOTAL	4,55,53,435	38,960	3,039,493	8,580,963	11,620,456	4,69,77,000	65,000
Irrigation—							
42.—Major Works: Working Expenses	70,55,837	93,57,329	1,094,211	...	1,094,211	73,44,000	93,88,000
Interest on Debt	52,15,149	90,38,531	950,246	108,465	1,058,711	57,50,000	92,83,000
42A.—Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance	...	...	...	...	...	...	...
43.—Minor Works and Navigation	32,04,103	1,03,09,918	900,935	...	900,935	34,08,000	1,03,89,000
TOTAL	1,54,75,089	2,87,05,778	2,945,392	108,465	3,953,857	1,65,02,000	2,90,60,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	...	18,671	1,245	...	1,245	...	20,000
45.—Civil Works	86,12,335	5,22,48,043	4,057,358	78,548	4,135,906	96,37,000	5,79,58,000
TOTAL	86,12,335	5,22,66,714	4,058,603	78,548	4,137,151	96,37,000	5,79,78,000
Military Services—							
46.—Army: Effective	20,31,33,282	...	13,542,219	2,211,982	15,754,201	20,41,46,000	...
Non-Effective	1,02,58,085	...	683,872	2,463,108	3,146,980	1,05,76,000	...
	21,33,91,367	...	14,226,091	4,675,090	18,901,181	21,47,22,000	...
46A.—Marine	37,79,010	...	251,934	209,223	461,157	38,19,000	...
47.—Military Works	1,23,57,178	...	823,812	34,530	858,342	1,28,00,000	...
47A.—Special Defences (1902)	82,934	...	5,529	23,075	28,604	54,000	...
TOTAL	22,96,10,489	...	15,307,366	4,941,918	20,249,284	23,13,95,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	44,68,77,910	36,26,70,625	53,969,902	19,122,916	73,092,818	45,67,01,000	37,54,69,000
<i>Add—</i> Portion of Allotments to Provincial Governments not spent by them in the year	...	1,34,10,533	894,036	...	894,036	...	2,71,75,000
<i>Deduct—</i> Portion of Provincial Expenditure defrayed from Provincial Balances	...	...	...	...	...	...	...
Total Expenditure charged to Revenue	44,68,77,910	37,60,81,158	54,863,938	19,122,916	73,986,854	45,67,01,000	40,26,44,000

	ACCOUNTS, 1909-1910.			
	INDIA.		England.	Total.
	Amount in Rupees.	Equivalent in £ at R 15 = £ 1.		
	₹	£	£	£
Capital Expenditure not charged to Revenue				
48.—State Railways	6,33,69,469	4,224,631	2,096,986	6,321,617
49.—Irrigation Works	1,52,37,319	1,015,821	36,528	1,052,349
TOTAL	7,86,06,788	5,240,452	2,133,514	7,373,966
50.—Redemption of Liabilities	...	...	...	...

Revenues of India, in India and in England—continued.

ESTIMATE, 1910-1911.			Increase + Decrease — as compared with Budget Estimate, 1910-1911.	BUDGET ESTIMATE, 1911-1912.					Increase + Decrease — of Budget, 1911-1912, as compared with Budget Estimate, 1910-1911.	Increase + Decrease — of Budget, 1911-1912, as compared with Revised Estimate, 1910-1911.
Total India (converted into £ at R15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.		
				Imperial.	Provincial.					
£	£	£	£	R	R	£	£	£	£	
29,370,400	5,642,900	35,013,300	-95,500	15,12,21,000	31,97,94,000	31,401,100	5,718,500	37,119,600	+ 2,046,800	+ 2,136,300
2,627,500	3,152,400	5,779,900	-87,100	4,20,38,000	...	2,802,500	3,397,200	6,199,700	+ 332,700	+ 419,800
...	3,357,800	3,357,800	...	...	...	...	3,357,800	3,357,800	...	...
...	171,300	171,300	+ 100	...	...	...	177,700	177,700	+ 6,500	+ 6,400
246,600	219,300	465,900	-16,000	37,71,000	...	251,400	175,500	426,900	-55,000	-39,000
160,700	1,814,400	1,975,100	-45,200	22,10,000	...	147,300	1,673,500	1,820,800	-199,500	-154,300
-900	...	-900	-300	...	...	...	...	...	+ 600	+ 900
50,700	...	50,700	-59,800	15,20,000	6,000	101,800	...	101,800	-8,700	+ 51,100
51,500	...	51,500	-7,800	4,27,000	10,000	29,100	...	29,100	-30,200	-22,400
3,136,100	8,715,200	11,851,300	-216,100	4,99,66,000	16,000	3,332,100	8,781,700	12,113,800	+ 46,400	+ 262,500
1,115,500	100	1,115,600	+ 52,800	72,54,000	92,28,000	1,008,800	...	1,098,800	+ 36,000	-16,800
1,002,200	110,100	1,112,300	-5,000	66,44,000	92,16,000	1,057,300	112,300	1,169,600	+ 52,300	+ 57,300
...	...	...	...	18,00,000	...	120,000	...	120,000	+ 120,000	+ 120,000
919,800	400	920,200	-10,900	47,30,000	95,91,000	954,700	500	955,200	+ 24,100	+ 35,000
3,037,500	110,600	3,148,100	+ 36,900	2,04,28,000	2,80,35,000	3,230,800	112,800	3,343,600	+ 232,400	+ 195,500
1,300	...	1,300	+ 1,000	...	15,000	1,000	...	1,000	+ 700	-300
4,506,400	81,500	4,587,900	+ 28,900	1,03,23,000	7,09,85,000	5,420,500	80,000	5,500,500	+ 941,500	+ 912,600
4,507,700	81,500	4,589,200	+ 29,900	1,03,23,000	7,10,00,000	5,421,500	80,000	5,501,500	+ 942,200	+ 912,300
13,609,700	2,369,100	15,978,800	-321,900	20,67,72,000	...	13,784,800	2,452,600	16,237,400	-63,300	+ 258,600
705,100	2,487,800	3,192,900	+ 5,100	1,03,83,000	...	692,200	2,515,000	3,207,200	+ 19,400	+ 14,300
14,314,800	4,856,900	19,171,700	-316,800	21,71,55,000	...	14,477,000	4,967,600	19,444,600	-43,900	+ 272,900
254,600	206,900	461,500	-22,800	37,08,000	...	247,200	200,100	447,300	-37,000	-14,200
853,300	26,300	879,600	...	1,35,55,000	...	903,700	20,700	924,400	+ 44,800	+ 44,800
3,600	6,000	9,600	+ 8,100	1,01,000	...	6,700	200	6,900	+ 5,400	-2,700
15,426,300	5,096,100	20,522,400	-331,500	23,45,19,000	...	15,634,600	5,188,600	20,823,200	-30,700	+ 300,800
55,478,000	19,646,300	75,124,300	-576,300	46,64,57,000	41,88,45,000	59,020,100	19,911,600	78,931,700	+ 3,231,100	+ 3,807,400
1,811,700	...	1,811,700	+ 2,433,900	...	...	...	...	...	-1,093,800	-3,527,700
...	...	...		...	2,57,40,000	1,716,000	...	1,716,000		
57,289,700	19,646,300	76,936,000	+ 1,857,600	46,64,57,000	39,31,95,000	57,304,100	19,911,600	77,215,700	+ 2,137,300	+ 279,700

REVISED ESTIMATE, 1910-1911.				BUDGET ESTIMATE, 1911-1912.			
INDIA.		England.	Total.	INDIA.		England.	Total.
Amount in Rupees.	Equivalent in £ at R15=£1.			Amount in Rupees.	Equivalent in £ at R15=£1.		
R	£	£	£	R	£	£	£
8,68,97,000	5,753,100	1,930,900	7,724,000	8,92,28,000	5,948,600	2,154,600	8,103,200
1,71,95,000	1,146,300	67,000	1,213,300	1,79,83,000	1,198,900	67,800	1,266,700
10,40,92,000	6,939,400	1,997,900	8,937,300	10,72,11,000	7,147,500	2,222,400	9,369,900
...	...	5,904,100	5,904,100	...	...	...	...

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1909-1910.			REVISED ESTIMATE, 1910-1911.			BUDGET ESTIMATE, 1911-1912.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	73,882,288	711,207	74,593,495	79,376,200	950,300	80,326,500	77,228,700	806,200	78,034,900
Excess of Revenue over Expenditure charged to Revenue.			606,641			3,390,500			819,200
Railway and Irrigation Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (net)	2,459,426	...	2,459,426	2,294,300	...	2,294,300	1,357,500	...	1,357,500
Capital subscribed by Native States towards outlay on State Railways.	66,667	...	66,667	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Repayments	8,115	2,005	10,120	...	1,800	1,800	...	2,000	2,000
NET			0			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	52,367	...	52,367	101,100	...	101,100	36,500	1,670,000	1,706,500
NET			0			101,100			36,500
Permanent Debt Incurred—									
<i>Sterling Debt</i> —									
India Stock	...	9,069,573	...	...	939,800	...	...	3,137,500	...
India Bonds	...	...	...	...	4,000,000	...	...	...	...
Indian Midland Railway Debentures.	...	...	...	...	3,654,100	...	...	...	...
<i>Rupee Debt</i> —									
Rupee Loan	1,666,667	...	...	1,000,000	...	...	1,333,300	...	...
TOTAL NET	1,666,667	9,069,573	10,736,240	1,000,000	8,593,900	9,593,900	1,333,300	3,137,500	4,470,800
			10,408,347			8,612,800			2,088,900
Temporary Debt Incurred—									
Temporary Loans	2,000,000	6,000,000	8,000,000	...	5,000,000	5,000,000	...	4,500,000	4,500,000
NET			0			0			0
Unfunded Debt—									
Deposits of Service Funds	93,396	...	...	92,200	...	...	90,700	...	...
Savings Bank Deposits	4,975,478	...	...	5,335,700	...	...	5,092,500	...	...
TOTAL NET	5,068,874	...	5,068,874	5,427,900	...	5,427,900	5,183,200	...	5,183,200
			783,154			1,142,700			1,123,300
Deposits and Advances—									
Balances of Provincial Allotments	894,036	...	...	1,811,700	...	...	...	...	...
Appropriation for Reduction or Avoidance of Debt	475,338	...	...	566,300	...	...	500,000	...	...
Deposits of Local Funds—									
District Funds	3,483,445	...	...	3,618,300	...	...	3,473,900	...	...
Other Funds	1,203,859	...	...	1,198,300	...	...	1,145,000	...	...
Deposits of Sinking Funds	12,514	...	...	26,400	...	...	27,500	...	...
Gold Standard Reserve	...	11,967,260 (a)	...	...	11,633,800 (a)	...	...	9,498,400	...
Currency Reserve—									
Council Bills approved	...	1,000,000	...	...	2,545,000	...	...	1,333,300	...
Gold transferred	1,000,000	...	...	2,545,000	...	...	...	...	...
Departmental and Judicial Deposits	23,043,039	...	...	22,500,200	...	...	22,478,100	...	...
Advances	5,105,973	357	...	3,990,800	101,400	...	4,035,700	39,300	...
Suspense Accounts	120,547	...	...	22,100	...	...	41,000	...	...
Exchange on Remittance Accounts, net	17,726	...	...	22,700	...	...	...	...	...
Miscellaneous	83,707	38	...	81,600	...	...	24,500	...	...
TOTAL NET	35,440,184	12,967,655	48,407,839	36,383,400	14,280,200	50,663,600	31,725,700	10,871,000	42,596,700
			4,274,012			1,201,100			0
Carried over	120,644,588	28,750,440		124,582,900	28,826,200		116,864,900	20,986,700	

(a) Include £8,090,000 and £600,000 respectively remitted from India by means of Council Bills in 1909-1910 and 1910-1911.

Government of India, in India and in England.

	ACCOUNTS, 1909-1910.			REVISED ESTIMATE, 1910-1911.			BUDGET ESTIMATE, 1911-1912.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Expenditure, Imperial and Provincial (from Statement B)	£	£	£	£	£	£	£	£	£
53,969,902	19,122,916	73,092,818	55,478,000	19,646,300	75,124,300	59,020,100	19,911,600	78,931,700	
Add—Provincial Surpluses transferred to "Deposits"	894,036	...	894,036	1,811,700	...	1,811,700	...	...	..
Deduct—Provincial Deficits charged to "Deposits"	...	...	...	...	...	...	1,716,000	...	1,716,000
TOTAL	54,863,938	19,122,916	73,986,854	57,289,700	19,646,300	76,936,000	57,304,100	19,911,600	77,215,700
Railway and Irrigation Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	1,015,821	36,528	1,052,349	1,146,300	67,000	1,213,300	1,198,900	67,800	1,266,700
OUTLAY ON STATE RAILWAYS	4,224,631	2,096,986	6,321,617	5,793,100	1,930,900	7,724,000	5,948,600	2,154,600	8,103,200
CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES—									
Indian Midland Railway	...	...	...	...	5,904,100	5,904,100	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	758,278	1,369,824	2,128,102	—811,400	1,138,000	326,600	512,700	923,300	1,436,000
NET			2,117,982			324,800			1,434,000
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	54,583	54,583	...	...	...	...	1,670,000	1,670,000
NET			2,216			0			0
Permanent Debt Discharged—									
STERLING DEBT—									
Madrass Railway Debentures	...	179,400	...	...	542,300	...	...	868,700	...
Indian Midland Do.	...	...	...	...	...	...	...	907,500	...
B. B. C. I. Railway Debentures	...	...	...	...	275,600	...	...	...	...
India Bonds	...	...	...	...	...	...	...	500,000	...
RUPES DEBT—									
4½ p. c. Loans	433	...	...	...	...	...	...	...	...
4 p. c. Loans	80,593	...	...	81,700	...	...	81,300	...	...
3½ p. c. Loans	1,134	...	...	100	...	...	500	...	...
3 p. c. Loan	66,333	...	...	81,300	...	...	23,800	...	...
Provincial Debentures	...	...	...	100	...	...	100	...	...
TOTAL NET	148,493	179,400	327,893	163,200	817,900	981,100	105,700	2,276,200	2,381,900
Temporary Debt Discharged—									
Temporary Loans	2,000,000	6,000,000	8,000,000	...	6,000,000	6,000,000	..	5,000,000	5,000,000
NET			0			1,000,000			500,000
Unfunded Debt—									
Special Loans	393	...	...	400	...	...	400	...	...
Deposits of Service Funds	89,032	...	...	90,500	...	...	92,300	...	...
Savings Bank Deposits	4,196,295	...	...	4,194,300	...	...	3,967,200	...	...
TOTAL NET	4,285,720	...	4,285,720	4,285,200	...	4,285,200	4,059,900	...	4,059,900
Deposits and Advances—									
Balances of Provincial Allotments	...	...	...	...	...	...	1,716,000	...	...
Deposits of Local Funds—									
District Funds	3,538,150	...	...	3,508,300	...	...	3,547,800	...	...
Other Funds	1,210,491	...	...	1,166,700	...	...	1,129,600	...	...
Gold Standard Reserve	344	9,426,550	...	...	13,156,400	...	...	9,492,000	...
Currency Reserve—									
Council Bills appropriated	1,000,000	...	...	2,545,000	...	...	...	...	...
Gold transferred	...	1,000,000	...	...	2,545,000	...	...	...	...
Sums Invested	...	...	...	...	...	...	...	1,333,300	...
Departmental and Judicial Deposits	22,634,529	...	...	22,388,000	...	...	22,627,200	...	...
Advances	5,139,938	103,698	...	4,060,100	2,100	...	4,040,800	38,600	...
Suspense Accounts	58,827	...	...	90,900	...	...	10,900	...	...
Miscellaneous	21,083	217	...	...	...	...	...	...	...
TOTAL NET	33,603,362	10,530,465	44,133,827	33,759,000	15,703,500	49,462,500	33,072,300	10,863,900	43,936,200
Carried over	100,900,243	39,390,702	...	101,625,100	51,207,700	...	102,202,200	42,867,400	1,339,500

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1909-1910.			REVISED ESTIMATE, 1910-1911.			BUDGET ESTIMATE, 1911-1912.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . . .	120,644,588	28,750,440		124,582,900	28,826,200		116,864,900	20,986,700	
Loans and Advances by Imperial Government .	312,683	...	312,683	267,400	...	267,400	210,100	...	210,100
NET .			157,027			167,300			0
Loans and Advances by Provincial Governments	1,749,526	...	1,749,526	1,392,600	...	1,392,600	1,006,000	...	1,006,000
NET			652,053			634,300			30,900
Loans to Local Boards for Railway Construction .	6,083	...	6,083	6,300	...	6,300	6,600	...	6,600
NET			6,083			6,300			6,600
Remittances— Inland Money Orders .	29,051,499	...		30,020,000	...		31,353,300	...	
Other Local Remittances .	45,260	...		422,900	...		398,200	...	
Other Departmental Accounts . . .	776,902	...		338,000	...		...	...
Net Receipts by Civil Treasuries from— Post Office . . .	979,614	...		1,215,200	...		1,295,600	...	
Railways . . .	9,845,540	...		10,946,000	...		9,673,000	...	
Net Receipts from Civil Treasuries by— Telegraph . . .	724,876	...		653,000	...		558,300	...	
Marine . . .	243,868	...		305,100	...		305,300	...	
Military Works . . .	...	...		765,500	...		816,500	...	
Military . . .	13,255,788	...		13,166,100	...		13,275,800	...	
Ordinary Public Works (including Military Works) .	4,734,173	...		...	...		...	...
Remittance Account between England and India— Railway transactions .	2,224,216	2,464,726		2,165,500	2,300,000		2,012,100	1,362,800	
Other " . . .	859,750	394,211		1,122,100	924,800		652,300	709,000	
TOTAL . . .	62,741,486	2,858,937	65,600,423	61,119,400	3,224,800	64,344,200	61,240,400	2,071,800	63,312,200
NET . . .			286,264			299,200			2,200
Secretary of State's Bills draw . . . . .	...	(a) 18,006,586	18,006,586	...	(b) 23,500,000	23,500,000	...	(c) 15,825,000	15,825,000
TOTAL RECEIPTS . . .	185,454,366	49,615,963		187,368,600	55,551,000		179,328,000	38,883,500	
Opening Balance . . .	10,235,827	8,453,715		12,295,428	15,809,618		12,465,528	17,543,418	
GRAND TOTAL . . .	195,690,193	58,069,678		199,664,028	71,360,618		191,793,528	56,426,918	

(a) In addition to £8,090,000 and £1,000,000 respectively for remittance of the Gold Standard and the Currency Reserves.
(b) In addition to £600,000 and £2,545,000 respectively for remittance of the Gold Standard and the Currency Reserves.
(c) In addition to £1,333,300 for remittance of the Currency Reserve.

N. G. BASU,
Offg. Deputy Comptroller General.

Government of India, in India and in England—continued.

	ACCOUNTS, 1909-1910.			REVISED ESTIMATE, 1910-1911.			BUDGET ESTIMATE, 1911-1912.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	100,900,243	39,390,702		101,625,100	51,207,700		102,202,200	42,867,400	
Loans and Advances by Imperial Government	155,656	...	155,656	100,100	...	100,100	324,300	...	324,300
Net			0			0			114,200
Loans and Advances by Provincial Governments	1,097,473	...	1,097,473	758,300	...	758,300	975,100	...	975,100
Net			0			0			0
Remittances—									
Inland Money Orders	29,035,450	...		30,000,000	...		31,333,300	...	
Other Local Remittances	...	...		422,900	...		398,200	...	
Other Departmental Accounts	771,798	...		335,000	...		...	...
Net payments into Civil Treasuries by—									
Post Office	978,584	...		1,215,200	...		1,295,600	...	
Railways	9,558,571	...		10,720,000	...		9,073,000	...	
Net Issues from Civil Treasuries to—									
Telegraph	726,992	...		653,000	...		558,300	...	
Marine	240,193	...		305,100	...		305,300	...	
Military Works	...	...		765,500	...		816,500	...	
Military	13,255,943	...		13,166,100	...		13,275,800	...	
Ordinary Public Works (including Military Works)	4,728,367	...		...	...		...	...
Remittance Account between England and India—									
Railway transactions.	2,460,498	2,228,138		2,300,000	2,165,500		1,362,800	2,912,100	
Other	688,405	641,220		1,552,700	444,000		964,200	414,900	
TOTAL	62,444,801	2,869,358	65,314,159	61,435,500	2,609,500	64,045,000	59,983,000	3,327,000	63,310,000
Net			0			0			0
Secretary of State's Bills paid	(a) 18,796,592	...	18,796,592	(b) 23,279,500	...	23,279,500	(c) 15,825,700	...	15,825,700
TOTAL DISBURSEMENTS	183,394,765	42,260,060		187,198,500	53,817,200		179,310,300	46,194,400	
Closing Balance	12,295,428	15,809,618		12,465,528	17,543,418		12,483,228	10,232,518	
GRAND TOTAL	195,690,193	58,069,678		199,664,028	71,360,618		191,793,528	56,426,918	

(a) In addition to £8,000,000 and £1,000,000 respectively for remittance of the Gold Standard and the Currency Reserves.
 (b) In addition to £600,000 and £2,545,000 respectively for remittance of the Gold Standard and the Currency Reserves.
 (c) In addition to £1,333,300 for remittance of the Currency Reserve.

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

D.—Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.

Provincial Balances.

	Central Provinces and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	Madras.	Bombay.	TOTAL.	Equivalent in £ at Rs 15 = £1.
	R	R	R	R	R	R	R	R	R	£
Accounts, 1909-1910.										
Balance at end of 1908-1909 . . .	17,69,903	9,92,397	12,00,730	58,43,588	30,09,360	14,75,298	1,20,07,393	69,82,925	3,32,81,594	2,218,773
Added in 1909-1910 . . .	7,21,755	25,15,371	5,49,270	32,74,065	20,45,221	13,00,559	12,66,326	17,37,966	1,34,10,533	894,036
Spent in 1909-1910 . . .	...	...	...	...	...	...	...	...	...	...
Balance at end of 1909-1910 . . .	24,91,658	35,07,768	17,50,000	91,17,653	50,54,581	27,75,857	1,32,73,719	87,20,891	4,66,92,127	3,112,809
Revised Estimate, 1910-1911.										
Balance at end of 1909-1910 . . .	24,91,658	35,07,768	17,50,000	91,17,653	50,54,581	27,75,857	1,32,73,719	87,20,891	4,66,92,127	3,112,809
Added in 1910-1911 . . .	4,41,000	26,19,000	53,30,000	31,90,000	34,79,000	34,66,000	21,24,000	65,26,000	2,71,75,000	1,811,700
Spent in 1910-1911 . . .	...	...	...	...	...	...	...	...	...	...
Balance at end of 1910-1911 . . .	29,32,658	61,26,768	70,80,000	1,23,07,653	85,33,581	62,41,857	1,53,97,719	1,52,46,891	7,38,67,127	4,924,509
Budget Estimate, 1911-1912.										
Balance at end of 1910-1911 . . .	29,32,658	61,26,768	70,80,000	1,23,07,653	85,33,581	62,41,857	1,53,97,719	1,52,46,891	7,38,67,127	4,924,509
Added in 1911-1912 . . .	...	...	...	...	...	...	...	...	...	...
Spent in 1911-1912 . . .	5,91,000	41,27,000	12,71,000	37,31,000	35,60,000	12,84,000	37,56,000	74,20,000	2,57,40,000	1,716,000
Balance at end of 1911-1912 . . .	23,41,658	19,99,768	58,09,000	85,76,653	49,73,581	49,57,857	1,16,41,719	78,26,891	4,81,27,127	3,208,509

N. G. BASU,
Offg. Deputy Comptroller General.

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 24, 1911.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.	Accounts, 1909-1910.				Revised Estimate, 1910-1911.		Budget Estimate* 1911-1912.		
	Revenue.	Expenditure.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
		Refunds and Assignments.	Cost of Collection and Production.						
<i>Revenue Heads.</i>	£	£	£	£	£	£	£	£	£
Land Revenue (excluding that due to Irrigation)	21,332,141	777,161	3,650,079	16,904,901		16,483,300		16,862,600	
Opium	5,534,683		1,110,155	4,195,613		6,274,000		3,093,300	
Salt	3,319,518	264,871	330,743	2,724,904		2,555,000		2,660,200	
Stamps	4,548,304	52,036	151,789	4,344,479		4,617,800		4,607,800	
Excise	6,537,854	75,628	397,913	6,064,313		6,408,100		6,719,500	
Provincial Rates	539,223	923	4,045	533,355		541,100		536,800	
Customs	4,965,118	109,136	217,495	4,638,487		6,182,000		5,849,600	
Assessed Taxes	1,558,964	12,758	26,126	1,520,080		1,538,600		1,565,100	
Forest	1,735,386	6,500	1,006,697	722,189		769,100		722,600	
Registration	430,377	1,052	235,716	193,609		182,900		182,900	
Tributes	588,307	198,952	...	389,355		413,000		423,500	
TOTAL	51,089,875	1,727,932	7,131,658	42,230,285		46,084,900		43,223,000	
Total deduction from Revenue			8,859,590						
<i>Expenditure Heads.</i>									
Debt Services	1,184,343	2,115,045			930,702		793,300		948,100
Commercial Services	1,927,229	1,927,582				50,100		115,100	
Other Public Works	902,851	992,433			89,582		36,300		47,200
Mint	12,445,378	11,620,456		824,922		1,834,400		1,849,800	
Civil Departments	3,600,156	3,053,857		606,299		585,000		480,500	
Miscellaneous Civil Services	268,786	4,137,151			3,868,365		4,301,100		5,166,200
Famine Relief and Insurance	125,953	143,758			17,805		97,200		104,700
Military Services	1,146,075	14,185,968			13,039,893		13,789,200		15,646,800
Miscellaneous Civil Services	192,086	3,094,040			2,901,954		2,961,200		3,011,100
Famine Relief and Insurance	44,481	...		44,481		62,600		20,600	18,000
Military Services	373,997	357,530		16,467		1,260,800		1,262,100	1,257,300
Military Services	95,324	1,356,124							
Military Services	...	79,758			79,758		3,300		...
Military Services	...	920,242			920,242		996,700		1,000,000
Military Services	875,557	15,754,201			14,878,644		15,067,000		15,253,400
Military Services	102,171	3,146,980			3,044,809		3,086,800		3,100,300
Military Services	83,460	461,157			377,697		371,000		356,900
Military Services	75,773	858,342			782,569		813,300		857,700
Military Services	...	28,604			28,604		9,600		6,900
Provincial Adjustment	74,593,495	73,092,818		1,500,677		5,202,200			896,800
Provincial Adjustment		894,036			894,036		1,811,700		1,716,000
TOTAL	74,593,495	73,986,854		606,641		3,390,500		819,200	
Capital Account				606,641		3,390,500		819,200	
Capital Account				2,459,426		2,294,300		1,357,500	
Capital Account				66,667				36,500	
Capital Account					2,216	101,100			
Capital Account					1,052,349	1,213,300		1,266,700	
Capital Account					6,321,617	7,724,000		8,103,200	
Capital Account					2,117,982	324,800		1,434,000	
Capital Account						5,994,100			
Capital Account				10,408,347		8,612,800		2,088,900	
Capital Account						1,000,000		500,000	
Capital Account						1,142,700		1,123,300	
Capital Account						167,300			114,200
Capital Account						652,053		30,900	
Capital Account						6,083		6,600	
Capital Account						4,274,012		1,339,500	
Capital Account						286,264		2,200	
Capital Account						18,006,586		15,825,000	
Capital Account					18,796,592	23,279,500		15,825,700	
Cash Balance				37,706,260	28,290,756	41,349,600	39,445,700	21,290,100	28,583,300
Cash Balance				18,689,542		28,105,046		30,008,946	
Cash Balance									22,715,746
TOTAL	56,395,802	56,395,802		69,454,646	69,454,646	69,454,646	69,454,646	51,299,046	51,299,046

N. G. BASU,
Offg. Deputy Comptroller General.
FORT WILLIAM,
FINANCE DEPARTMENT;
March 24, 1911.

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

MEMORANDUM EXPLAINING THE DETAILS OF THE ESTIMATES.

1. In this memorandum the variations between the Budget and the Revised estimates of the current year, and between the latter and the Budget estimates of next year, are explained in detail for the major heads of account. Under most of the heads details by provinces have been given, and it may be explained that the figures shown against "India General" represent the transactions of the Central Government, including all expenditure directly controlled by it, of the minor administrations of Ajmer-Merwara, Baluchistan and Coorg, and of the convict settlement in the Andamans. The Budget estimates of Provincial and "Divided" expenditure in 1911-12 generally represent the allotments proposed by the several Governments and Administrations with whom regular provincial settlements have been concluded, and in the case of provinces having local Legislative Councils more detailed information regarding the figures will be found in the Financial Statements presented by the Local Governments to their respective Councils.

Introductory.

2. The broad totals of revenue and expenditure for the last year, the current year and the ensuing year are as follows:—

General results.

	Accounts, 1909-1910.
	£
Revenue	74,593,495
Expenditure charged to Revenue	73,986,854
	<hr/>
Surplus	£ 606,641
	<hr/>
	Revised, 1910-1911.
	£
Revenue	80,326,500
Expenditure charged to Revenue	76,936,000
	<hr/>
Surplus	£ 3,390,500
	<hr/>
	Budget, 1911-1912.
	£
Revenue	78,034,900
Expenditure charged to Revenue	77,215,700
	<hr/>
Surplus	£ 819,200
	<hr/>

These figures exclude all capital, debt and remittance transactions.

3. The accounts of 1909-10 are not discussed in this memorandum, but according to our usual practice in the past a brief explanation is given below of the principal divergences between the Revised estimates of revenue and expenditure as submitted to the Council twelve months ago, and the actual accounts of the year as closed, audited and compiled by the Comptroller and Auditor General, whose Appropriation Report has just been published in the *Gazette of India* of the 18th instant. It may be mentioned at the outset that the change in our Budget arrangements, necessitated by the Council reform scheme, has affected the accuracy of the Revised estimates. Previous to last year, these estimates were based on the audited accounts of ten months and on the approximate figures for the eleventh month under the principal revenue heads. Owing to the earlier presentation to the Legislative Council of the Financial Statement, the Revised estimates have now to be framed with reference to the audited accounts of nine months and the approximate figures for the tenth month. Corrections in the figures can of course be made after the presentation of the Financial Statement up to the time when

Accounts of 1909-10.

the Budget is presented ; but for obvious reasons it is inconvenient to make any corrections at this stage unless they materially affect the estimates. Moreover the Government of India do not now exercise the same minute scrutiny over the Provincial figures as they used to do before.

The total revenue turned out about £219,000 more and the total expenditure about £97,800 less than the Revised estimate, with the result that the year's surplus was £316,800 larger than was anticipated. If the Provincial figures are eliminated, it will be found that the improvement occurred chiefly under three heads. The Military figures were better by £178,000, mainly as the result of larger recoveries on account of clothing and medical stores supplied on payment and a smaller expenditure on food supplies and on purchase of stores both in India and in England. Customs showed an improvement of £52,300 owing to a larger yield of the cotton excise and the rice export duties ; and there was an increase of £47,500 in the Imperial share of Land Revenue including the portion due to Irrigation. Under Railways, a decrease of £46,000 in the net traffic receipts was nearly counterbalanced by a decrease of £42,000 in the interest and miscellaneous charges.

Authors of Memorandum.

4. Paragraphs 185 to 212 of this Memorandum have been communicated by Mr. J. B. Brunyate, C.I.E., Secretary to the Government of India in the Military Finance branch : and the rest of the Memorandum has been drafted by Mr. Bhupendra Nath Mitra, M.A., Assistant Secretary in the Finance Department.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 165

I AND 3.—LAND REVENUE.

REVENUE.

(Including the portion due to Irrigation.)

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	14,99,376	17,93,778	18,83,663	17,38,000	16,28,000	17,24,000
2. North-West Frontier.	23,54,850	23,42,121	23,30,699	23,19,000	21,75,000	22,60,000
3. Other Provinces	14,93,496	5,81,726	10,43,159	15,05,000	11,40,000	13,97,000
Total	53,47,722	47,17,625	52,57,521	55,62,000	49,43,000	53,81,000
<i>Divided and Provincial.</i>						
1. Central Provinces	1,59,86,051	1,66,30,891	1,87,74,671	1,87,58,000	1,83,00,000	1,85,00,000
2. Burma	3,87,39,774	4,10,68,905	4,20,29,468	4,34,00,000	4,24,00,000	4,36,69,000
3. Eastern Bengal and Assam	1,94,35,602	1,95,33,022	2,01,21,586	2,01,00,000	2,02,25,000	2,03,40,000
4. Bengal	2,84,51,336	2,90,21,355	2,95,91,736	2,91,37,000	2,93,00,000	2,93,16,000
5. United Provinces	5,30,49,572	6,56,19,626	6,98,61,785	6,76,84,000	6,73,09,000	6,69,68,000
6. Punjab	2,48,36,729	2,45,79,377	3,13,87,524	3,04,90,000	2,99,00,000	3,47,00,000
7. Madras	6,27,77,317	6,37,01,233	6,49,15,137	6,60,67,000	6,64,11,000	6,75,79,000
8. Bombay	4,77,73,723	4,78,79,532	5,48,03,513	5,28,28,000	5,35,33,000	5,33,33,000
Total	29,10,50,104	30,80,33,941	33,14,85,420	32,84,64,000	32,73,78,000	33,49,05,000
TOTAL REVENUE R	29,63,97,826	31,27,51,566	33,67,42,941	33,40,26,000	33,23,21,000	34,02,86,000
Shown under I.—Land Revenue R	28,07,89,837	29,63,85,898	31,99,82,121	31,70,84,000	31,43,31,000	32,12,82,000
Shown under XXIX.—Irrigation R	1,56,07,989	1,63,65,668	1,67,60,820	1,69,42,000	1,79,90,000	1,90,04,000
Equivalent of total Revenue in Sterling £	19,759,855	20,850,104	22,449,529	22,268,400	22,154,700	22,685,800
Shown under I.—Land Revenue £	18,719,322	19,759,060	21,331,141	21,138,900	20,955,400	21,418,800
Shown under XXIX.—Irrigation £	1,040,533	1,091,044	1,117,388	1,129,500	1,199,300	1,267,000

EXPENDITURE.

<i>Imperial.</i>						
1. India General	6,70,757	7,13,738	7,09,343	6,50,000	6,80,000	6,29,000
2. North-West Frontier.	5,98,411	5,58,745	5,87,200	6,07,000	5,84,000	6,14,000
3. Other Provinces	17,57,939	24,07,398	26,21,963	29,85,000	27,20,000	29,81,000
Total	30,27,107	35,79,881	39,18,506	42,42,000	39,84,000	42,24,000
<i>Divided and Provincial.</i>						
1. Central Provinces	35,51,474	37,39,513	38,16,408	39,10,000	39,45,000	39,60,000
2. Burma	64,45,276	68,19,354	66,35,721	68,45,000	66,85,000	68,33,000
3. Eastern Bengal and Assam	32,19,351	30,67,804	30,68,240	31,52,000	31,11,000	32,29,000
4. Bengal	37,67,946	37,10,161	37,24,433	39,86,000	38,60,000	40,70,000
5. United Provinces	85,53,286	86,76,311	83,67,891	84,62,000	84,53,000	85,56,000
6. Punjab	48,11,203	49,74,947	47,85,927	49,35,000	47,46,000	48,45,000
7. Madras	1,15,00,742	1,20,17,254	1,24,04,096	1,28,27,000	1,28,01,000	1,31,77,000
8. Bombay	76,26,640	81,16,793	80,21,443	82,36,000	80,00,000	81,81,000
Total	4,94,75,918	5,11,22,137	5,08,24,159	5,23,53,000	5,16,01,000	5,28,51,000
TOTAL INDIA R	5,25,03,025	5,48,02,018	5,47,42,665	5,65,95,000	5,55,85,000	5,70,75,000
Equivalent in Sterling £	3,500,202	3,653,468	3,649,511	3,773,000	3,705,700	3,805,000
England £	1,138	464	568	1,300	2,500	800
TOTAL EXPENDITURE £	3,501,340	3,653,932	3,650,079	3,774,300	3,708,200	3,805,800

166 BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12.

Statement showing the distribution between Imperial and Provincial of the land revenue shown in the preceding table under 1910-11 and 1911-12.

	1910-1911.		1911-1912, Budget.
	Budget.	Revised.	
1. Total divided revenue	31,47,69,000	31,33,01,000	32,07,87,000
<i>Imperial.</i>			
2. Imperial share according to the terms of the provincial settlements	16,95,32,000	16,86,62,000	16,31,75,000
3. Deduct :—			
(a) Fixed recurring assignments from Imperial to Provincial under the terms of the provincial settlements, including permanent additions subsequently made to them	3,33,24,000	3,34,08,000	5,77,000
(b) Assignments in connection with the scheme for the incidence of famine relief expenditure (<i>vide</i> para. 54 of Financial Statement for 1907-1908)	37,50,000	37,50,000	37,50,000
(c) Non-recurring grants :—			
(i) under the terms of the provincial settlements	8,39,000	53,23,000	8,77,000
(ii) in aid of outlay on the improvement of education and sanitation, treated as a special appropriation from the opium revenue of the year . . . . .	...	1,47,17,000	...
(iii) other items	3,16,000	1,04,39,000	3,49,000
Total assignments	3,82,29,000	6,76,37,000	55,53,000
4. Net Imperial share of divided revenue	13,13,03,000	10,10,25,000	15,76,22,000
5. Add—Wholly Imperial Revenue	55,62,000	49,43,000	53,81,000
TOTAL	13,68,65,000	10,59,68,000	16,30,03,000
Shown under I.—Land Revenue	12,22,74,000	9,56,41,000	15,25,44,000
" " XXIX.—Irrigation	1,45,91,000	1,03,27,000	1,04,59,000
<i>Provincial.</i>			
1. Share of divided revenue	18,34,66,000	21,22,76,000	16,31,65,000
2. Wholly Provincial Revenue	1,36,95,000	1,40,77,000	1,41,18,000
TOTAL	19,71,61,000	22,63,53,000	17,72,83,000
Shown under I.—Land Revenue	19,48,10,000	21,86,90,000	16,87,38,000
" " XXIX.—Irrigation	23,51,000	76,63,000	85,45,000

5. The Imperial expenditure shown against "Other Provinces" in the table at page 593 represents the cost of survey and record-of-right operations on a large scale in Bengal and Eastern Bengal and Assam undertaken more for administrative than for fiscal purposes. The expenditure is of a temporary and varying character and was accordingly not considered suitable for inclusion in the financial settlements with the two provinces. Three-fourths of the charges are eventually recovered from landlords and tenants, for the protection of whose rights the operations are primarily undertaken; and the recoveries are shown in the table as Imperial revenue against "Other Provinces."

REVENUE.

(a) *Wholly Imperial.*

6. The latest estimate for 1910-11 is R6.19 lakhs less than the Budget forecast, owing mainly to the postponement of the recovery of survey and settlement charges in certain districts in Eastern Bengal and the grant of remissions in the North-West Frontier Province. Budget for 1911-12 is R4.38 lakhs higher than the Revised for the current year, the major portion of the increase occurring under recoveries of survey and settlement expenditure in Eastern Bengal and Assam.

(b) *Divided and wholly Provincial.*

7. The total collections in 1910-11 are likely to fall short of the Budget estimate by R10.86 lakhs. There is a considerable deficiency of R10 lakhs in Burma, mainly in consequence of an over-sanguine allowance in the Budget for the extension of cultivation and the consequent growth in the ordinary land revenue. Smaller decreases occur in the Punjab (R5.9 lakhs), owing chiefly to unexpected delays in the sale of proprietary rights in the canal colonies and in the Central and the United Provinces (R4.58 lakhs and R3.75 lakhs respectively) due to larger remissions and suspensions and to a prompter collection of arrears in the previous year. But these are nearly counterbalanced by increases in Bombay (R7.05 lakhs) caused by the transfer of Government land to the Port and City Improvement Trusts and the revision of the assessment of alienated lands, in the two Bengals (R2.88 lakhs) owing to increased collection of arrears, and in Madras (R3.44 lakhs). In the last named province, the Budget provided for a special receipt of about R10 lakhs from the sale of waste lands under the Divi pumping project. It is not expected that any material portion of this will be realized in the current year; but the loss will be more than made up by increased collection of ordinary revenue, partly in consequence of the favourable character of the seasons which has reduced the need for remissions and accelerated the recovery of arrears, and partly owing to the consolidation in the land revenue demand, in the districts served by the Kurnool-Cuddapah canal, of receipts which have been hitherto credited to the Irrigation Department.

8. The total Budget for next year is R75.27 lakhs more than the Revised estimate for 1910-11. The increase is largest in the Punjab (48 lakhs) where the Local Government expects to realise about 53 lakhs in 1911-12 by the sale of proprietary rights in the canal colonies under the provisions of the Canal Colonies Bill which is now engaging the consideration of the local Legislative Council; the consolidation in the land revenue demand of the owner's rate hitherto levied in certain tracts watered by the Lower Chenab canal will also lead to an increase of revenue under this head, but the improvement will be more than counterbalanced by reduced collection of arrears. In Madras, the Budget estimate includes 10 lakhs on account of sale-proceeds of waste lands under the Divi pumping project. Provision for normal growth has been made in all the provinces, though it has been obscured in several cases by the absence of any large collection of arrears.

(c) *Adjustments between Imperial and Provincial.*

9. The table at page 594 shows the amount of Land Revenue assigned for Provincial expenditure in the two years. The large decrease in 1911-12 in the gross Imperial share of the divided revenue, in spite of an increase in the latter, is due to the changes which it has been decided to introduce in the financial

settlements with the various provinces with effect from the ensuing year. The object of these changes is the conversion of fixed recurring assignments of Land Revenue, which in most provinces have become unduly large, into increased shares of growing revenue. A summary of the changes is given below:—

- (1) The provincial share of Land Revenue (including the portion of it which is credited to "Irrigation") as well as of the corresponding charge under refunds and assignments, will be raised from one-half to five-eighths in Burma and from three-eighths to one-half in the Punjab.
- (2) Excise revenue and expenditure (including refunds and assignments) will become wholly provincial in Eastern Bengal and Assam and in Bombay, while in the Central Provinces, Bengal and the United Provinces the provincial share of the same will be raised from one-half to three-fourths.
- (3) The revenue under Assessed Taxes realised in the Public Works Department which has hitherto been treated as wholly Imperial will be divided in moieties between Imperial and Provincial. This is a subsidiary change which has become necessary owing to the amalgamation of the Civil and Public Works Account offices.
- (4) Forest revenue and expenditure (including refunds) will become wholly provincial in all the eight provinces having regular provincial settlements.
- (5) The provincial share of revenue and expenditure under the head Major Irrigation Works (excluding the portion of Land Revenue credited under the head) will be raised from three-eighths to one-half in the Punjab, the net revenue guaranteed to the Provincial Government under the head being also raised from ₹30·75 lakhs to ₹41 lakhs.
- (6) The revenue and expenditure in Bengal under the Major and Minor Irrigation heads, which are now wholly provincial, will be divided in moieties between Provincial and Imperial, the latter thus bearing a share of the loss which at present falls only on Provincial revenues.
- (7) Except as stated above, the incidence of revenue and expenditure between Imperial and Provincial will continue as at present.

Under the new arrangements, divisible Land Revenue will therefore be shared in moieties between Imperial and Provincial in all the provinces except Burma and the United Provinces where the provincial share will be respectively five-eighths and three-eighths.

10. The changes may also be described, province by province, as follows:—

In the Central Provinces, the fixed assignment is reduced by ₹21·45 lakhs, and the provincial share of the Excise revenue (net) raised from $\frac{1}{2}$ to $\frac{3}{4}$.

In Burma, the assignment is reduced by ₹79·64 lakhs, and the provincial share of the Land Revenue raised from $\frac{1}{2}$ to $\frac{5}{8}$; this wholly exceptional treatment being meant as a recognition, not only of the special needs of the province, but also of the indirect contribution which its land makes to the Imperial resources through the export duties on rice.

In Eastern Bengal and Assam, the assignment is reduced by ₹38·87 lakhs, and the net Excise revenue is made wholly provincial.

In Bengal, the assignment is reduced by 54·68 lakhs: the provincial share in the net Excise revenue is raised from $\frac{1}{2}$ to $\frac{3}{4}$; and one-half of the net Irrigation expenditure, so far as it is at present wholly provincial, is transferred to the Imperial charge. A special recurring grant of ₹7·46 lakhs is then made to the province, in view of its peculiar difficulties, and more particularly of the high cost of its police reforms.

In the United Provinces, the assignment is reduced by ₹28·84 lakhs, and the provincial share of the net Excise revenue is raised from $\frac{1}{2}$ to $\frac{3}{4}$.

In the Punjab, the assignment is reduced by ₹46·58 lakhs, and the provincial share in the Land revenue and in the net Irrigation revenue from Major Works is raised from $\frac{3}{8}$ to $\frac{1}{2}$.

In Madras, the assignment is reduced by ₹3·51 lakhs.

In Bombay, the assignment is reduced by ₹85·19 lakhs, and the net Excise revenue is made wholly provincial.

Finally, in all the eight provinces the Forest revenue and expenditure are entirely provincialized.

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11. The effect of the above changes and of certain minor adjustments which it has been decided to incorporate in the contemplated permanent settlements is to alter the total recurring assignment from Imperial to Provincial of Rs 34.08 lakhs in the Revised to a net recurring assignment of Rs 13.63 lakhs from Provincial to Imperial, distributed as follows :—

[Lakhs.

	RECURRING ASSIGNMENT.	
	From Imperial to Provincial.	From Provincial to Imperial.
Central Provinces	21.40	...
Burma	13.12	...
Eastern Bengal and Assam	13.55	...
Bengal . . . . .	...	18.40
United Provinces . . . . .	...	19.26
Punjab	6.77	...
Madras . . . . .	...	21.43
Bombay . . . . .	...	9.38
	54.84	68.47
Net	...	13.63

The actual entry shown under "Budget of 1911-12" against item 3 (a) of the table on page 22 is, however, an assignment of Rs 5.77 lakhs from Imperial to Provincial owing to provision having been made for the following additional recurring contributions :—

	Central Provinces.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces.	Punjab.	Madras.	Bombay.	TOTAL.
I. Assignments from Imperial to Provincial:									
(1) Balance of promised contribution in aid of—									
(a) police reforms with reference to the recommendations of the Police Commission	1.74	...	...	...	3.77	...	...	3.25	8.76
(b) scheme for the constitution of additional districts in Madras . . . . .	...	...	...	...	...	...	3.34	...	3.34
(c) scheme for the revision of pay of ministerial establishments in Eastern Bengal and Assam . . . . .	...	...	1.69	...	...	...	...	...	1.69
(2) Contribution to Eastern Bengal and Assam under the terms of its provincial settlement in aid of schemes for the re-organisation of the river and subordinate police . . . . .	...	...	3.00	...	...	...	...	...	3.00
(3) Compensation for liability incurred in relieving Municipalities of police charges . . . . .	...	...	...	...	3.58	5.22	...	...	8.801
Total	1.74	...	4.69	...	7.35	5.22	3.34	3.25	25.59
II. Contribution from Provincial to Imperial owing to transfer to the Imperial section of the accounts of charges of Public Works account offices hitherto debited in the Provincial section . . . . .	.48	.98	.94	.81	.67	.23	1.38	.70	6.19
Net, from Imperial to Provincial									19.40

Several of the figures given in the above table are provisional in character and liable to alteration when the exact financial effect of the different schemes has been worked out.

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12. It has been decided to distribute about a third of the opium revenue realised in the current year in excess of R7 crores among the several Provincial Governments to be applied to initial or capital expenditure on large schemes of educational and sanitary development. The total amount allotted for this purpose is R147.17 lakhs; and this sum has accordingly been placed at their disposal by non-recurring assignments of Imperial Land Revenue in the current year. The distribution of the total figure is given below:—

	Education.	Sanitation.	Total.
Central Provinces	4.00	2.00	6.00
Burma	8.00	7.00	15.00
Eastern Bengal and Assam	11.17	9.00	20.17
Bengal	24.50	10.00	34.50
United Provinces	15.91	10.50	26.41
Punjab	9.00	10.00	19.00
Madras	6.57	4.25	10.82
Bombay	11.02	4.25	15.27
	<u>90.17</u>	<u>57.00</u>	<u>147.17</u>

The amount allotted to the Punjab under Sanitation includes R5 lakhs for the Research Institute at Kasauli.

13. The following are the details of the other non-recurring grants given in the two years:—

(a) Grants made under the terms of the Provincial settlements:—

	1910-1911.	1911-1912.
(1) to bring the net Irrigation revenue in the United Provinces and Punjab up to the amounts guaranteed in the settlements	7.19	8.77
(2) towards cost of new buildings required in connection with the scheme for the creation of new districts in Madras	18.50	...
(3) towards initial outlay in connection with the schemes for the re-organisation of the river police and the subordinate police in Eastern Bengal and Assam	27.54	...
	<u>53.23</u>	<u>8.77</u>

(b) Other grants—

(1) Contribution towards the Rangoon River training scheme	25.00	...
(2) Contribution to the Bombay Improvement Trust	50.00	...
(3) Contribution for the improvement and extension of the General Hospital at Lahore	10.00	...
(4) Grants-in-aid of university and collegiate education in the Central Provinces, Eastern Bengal and Assam, Bengal, the Punjab and Bombay	3.15	...
(5) Grant to the United Provinces for tank restoration works out of the special provision made in the Imperial Budget under Minor Irrigation works for the improvement of irrigation	1.64	...
(6) Contribution to meet provincial expenditure in connection with the entertainment of His Imperial Highness the Crown Prince of Germany	1.48	...
(7) Annual contribution to the Calcutta Improvement Trust for a period of sixty years . . . . .	...	1.50
(8) Miscellaneous adjustments representing mainly refund of expenditure undertaken on behalf of the Imperial Government or of Provincial revenue erroneously credited as Imperial	13.12	1.99
	<u>104.39</u>	<u>3.49</u>

A considerable portion of the amounts shown against the last entry represents the refund to the Government of the Punjab of certain receipts from sale of lands which should have been properly credited to Provincial revenues, but of which the Imperial Government has received a share. Some of the grants, and in particular those to the Bombay and Calcutta Improvement Trusts, will not be actually paid until certain conditions have been satisfied.

14. The special assignments of Imperial revenue to Provincial Governments affect the distribution between Imperial and Provincial of the receipts credited to the head "I.—Land Revenue." The large decrease in the Imperial share of land revenue credited under "XXIX.—Major Irrigation Works" in the Revised estimate for the current year, as compared with the Budget, and the large increase in the corresponding Provincial revenue, are purely nominal and are due to an altogether different cause. In Madras it was formerly the practice to divide the gross land revenue collections between Imperial and Provincial, before deducting from them the portion of Land Revenue due to Irrigation. The deduction on the latter account was then made from the Imperial share of "I.—Land Revenue" and credited as a wholly Imperial receipt under "XXIX.—Major Irrigation Works." It has now been decided to deduct the revenue due to irrigation and transfer it to the shared head "Major Irrigation Works" before allocating the rest of the "Land Revenue" receipts between Imperial and Provincial. The arrangement is purely an account matter and the net effect on the total Imperial and total Provincial revenues is *nil*. It may be mentioned that Bombay and the Punjab follow the arrangement recently adopted in Madras; while in Burma and the United Provinces the older arrangement still prevails.

EXPENDITURE.

(a) Wholly Imperial.

15. The saving of R2'58 lakhs in the Budget grant for 1910-11 is chiefly Revised, 1910-11. due to lapses in the provision for survey and settlement expenditure in Bengal and Eastern Bengal and Assam. The increase of R2'4 lakhs in the Budget Budget, 1911-12. estimate for 1911-12 over the Revised for the current year also occurs mainly in this item of expenditure.

(b) Divided and Provincial.

16. The total expenditure in 1910-11 is now estimated at R7'52 lakhs Revised, 1910-11. less than the Budget estimate. Lapses in grants will take place in every province with the exception of the Central Provinces, where the savings due to the abandonment of the proposals for the re-organisation of the Commission and the postponement of reforms in connection with the subordinate Land Records establishments have been more than counterbalanced by increase in survey and settlement charges.

17. The total Budget estimate for the next year is R12'5 lakhs higher Budget, 1911-12. than the Revised for the current year—the increase being distributed over all the provinces. Special provision has been made in Burma for the creation of a new Syriam district; in Bengal for the payment of arrears of increased pay to ministerial officers; in Eastern Bengal and Assam for the introduction of the scheme for the improvement of the pay of ministerial officers which has recently been sanctioned by the Secretary of State; in the United Provinces for improving the cadre of Assistant Commissioners and Deputy Collectors; in the Punjab for the re-organisation of the Provincial Civil Service and for repairs to *patwarkhanas*; in Madras for the formation of the new Chittoor district, the re-organisation of the Provincial Civil Service, the grant of increased pay to Subordinate Magistrates and Deputy tahsildars and the revision of taluq and village establishments; and in Bombay for the revision of the grades of Assistant Collectors. In the Central Provinces a provision of '66 lakh on account of contemplated reforms in connection with the subordinate Land Records establishments is obscured by smaller provision for survey and settlement expenditure.

II AND 4.—OPIUM.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
INDIA.						
Revenue—						
Bengal—Sale of Opium	6,60,29,825	6,35,16,675	6,81,92,260	6,57,30,000	10,86,06,000	5,55,25,000
Bombay—Pass Fees	93,07,200	2,09,81,700	1,08,62,101	...	2,86,000	46,30,000
Excise Opium and other Revenue	33,37,761	37,73,449	39,65,944	40,29,000	40,26,000	40,51,000
TOTAL R	7,86,74,786	8,82,71,824	8,30,20,245	6,97,59,000	11,29,18,000	6,42,06,000
Equivalent in Sterling	5,244,986	5,884,788	5,534,683	4,650,600	7,527,900	4,280,400
Expenditure—						
Payments to Cultivators, including purchase of Opium	2,25,58,149	1,62,93,113	1,46,83,428	1,45,00,000	1,69,69,000	1,60,69,000
Other Charges	24,57,332	22,31,332	19,57,434	19,46,000	17,75,000	16,76,000
TOTAL INDIA R	2,50,15,481	1,85,24,445	1,66,40,862	1,64,46,000	1,87,44,000	1,77,45,000
Equivalent in Sterling	1,667,699	1,234,963	1,109,391	1,096,400	1,249,600	1,183,000
ENGLAND.						
Other Charges £	1,742	1,125	764	500	500	500
TOTAL £	1,669,441	1,236,088	1,110,155	1,096,900	1,250,100	1,183,500
Statistics—						
Bengal—						
Chests sold	48,900	45,900	42,300	37,560	37,560	30,210
Average price	R1,350	R1,384	R1,612	R1,750	R2,925	R1,840
Chests produced	38,126	40,001	28,125	...	29,000	...
Chests in Balance, March 31	61,239	55,333	41,158	...	32,598	...
Reserve, December 31	34,807	26,132	22,933	16,958	11,458	9,018
Bombay—						
Chests passed for export	15,512	34,969½	18,103½	...	476	5,938
Rate of duty	R600	R600	R600	...	R600	R600 & 800

REVENUE.

(i) Bengal opium.

Revised, 1910-11.

18. The actual revenue realised at the sales of Bengal opium held during the year has amounted to R10,86'06 lakhs. The total revenue from this source therefore exceeds the Budget estimate by the enormous sum of R4,28'76 lakhs.

Budget, 1911-12.

19. It is intended to sell 23,080 chests of Bengal opium at the public auctions at Calcutta in the last nine months of the calendar year 1911, made up as follows :

April to June at 2,620 chests each	7,860
July to November at 2,530 chests each	12,650
December	2,570
	<u>23,080</u>

During this period a parcel of 300 chests will also be taken for Formosa, and another parcel of 200 chests for the Government of the Straits Settlements. It is further assumed for the purposes of the estimates that 6,630 chests will be sold in the first quarter of the calendar year 1912, though the figure is at present very speculative. The total number of chests which will be sold for export during the financial year 1911-12 is thus 30,210. Of these 10,210 chests

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will, so far as can be foreseen at present, be earmarked for China, and it is anticipated that they will fetch an average price of Rs. 2,500 a chest. For the remaining 20,000 chests it is not considered safe to budget for a higher average price than Rs. 1,500 a chest. The Budget estimate of revenue from Bengal opium has therefore been taken at Rs. 55.25 lakhs made up as follows:—

	Lakhs.
10,210 chests at an average of Rs. 2,500 a chest	2,55.25
20,000 " " " " of Rs. 1,500 a "	3,00.00
	<u>5,55.25</u>

(ii) *Malwa opium.*

20. No provision on this account was made in the Budget estimates for the current year as duty had been received in the preceding year on the full amount of Malwa opium which could be exported during 1910-11. To prevent hardship to the Baroda State it was, however, subsequently decided to allot 7 per cent of the permissible exports from Bombay during the calendar years 1910 and 1911 to opium grown in Baroda. Baroda has been unable to supply the full amount of 847 chests allotted to it for export in 1910, and the deficiency had to be made good by permitting the export of Malwa opium proper which had received a guarantee of priority of shipment in 1911. The Revised estimate provides for the duty which is likely to be received on account of Baroda opium during the current financial year. Revised, 1910-11.

21. In the Budget estimate for 1911-12 provision has been made for duty likely to be received on Baroda opium under the arrangement mentioned above as well as for duty on 5,338 chests of Malwa opium in respect of which a promise has already been given that the privilege of export in 1912 will be allowed on payment of a duty of Rs. 800 per chest. Budget, 1911-12.

(iii) *Excise opium and other revenue.*

22. Under this head the Revised estimate for 1910-11 does not materially differ from the Budget figure. The Budget estimate for 1911-12 provides for the normal annual growth. Revised, 1910-11.
Budget, 1911-12.

EXPENDITURE.

23. The Revised estimate of expenditure in the current year is expected to exceed the Budget provision by Rs. 22.98 lakhs. There is a large increase of Rs. 24.69 lakhs in the payments to cultivators owing to a very considerable improvement in the outturn of the crop of 1910; while there is a saving of Rs. 1.71 lakhs under "Other charges" owing to the amalgamation of the two opium agencies with effect from the 1st November 1910. The Budget estimate for 1911-12 provides for a reduction of expenditure both under "Payments to cultivators" and under "Other charges" owing to a further curtailment of cultivation. Revised, 1910-11.
Budget, 1911-12.

III AND 5.—SALT.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	1,12,53,267	1,12,44,476	1,11,45,338	1,17,00,000	1,07,30,000	1,11,50,000
Burma (b)	18,69,528	18,90,109	21,01,194	20,75,000	20,70,000	21,50,000
Eastern Bengal (b)	14,63,247	14,76,151	13,26,822	14,25,000	12,80,000	13,75,000
Bengal (b)	1,07,88,894	1,12,46,304	1,14,59,851	1,18,25,000	99,89,000	1,04,00,000
Madras (a)	1,22,52,898	1,06,20,404	1,06,73,640	1,10,00,000	1,08,00,000	1,09,00,000
Bombay (a)	1,24,56,986	1,26,64,943	1,30,85,922	1,29,00,000	1,30,75,000	1,34,00,000
TOTAL R	5,00,84,820	4,91,42,387	4,97,92,767	5,09,25,000	4,79,44,000	4,93,75,000
Equivalent in Sterling £	3,338,988	3,276,159	3,319,518	3,395,000	3,196,200	3,291,700
CHARGES.						
Establishment charges	45,12,685	40,31,601	39,84,025	41,81,000	43,73,000	42,78,000
Cost of Salt purchased by Government	9,33,354	10,91,290	9,68,524	11,87,000	12,85,000	12,12,000
Total India R	54,46,039	51,22,891	49,52,549	53,68,000	56,58,000	54,90,000
Equivalent in Sterling £	363,069	341,526	330,170	357,900	377,200	366,000
England	415	1,582	573	100	2,300	500
TOTAL £	363,484	343,108	330,743	358,000	379,500	366,500
Total Consumption Mds.	4,43,90,000	4,54,10,000	4,58,00,000	4,68,16,000	4,56,45,000	4,66,00,000

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

REVENUE.

Revised, 1910-11.

24. The total quantity of salt issued for consumption in the first nine months of the current year showed an advance of 3.33 lakhs of maunds over the corresponding issue in the preceding year. A considerable drop of 2.87 lakhs of maunds has, however, occurred in January, almost wholly in Northern India. The local revenue authorities ascribe the falling-off in the demand to the severe recrudescence of plague in the United Provinces and consider it unlikely that any recovery will take place during the current financial year. The Revised estimate of consumption is therefore taken at 11.71 lakhs of maunds less than the Budget forecast. With a duty of R1 per maund, this would have resulted in a decrease of R11.71 lakhs in the Budget estimate of revenue. The actual shortage will, however, amount to R29.81 lakhs owing mainly to a more rapid adoption of the credit system of payment of duty in Bengal.

Budget, 1911-12.

25. A recovery in the consumption is expected in 1911-12, and provision has been made in the Budget for a moderate growth of 9.55 lakhs of maunds. The increase in revenue over the Revised estimate for 1910-11 is, however, estimated at R14.31 lakhs, i.e., R4.76 lakhs more than what would have been obtained from the growth in consumption. A portion of this excess represents the normal growth in the miscellaneous revenue credited under the head, but a major portion of it arises in the following manner. The growth of the credit system in Bengal will result in R17.25 lakhs of revenue which is due in respect of 1910-11 being collected after the close of the year. While this amount will be realised in

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1911-12, it is estimated that R31 lakhs which will fall due during the latter year will remain outstanding at its end. The net loss of revenue in 1911-12 on this account will thus be R13.75 lakhs or R3.50 lakhs less than in the current year.

EXPENDITURE.

26. The excess of R3.23 lakhs over the Budget estimate for the current year is mainly due to an outlay of R2.71 lakhs for the laying of rails at the Udu salt works in Bombay. There is also an increase of R.98 lakh under "Cost of salt purchased by Government", chiefly in Madras; but on the other hand the whole of the grant of R1 lakh for the revision of the combined salt and excise establishments in the Presidency will lapse. In 1911-12 provision has been made for this revision and for the construction of salt works at Bhandup; but this is more than counterbalanced by the absence of the special expenditure in the current year in Bombay and by lower outlay on the purchase of salt, and the Budget estimate is R1.95 lakhs less than the Revised for 1910-11.

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IV AND 6.—STAMPS.

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	4,46,430	4,61,739	4,36,386	4,51,000	4,79,000	5,00,000
2. North-West Frontier	4,67,226	4,86,447	5,20,724	5,47,000	5,00,000	5,22,000
Total	9,13,456	9,48,186	9,57,110	9,98,000	9,79,000	10,22,000
<i>Divided.</i>						
1. Central Provinces	27,57,538	29,92,479	31,99,378	34,24,000	35,24,000	34,00,000
2. Burma	40,34,290	37,76,057	36,12,156	39,68,000	38,50,000	39,53,000
3. Eastern Bengal and Assam	96,38,879	99,39,968	1,01,64,150	1,05,40,000	1,07,50,000	1,09,00,000
4. Bengal	1,55,88,275	1,55,99,838	1,56,17,389	1,67,86,000	1,59,00,000	1,62,00,000
5. United Provinces	97,46,212	99,80,385	1,10,40,162	1,05,50,000	1,20,16,000	1,07,69,000
6. Punjab	42,79,295	46,81,393	48,91,373	54,18,000	49,00,000	51,50,000
7. Madras	1,04,91,693	1,08,22,572	1,14,91,968	1,19,12,000	1,22,00,000	1,26,00,000
8. Bombay	64,45,101	64,21,462	72,50,861	76,52,000	82,00,000	80,00,000
Total	6,29,81,283	6,42,14,154	6,72,67,437	7,02,50,000	7,13,40,000	7,09,72,000
TOTAL REVENUE R	6,38,94,739	6,51,62,340	6,82,24,547	7,12,48,000	7,23,19,000	7,19,94,000
Distribution of Total Revenue :—						
Court Fees and Plain Paper	4,22,06,739	4,35,90,056	4,66,24,121	4,75,11,000	4,99,16,000	4,91,79,000
Commercial and other Stamps	2,06,79,877	2,07,26,096	2,07,86,048	2,27,64,000	2,14,91,000	2,19,09,000
Other Revenue	10,08,123	8,46,188	8,14,378	9,73,000	9,12,000	9,06,000
Equivalent of total revenue in Sterling £	4,259,649	4,344,156	4,548,304	4,749,800	4,821,300	4,799,600

EXPENDITURE.

<i>Imperial.</i>						
1. India General :—						
(i) Superintendence and other charges	67,725	73,476	(a)2,25,756	67,000	2,30,000	2,29,000
(ii) Credits for value of stamps supplied to Local Governments and administrations and to the Postal and Telegraph Departments	—17,19,168	—16,69,340	—16,90,425	—18,76,000	—17,40,000	—17,92,000
2. North-West Frontier	18,334	20,467	19,684	21,000	24,000	22,000
<i>Divided.</i>						
1. Central Provinces	1,15,673	1,19,549	1,21,904	1,40,000	1,26,000	1,30,000
2. Burma	1,16,606	1,10,650	1,01,910	1,21,000	1,08,000	1,06,000
3. Eastern Bengal and Assam	4,20,820	4,14,961	4,19,750	4,64,000	4,21,000	4,46,000
4. Bengal	4,09,954	4,62,388	4,31,964	5,04,000	4,32,000	4,38,000
5. United Provinces	2,68,609	2,40,879	2,73,967	2,58,000	2,68,000	2,68,000
6. Punjab	1,59,557	1,61,660	1,71,602	1,85,000	1,59,000	1,70,000
7. Madras	3,98,958	4,04,320	4,26,685	4,19,000	4,18,000	4,30,000
8. Bombay	2,20,371	2,21,554	2,21,663	2,32,000	2,34,000	2,37,000
Total India R	4,77,439	5,60,564	7,24,460	5,35,000	6,80,000	6,84,000
Equivalent in Sterling £	31,829	37,371	48,297	35,700	45,300	45,600
England £	107,280	136,667	103,492	75,000	75,000	95,300
TOTAL EXPENDITURE £	139,109	174,038	151,789	110,700	120,300	140,900

(a) Includes 1,57,313 on account of purchase of plain paper to be used with Court-fee Stamps.

REVENUE.

(a) *Wholly Imperial.*

27. The Revised estimate for the current year does not show any material variation from the Budget forecast. The Budget estimate for 1911-12 provides for a small normal growth in the revenue. Revised, 1910-11.
Budget, 1911-12.

(b) *Divided.*

28. The Revised estimate for 1910-11 exceeds the Budget by R10·9 lakhs. There is a shortage of R12·73 lakhs in the duty levied on commercial transactions, mainly in Bengal, where the stock exchange has continued dull. On the other hand, there is a large improvement of R24·05 lakhs in the revenue derived from judicial stamps. A major portion of this increase has been caused by special circumstances. In 1907 the Judicial Committee of the Privy Council ruled that the period of limitation for suits in respect of mortgages, in forms other than what is known as the English form, was 12 years, and not 60 years as had been held by the High Courts of Bombay and Allahabad for nearly a quarter of a century and by the High Court of Madras and some other Courts for a less period. To prevent the hardship which the decision caused to holders of mortgages who had relied on the view of the law taken by the High Courts of their provinces, the Indian Limitation Act (IX) of 1908 provided for a period of grace of two years from the date of the passing of the Act, within which suits could be instituted in certain territories (*vis.*, Central Provinces, Burma, United Provinces, Madras, Bombay, Ajmer-Merwara, and the Sambalpur District in Bengal) which had become time-barred under the Privy Council ruling. The period of grace expired in August 1910 and as a result a large number of suits of this class were instituted in July and August in the United Provinces, where the increase in revenue is likely to be greatest (*vis.*, about R14 lakhs). The improvements in Bombay, Madras and the Central Provinces are mainly due to the same cause. An important improvement is also expected in Eastern Bengal and Assam; but on the other hand there is a large decrease in the Punjab. Revised, 1910-11.

29. The Budget estimate of revenue in 1911-12 is taken at R3·68 lakhs less than the Revised estimate of 1910-11. Provision has been made for normal growth, but under judicial stamps allowance had to be made for the absence of the special condition which has inflated the revenue in the current year. Budget, 1911-12.

EXPENDITURE.

30. The cost of all stamps and stamp paper supplied from England is charged under this head, and an adjustment is made in India transferring to Post Office and Telegraph the cost of stamps used for postal and telegraph purposes. Similarly the cost of revenue stamps supplied to Local Governments and Administrations is debited to them in the Provincial section of the accounts by *per contra* credit in the Imperial section under this head. The credits on both these accounts are shown against item I (*ii*) in the table under Expenditure on page 604.

31. The increase in the total Indian expenditure in 1910-11 over the Budget provision is purely nominal and is due to a change in the account arrangements. The cost of water-marked plain paper used with court fee stamps used to be shown in our accounts under the head "Stationery and Printing." It was decided last year to show it under "Stamps" which is the more appropriate head. The Revised estimate includes R1·55 lakhs on this account. Apart from this nominal excess, there is a decrease of R1·57 lakhs in the "divided" expenditure mainly owing to smaller supplies of revenue stamps to the Provincial Governments; and there is a nearly corresponding decrease in the credit taken on this account in the Imperial section. Revised, 1910-11.

32. The provision made for expenditure in India in 1911-12 does not materially differ from the Revised estimate for the current year. The increased outlay in England is chiefly on account of postal stamps. Budget, 1911-12.

V AND 7.—EXCISE.

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-11.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General . . .	15,15,359	15,76,540	16,30,279	16,50,000	17,84,000	18,40,000
2. North-West Frontier	2,59,700	2,86,548	3,18,583	3,00,000	2,84,000	2,60,000
Total	17,75,059	18,63,088	19,48,862	19,50,000	20,68,000	21,00,000
<i>Divided and wholly Provincial.</i>						
1. Central Provinces . .	72,99,056	66,15,846	68,87,477	75,04,000	77,00,000	84,00,000
2. Burma	78,57,175	77,18,814	76,49,137	79,02,000	71,50,000	74,40,000
3. Eastern Bengal and Assam	67,88,580	70,35,670	73,07,598	75,00,000	78,50,000	79,30,000
4. Bengal	1,70,77,609	1,70,01,004	1,67,92,558	1,70,52,000	1,78,00,000	1,81,00,000
5. United Provinces . .	89,34,549	85,62,248	86,76,811	98,44,000	1,01,74,000	1,04,26,000
6. Punjab	42,15,327	47,59,938	43,23,244	51,54,000	56,00,000	58,00,000
7. Madras	2,30,71,102	2,54,42,443	2,69,35,301	2,81,60,000	2,76,00,000	2,90,00,000
8. Bombay	1,63,86,607	1,68,45,360	1,75,40,814	1,74,24,000	1,87,50,000	1,92,00,000
Total	9,16,30,095	9,39,81,323	9,61,18,940	10,05,40,000	10,26,24,000	10,62,96,000
TOTAL REVENUE R	9,34,05,154	9,58,44,411	9,80,67,802	10,24,90,000	10,46,92,000	10,83,96,000
Equivalent in Sterling £	6,227,010	6,389,628	6,537,854	6,832,700	6,979,400	7,226,400

EXPENDITURE.

<i>Imperial.</i>						
1. India General . . .	1,46,978	1,94,590	1,60,350	1,72,000	1,65,000	1,55,000
2. North-West Frontier	7,699	8,176	8,280	18,000	13,000	15,000
Total	1,54,677	2,02,766	1,68,630	1,90,000	1,78,000	1,70,000
<i>Divided and wholly Provincial.</i>						
1. Central Provinces . .	2,68,385	2,80,480	2,67,805	3,24,000	2,72,000	3,08,000
2. Burma	11,10,881	11,92,508	12,14,020	13,66,000	11,94,000	13,52,000
3. Eastern Bengal and Assam	2,28,203	2,77,319	2,90,108	2,98,000	3,11,000	3,14,000
4. Bengal	7,73,049	7,85,537	8,71,328	8,83,000	9,00,000	9,50,000
5. United Provinces . .	1,64,584	2,05,253	3,24,228	3,64,000	3,64,000	3,87,000
6. Punjab	69,830	74,291	78,490	1,64,000	1,78,000	1,78,000
7. Madras	10,19,638	18,19,223	18,15,130	18,89,000	18,16,000	18,71,000
8. Bombay	6,50,761	10,18,665	9,33,919	9,96,000	9,56,000	9,99,000
Total	42,85,331	56,53,276	57,95,028	62,84,000	59,91,000	63,59,000
Total India R	44,40,008	58,56,042	59,63,658	64,74,000	61,69,000	65,29,000
Equivalent in Sterling £	296,000	390,403	397,577	431,600	411,300	435,300
England £	94	149	336	100	500	100
TOTAL EXPENDITURE £	296,094	390,552	397,913	431,700	411,800	435,400

33. The revenue and expenditure under this head will with effect from 1st April 1911 become wholly Provincial in Eastern Bengal and Assam and in Bombay. In the Central Provinces, Bengal and the United Provinces the provincial share will be raised to three-fourths, while in Burma, Punjab and Madras it will continue to be one-half.

REVENUE.

(a) *Wholly Imperial.*

34. The improvement of revenue in the current year is due to the introduction of reforms in the excise administration in almost all the minor provinces. The Budget estimate for 1911-12 provides for a normal growth in revenue, as well as for a further decrease in the transit duty levied on opium brought into the North-West Frontier province from Afghanistan. Revised, 1910-11.
Budget, 1911-12.

(b) *Divided and wholly Provincial.*

35. The return of agricultural prosperity and the reforms introduced in the excise administration in recent years have been mainly responsible for a much higher growth in the excise revenue than was anticipated in the Budget estimate for the current year. The improvement of ₹20·84 lakhs is shared by all the provinces with the exception of Burma and Madras. In the former province there is a large decrease of ₹7·52 lakhs owing to a fall in license fees and a further heavy decline in opium revenue caused by the policy of restriction of issues adopted in recent years. The shortage of ₹5·60 lakhs in Madras is ascribed to a temporary set-back in agricultural prosperity caused by the adverse character of the north-east monsoon of 1909-10. Revised, 1910-11.

36. The Budget for next year is taken at ₹36·72 lakhs higher than the Revised estimate for 1910-11. Provision has been made in Madras for a large growth of ₹14 lakhs, in view of the unusually favourable character of the north-east monsoon in the current year. In the Central Provinces also, a considerable advance of ₹7 lakhs is anticipated owing to the removal of the special circumstances which adversely affected the revenue in 1908-09 and 1909-10. But in the other provinces, credit has been taken only for a moderate growth, as it is expected that the further reforms which are likely to be instituted next year will check the consumption of stimulants. Budget, 1911-12.

EXPENDITURE.

(a) *Wholly Imperial.*

37. There is no material variation between the Budget and the Revised estimates of the current year, or between the latter and the Budget for next year.

(b) *Divided and wholly Provincial.*

38. The lapse of ₹2·93 lakhs in the Budget grant for 1910-11 is chiefly due to the non-utilisation of the provisions for the revision of excise establishments in Burma and Madras. The Budget estimate for 1911-12 provides for normal growth in expenditure as well as for the revision of certain establishments in some of the provinces. Revised, 1910-11.
Budget, 1911-12.

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VI AND 8.—PROVINCIAL RATES.

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	9,989	52,694	27,801	10,000	2,000	9,000
2. North-West Frontier	2,382	9,074	2,214	4,000	3,000	4,000
<i>Provincial.</i>						
1. Eastern Bengal and Assam	16,99,091	16,66,296	16,65,667	17,35,000	17,35,000	17,60,000
2. Bengal	37,78,438	38,10,886	39,76,925	39,75,000	40,70,000	40,00,000
3. United Provinces	23,56,753	24,27,840	23,88,185	23,95,000	23,93,000	23,76,000
4. Punjab	40,788	37,131	33,156	25,000	24,000	25,000
TOTAL REVENUE R	78,87,441	80,03,921	80,88,348	81,44,000	82,27,000	81,74,000
Equivalent in Sterling £	525,829	533,595	539,223	542,900	548,500	545,000

EXPENDITURE.

<i>Provincial.</i>						
1. Eastern Bengal and Assam	25,767	24,332	31,796	34,000	33,000	31,000
2. Bengal	45,282	41,429	42,379	64,000	53,000	79,000
TOTAL EXPENDITURE R	71,049	65,761	74,175	98,000	86,000	1,10,000
Equivalent in Sterling £	4,737	4,384	4,945	6,500	5,700	7,300

39. The figures show little variation and call for no remarks.

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VII AND 9.—CUSTOMS.

SEA CUSTOMS.	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
IMPORTS.						
<i>Special Import Duties.</i>						
Arms, Ammunition, and Military Stores	5,55,085	5,21,748	4,82,061	5,00,000	4,84,000	5,00,000
<i>Liquors—</i>						
Ale, Beer, Porter, Cider and other fermented Liquors	3,84,919	5,27,530	5,45,508	6,75,000	7,99,000	8,38,000
Spirits and Liqueurs	92,65,851	95,26,877	95,57,688	1,11,50,000	1,07,00,000	1,10,60,000
Wines	3,99,539	3,96,696	4,12,199	5,75,000	7,00,000	5,90,000
Opium	3,885	2,850	3,580	4,000	4,000	60,00,000
Petroleum	44,63,528	53,26,730	46,87,886	63,25,000	1,00,00,000	1,00,00,000
Silver-bullion and Coin	...	...	...	...	1,67,50,000	...
Sugar (countervailing duties, 1899)	405	405	734	...	...	...
Do. (do., 1902)	106	510	108	...	...	...
Tobacco	(a)	(a)	(a)	63,00,000	29,18,000	34,00,000
<i>General Import Duties.</i>						
Articles of Food and Drink (excluding Sugar)	24,78,924	26,07,550	24,91,089	25,00,000	26,40,000	27,00,000
Sugar (ordinary duties)	44,75,569	51,55,930	56,02,253	56,00,000	62,50,000	64,00,000
Chemicals, Drugs, Medicines and Dyeing and Tanning Materials	18,44,858	16,90,773	19,74,847	15,25,000	16,60,000	17,50,000
Cotton Manufactures	1,51,88,934	1,18,12,368	1,23,85,548	1,28,00,000	1,38,00,000	1,42,00,000
Metals and Manufactures of—						
Silver, Bullion and Coin	51,70,202	63,64,132	53,46,983	(b)	(b)	(b)
Other Metals and Manufactures of Metals	45,63,907	47,05,127	45,83,334	47,00,000	52,00,000	56,00,000
Oils (excluding Petroleum)	2,70,596	1,35,920	1,24,234	1,00,000	1,30,000	1,48,000
Manufactured Articles	97,77,519	94,25,197	92,68,645	95,00,000	1,12,00,000	1,12,00,000
Raw Materials and Unmanufactured Articles	14,95,287	16,09,073	14,94,639	16,24,000	14,50,000	14,50,000
TOTAL IMPORTS	6,03,39,114	5,98,09,416	5,89,60,736	7,38,78,000	8,03,78,000	7,58,43,000
EXPORT DUTY ON COTTON GOODS	33,09,717	35,43,778	40,06,193	37,50,000	40,20,000	41,00,000
EXPORT DUTIES—						
Rice	1,02,33,682	81,80,598	1,04,63,698	1,20,00,000	1,27,00,000	1,22,00,000
LAND CUSTOMS AND MISCELLANEOUS	10,94,891	9,50,173	10,46,133	9,46,000	10,53,000	10,67,000
GRAND TOTAL	R 7,50,67,404	7,24,83,965	7,44,76,760	9,05,74,000	9,81,51,000	9,32,10,000
Equivalent in Sterling	£ 5,004,494	4,832,264	4,965,118	6,038,300	6,543,400	6,214,000
Charges	R 30,88,036	31,32,958	32,56,867	36,23,000	36,02,000	37,20,000
Equivalent in Sterling	£ 205,869	208,864	217,124	241,500	240,100	248,000
England	609	159	371	500	600	200
TOTAL	£ 206,478	209,023	217,495	242,000	240,700	248,200

(a) Credited under General Import Duties—Chemicals, etc.

(b) See under Special Import Duties.

40. The Revised estimate for 1910-11 exceeds the Budget by no less than Rs 75.77 lakhs. Silver alone contributes Rs 67.50 lakhs of this improvement, the imports of the commodity being far in excess of the cautious estimate adopted last year. Important increases are also expected under Manufactured articles (Rs 17 lakhs) due chiefly to a sharp recovery in the imports of silk and woollen goods and of apparel, after the contraction which took place last year; under Cotton Manufactures (Rs 10 lakhs) caused partly by an advance in prices and partly by a more rapid growth in the total imports of piece-goods than had been anticipated; under Sugar (Rs 6.5 lakhs) owing to a further growth in the imports from Java; under Metals and Manufactures of metals other than silver (Rs 5 lakhs) as a result of larger imports of copper and hardware and cutlery; and in the export duty on Rice (Rs 7 lakhs) in consequence of an exceptionally fine crop in Burma last year. On the other hand there will be a considerable shortage of Rs 33.82 lakhs in the yield of the new tobacco taxes, as the enhanced duty has practically stopped the import of cheap cigarettes. The contraction in the imports of petroleum and spirits caused by the enhancement of duty has also been somewhat higher than was allowed for in the Budget.

Revised, 1910-11.

41. In 1911-12 a cautious estimate of Rs 100 lakhs has again been adopted for the yield of the duty on silver, while allowance has been made for a slight decrease in the income from the export duty on rice owing to the abnormal character of last year's rice crop in Burma. Under tobacco credit has been taken for an increase of about Rs 5 lakhs owing to the reduction in the scale of duties. Under the other tariff heads provision has been made for a normal growth in revenue.

Budget, 1911-12.

Expenditure.

42. The Revised estimate for the current year practically repeats the figure adopted for the Budget. The grant for 1911-12 includes provision for the revision of establishments in several provinces.

Revised, 1910-11.

Budget, 1911-12.

VIII AND 10.—ASSESSED TAXES.

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General (Civil)	8,88,919	9,15,290	9,07,479	9,14,000	9,25,000	9,30,000
2. North-West Frontier (Civil)	1,28,008	1,29,862	1,32,049	1,38,000	1,29,000	1,38,000
3. Other Provinces (Civil)	51,873	6,301	4,043	10,000	20,000	17,000
4. Non-civil Departments	15,39,340	15,94,042	16,93,568	17,10,000	17,08,000	13,85,000
Total	26,08,140	26,45,495	27,37,139	27,72,000	27,82,000	24,70,000
<i>Divided.</i>						
1. Central Provinces	5,99,900	5,76,666	5,47,204	5,65,000	6,22,000	6,43,000
2. Burma	17,30,309	17,94,884	18,33,507	19,10,000	18,77,000	19,62,000
3. Eastern Bengal and Assam	11,19,945	11,80,591	12,12,713	12,70,000	12,18,000	12,84,000
4. Bengal	51,97,028	56,42,965	55,86,036	59,00,000	53,70,000	55,57,000
5. United Provinces	21,33,587	23,01,793	22,18,241	23,30,000	22,90,000	24,07,000
6. Punjab	13,70,026	14,16,470	14,57,971	15,80,000	15,29,000	16,42,000
7. Madras	29,81,227	29,90,613	30,74,333	32,00,000	30,50,000	31,92,000
8. Bombay	48,21,531	47,51,810	47,17,319	47,95,000	49,00,000	48,94,000
Total	1,99,53,553	2,06,55,792	2,06,47,324	2,15,50,000	2,08,56,000	2,15,81,000
TOTAL REVENUE R	2,25,61,693	2,33,01,287	2,33,84,463	2,43,22,000	2,36,38,000	2,40,51,000
Equivalent in Sterling £	1,504,113	1,553,419	1,558,964	1,621,500	1,575,900	1,603,400

EXPENDITURE.

<i>Imperial.</i>						
1. India General	1,456	1,409	1,506	2,000	1,000	2,000
2. North-West Frontier	865	948	991	1,000	1,000	1,000
<i>Divided.</i>						
1. Central Provinces	12,246	10,059	9,805	11,000	9,000	10,000
2. Burma	40,127	38,179	39,210	43,000	42,000	43,000
3. Eastern Bengal and Assam	29,884	34,266	39,214	40,000	40,000	40,000
4. Bengal	1,53,061	1,60,003	1,55,715	1,63,000	1,56,000	1,63,000
5. United Provinces	271	321	313	...	...	...
6. Punjab	10,826	11,507	11,020	11,000	11,000	11,000
7. Madras	34,765	37,656	38,892	33,000	36,000	39,000
8. Bombay	85,149	89,176	95,222	1,17,000	1,12,000	1,13,000
TOTAL EXPENDITURE R	3,68,650	3,83,524	3,91,888	4,21,000	4,08,000	4,22,000
Equivalent in Sterling £	24,577	25,568	26,126	28,100	27,200	28,200

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43. The Imperial revenue shown against " Other Provinces " mainly represents income-tax levied on surplus profits of railway companies in Bombay. The figure shown against non-Civil Departments under the Budget estimate for 1911-12 consists of the amounts deducted from the salaries, etc., of officers belonging to the Postal, Telegraph, Railway and Military Services. Similar recoveries from officers of the Public Works Department are included in the item up to 1910-11; but owing to the amalgamation of the Civil and Public Works account offices, these will be merged in the " Civil " portion of the revenue with effect from the 1st April 1911, and will be treated as " divided " in the eight major provinces.

REVENUE.

(a) *Imperial.*

44. There is no material variation between the Budget and Revised estimates for the current year. The decrease of R3.12 lakhs in the Budget for next year as compared with the latter is mainly due to the change in accounting mentioned in the preceding paragraph. Revised, 1910-11.
Budget, 1911-12.

(b) *Divided.*

45. The total revenue in the current year is less than the Budget by R6.94 lakhs. The greater portion of the decrease occurs in Bengal (R5.3 lakhs), where commercial and industrial activity has not revived to the extent anticipated. Revised, 1910-11.

46. The Budget estimate for 1911-12 exceeds the Revised for 1910-11 by R7.25 lakhs. Of this R3.15 lakhs represent recoveries from officers of the Public Works Department which in previous years were included in the wholly Imperial revenue. Provision for normal growth has also been made in all the provinces except Bombay, where a decline in revenue has been allowed for owing to the depressed condition of the mill industry in the current year. Budget, 1911-12.

EXPENDITURE.

47. The figures show little variation and call for no remarks.

IX AND II.—FOREST.

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	6,35,074	4,90,137	5,30,866	6,00,000	7,82,000	8,36,000
2. North-West Frontier	2,38,490	1,22,782	1,73,305	2,00,000	2,04,000	1,64,000
Total	8,73,564	6,12,919	7,04,171	8,00,000	9,86,000	10,00,000
<i>Divided and wholly Provincial.</i>						
1. Central Provinces	22,90,128	20,78,162	20,78,340	23,50,000	21,50,000	22,50,000
2. Burma	87,80,262	92,48,634	93,63,076	92,00,000	99,60,000	1,02,19,000
3. Eastern Bengal and Assam	14,30,447	14,46,368	15,34,732	16,08,000	18,50,000	17,68,000
4. Bengal	11,97,650	11,84,845	10,80,640	11,00,000	12,00,000	12,50,000
5. United Provinces	24,09,745	21,75,406	23,01,164	23,50,000	23,50,000	25,00,000
6. Punjab	14,57,449	12,88,792	10,32,633	11,64,000	12,06,000	12,26,000
7. Madras	38,93,830	38,90,919	41,78,381	42,40,000	39,30,000	40,00,000
8. Bombay	36,46,177	35,87,356	37,57,656	37,11,000	37,70,000	37,70,000
Total	2,51,05,688	2,49,00,482	2,53,26,622	2,57,23,000	2,64,16,000	2,69,83,000
TOTAL INDIA R	2,59,79,252	2,55,13,401	2,60,30,793	2,65,23,000	2,74,02,000	2,79,83,000
Equivalent in Sterling England	£ 1,731,950 660	£ 1,700,894 ...	£ 1,735,386 ...	£ 1,768,200 ...	£ 1,826,800 ...	£ 1,865,500 ...
TOTAL REVENUE £	1,732,610	1,700,894	1,735,386	1,768,200	1,826,800	1,865,500

EXPENDITURE.

<i>Imperial.</i>						
1. India General	6,68,834	6,63,540	6,89,370	7,20,000	7,40,000	8,95,000
2. North-West Frontier	88,400	81,413	77,391	97,000	82,000	1,00,000
Total	7,57,234	7,44,953	7,66,761	8,17,000	8,22,000	9,95,000
<i>Divided and wholly Provincial.</i>						
1. Central Provinces	15,83,407	17,53,307	15,86,852	16,50,000	15,56,000	17,41,000
2. Burma	36,74,574	38,18,603	37,89,303	41,20,000	40,70,000	43,72,000
3. Eastern Bengal and Assam	8,00,373	8,91,349	10,12,541	10,35,000	11,00,000	10,95,000
4. Bengal	7,13,394	5,83,981	5,91,099	6,65,000	6,58,000	7,34,000
5. United Provinces	11,94,013	12,22,436	12,09,308	13,32,000	12,20,000	13,94,000
6. Punjab	11,76,696	8,51,627	6,67,752	8,56,000	7,79,000	7,69,000
7. Madras	27,80,857	29,17,261	33,39,635	35,60,000	33,60,000	35,26,000
8. Bombay	19,55,427	20,43,873	20,63,088	22,61,000	21,08,000	23,20,000
Total	1,38,78,741	1,40,82,437	1,42,59,578	1,54,79,000	1,48,51,000	1,59,51,000
TOTAL INDIA R	1,46,35,975	1,48,27,390	1,50,26,339	1,62,96,000	1,56,73,000	1,69,46,000
Equivalent in Sterling England	£ 975,732 4,608	£ 988,492 5,666	£ 1,001,756 4,941	£ 1,086,400 6,500	£ 1,044,900 6,300	£ 1,129,700 6,500
TOTAL EXPENDITURE £	980,340	994,158	1,006,697	1,092,900	1,051,200	1,136,200
NET REVENUE £	752,270	706,736	728,689	675,300	775,600	729,300

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48. The revenue and expenditure under this head in all the eight major provinces will be wholly Provincial with effect from 1st April 1911.

REVENUE.

(a) Imperial.

49. The improvement of R1·86 lakhs in the Budget estimate of revenue for the current year is chiefly due to an increased demand for Padouk timber from the Andamans. In 1911-12 provision has been made for a further increase in the receipts from the Andaman forests, but a slight falling-off is anticipated in the revenue in the Frontier Province. *Revised, 1910-11.*
Budget, 1911-12.

(b) Divided and wholly Provincial.

50. The total revenue in 1910-11 exceeds the Budget by R6·93 lakhs. The improvement is shared by all the provinces with the exception of the Central Provinces, the United Provinces and Madras. The more important increases occur in Eastern Bengal and Assam (R2·42 lakhs) owing to the supply of sleepers to railways; and in Burma (R7·60 lakhs) where R4·50 lakhs will be obtained by the sale of the lease of the Mergui rubber plantation, while the introduction of enhanced rates of royalty from the 1st January 1911 has stimulated the extraction of timber by contractors prior to that date. In the United Provinces the Budget estimate is expected to be fully realised; but there will be shortages of R2 lakhs and R3·10 lakhs respectively in the Central Provinces and Madras owing to the disafforestation of large areas and to a poor lac season in the former province, and to the stoppage or curtailment of departmental operations in certain districts in the latter. *Revised, 1910-11.*

51. In 1911-12, a moderate growth of R5·67 lakhs is assumed in the total revenue. All the provinces expect to share in the development, except Bombay where no further advance in the revenue is anticipated and Eastern Bengal and Assam where a small decline has been budgeted for owing to the absence of any special supplies of sleepers to railways. *Budget, 1911-12.*

EXPENDITURE.

(a) Imperial.

52. The excess over the Budget grant of the current year is caused chiefly by higher extraction charges at Port Blair consequent on the briskness of the Padouk trade. The further increase provided for in next year's estimate is due to the same cause, as well as to a provision for additional establishments in the Frontier Province. *Revised, 1910-11.*
Budget, 1911-12.

(b) Divided and wholly Provincial.

53. The lapse of R6·28 lakhs in the Budget allotment for the current year is distributed over all the provinces, with the exception of Eastern Bengal and Assam where a small excess is likely to take place owing to the outlay in connection with the supply of sleepers to railways. The saving is largest in Madras where the programme of departmental operations will not be fully worked up to. Important savings in the grant for establishment charges are also expected in the United Provinces and elsewhere, while in Bombay a considerable portion of the provision of R2 lakhs for the re-organisation of the subordinate establishments will lapse owing to delay in the introduction of the scheme. *Revised, 1910-11.*

54. The Budget estimate for 1911-12 is R11 lakhs higher than the Revised estimate of the current year. Provision has been generally made for a normal growth in working expenses and for the full sanctioned scale of establishments, as well as for the contemplated re-organisation of the Provincial Forest Service; but in Eastern Bengal and Assam and the Punjab the effect of this is obscured by the absence of the special outlay incurred in the current year on extraction and conservancy and works. *Budget, 1911-12.*

X AND 12.—REGISTRATION.

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	19,911	21,237	21,653	22,000	24,000	23,000
2. North-West Frontier	33,001	36,928	39,311	43,000	35,000	42,000
Total	52,912	58,165	60,964	65,000	59,000	65,000
<i>Provincial.</i>						
1. Central Provinces	2,56,018	2,78,272	2,96,749	3,15,000	3,15,000	3,25,000
2. Burma	2,03,613	1,93,356	1,83,005	2,00,000	1,87,000	1,86,000
3. Eastern Bengal and Assam	9,25,785	9,76,886	9,59,199	10,30,000	9,60,000	9,75,000
4. Bengal	13,40,556	14,26,043	13,52,720	14,87,000	12,75,000	13,26,000
5. United Provinces	5,80,494	5,66,595	6,28,200	5,49,000	6,00,000	5,50,000
6. Punjab	2,76,934	3,13,631	3,21,714	3,44,000	3,04,000	3,04,000
7. Madras	18,92,497	19,47,887	19,37,610	20,15,000	19,30,000	19,80,000
8. Bombay	6,94,859	7,03,210	7,15,469	7,60,000	7,50,000	7,45,000
Total	61,76,756	64,05,880	63,94,696	67,00,000	63,21,000	63,91,000
TOTAL INDIA R	62,29,668	64,64,045	64,55,660	67,65,000	63,80,000	64,56,000
Equivalent in Sterling £	415,311	430,936	430,377	451,000	425,300	430,400

EXPENDITURE.

<i>Imperial.</i>						
1. India General	7,167	7,259	7,615	9,000	8,000	9,000
2. North-West Frontier	8,861	9,507	9,950	10,000	10,000	10,000
Total	16,028	16,766	17,565	19,000	18,000	19,000
<i>Provincial.</i>						
1. Central Provinces	1,07,890	1,11,433	1,14,802	1,23,000	1,21,000	1,22,000
2. Burma	76,007	82,127	82,122	85,000	88,000	86,000
3. Eastern Bengal and Assam	5,41,660	5,92,316	6,14,769	6,49,000	6,29,000	6,26,000
4. Bengal	7,52,153	8,14,977	7,78,634	8,13,000	7,77,000	7,94,000
5. United Provinces	2,61,476	2,65,888	2,76,187	2,94,000	2,84,000	2,95,000
6. Punjab	1,10,917	1,17,545	1,16,834	1,20,000	1,16,000	1,20,000
7. Madras	10,12,459	11,24,011	11,72,520	12,30,000	12,10,000	12,59,000
8. Bombay	3,26,380	3,52,076	3,62,301	3,90,000	3,75,000	3,88,000
Total	31,88,942	34,60,373	35,18,169	37,04,000	36,00,000	36,90,000
TOTAL INDIA R	32,04,970	34,77,139	35,35,734	37,23,000	36,18,000	37,09,000
Equivalent in Sterling £	213,664	231,809	235,716	248,200	241,200	247,300

Imperial.

55. The figures of both revenue and expenditure for the two years show little variation and call for no remarks.

Provincial.

56. In most of the provinces the expansion in the work of registration in the current year arising from general economic progress has not apparently kept pace with the contraction caused by returning agricultural prosperity and the fall in prices. This is the case particularly in Bengal, where the revival of commercial activity has not been as great as was anticipated last year. The latest estimate of revenue in 1910-11 accordingly falls short of the Budget by R3.79 lakhs of which R2.12 lakhs occur in Bengal. Bengal and Madras are the only provinces where allowance has been made for any important growth in revenue in 1911-12; and the Budget estimate for the year is only R.70 lakh higher than the Revised for 1910-11.

Revised, 1910-11.
Budget, 1911-12.

57. The lapse of R1.04 lakhs in the Budget grant of expenditure in 1910-11 is distributed over almost all the eight provinces. The grant of 1911-12 exceeds the expenditure in the current year by only R.90 lakh, more than half of which occurs in Madras and is due to provision for the opening of new sub-registry offices and for the revision of certain clerical establishments.

Expenditure, 1910-11 and 1911-12.

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XI.—TRIBUTES.

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	18,91,451	20,65,519	18,87,417	20,24,000	22,50,000	20,12,000
2. Central Provinces	1,41,437	2,47,623	2,38,587	2,39,000	2,35,000	2,39,000
3. Burma	4,47,196	4,49,600	4,02,322	3,37,000	4,06,000	3,08,000
4. Eastern Bengal and Assam	50,000	50,200	50,000	50,000	50,000	50,000
5. Bengal	28,675	34,175	52,250	52,000	52,000	52,000
6. United Provinces . . . . .	...	...	...	...	...	1,90,000
7. Punjab	2,76,158	2,81,116	3,76,890	2,77,000	2,76,000	2,76,000
8. Madras	45,07,902	45,07,902	44,96,519	44,97,000	44,97,000	44,97,000
9. Bombay	14,24,976	12,05,407	13,20,622	13,79,000	13,48,000	16,59,000
TOTAL INDIA R.	87,67,795	88,44,542	88,24,607	88,55,000	91,14,000	92,83,000
Equivalent in Sterling £	584,520	589,636	588,307	590,300	607,600	618,800

58. The revenue recorded under this head represents tributes received from the protected States, in several cases as a result of exchanges of territory and settlement of claims, and contributions made chiefly in lieu of former obligation to supply or maintain troops. The figures do not ordinarily show any important fluctuations from year to year except for arrears and their recovery and the levy of fees on succession (*nazarana*) in some cases. Thus the increase of R2·59 lakhs over the Budget estimate of the current year is almost wholly due to the recovery of arrears from certain States in Central India and Rajputana. Budget for 1911-12 provides for normal receipts, inclusive of a tribute of R1·90 lakhs payable by the newly-created State of Benares, as well as for the recovery of *nazarana*, aggregating R3·28 lakhs, from the Nawanagar, Wadhwan and Limdi States in the Bombay Presidency.

Revised, 1910-11.

Budget, 1911-12.

1.—REFUNDS AND DRAWBACKS.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	39,514	47,411	48,097	44,000	43,000	38,000
2. North-West Frontier.	24,552	37,383	39,694	32,000	25,000	25,000
3. Other Provinces	17,04,585	17,27,538	50,86,374*	16,79,000	17,76,000	17,31,000
‡ Total	17,68,651	18,12,332	51,74,165	17,55,000	18,44,000	17,94,000
<i>Divided and Provincial.</i>						
1. Central Provinces	84,948	1,01,607	1,30,512	87,000	78,000	80,000
2. Burma	2,45,391	2,41,526	2,29,920	2,26,000	2,38,000	2,66,000
3. Eastern Bengal and Assam	68,742	92,419	79,418	90,000	1,37,000	87,000
4. Bengal	2,86,107	2,54,146	2,73,264	2,58,000	2,79,000	2,64,000
5. United Provinces	1,72,029	2,84,332	2,22,809	2,09,000	2,37,000	2,11,000
6. Punjab	1,41,956	1,53,521	1,45,351	1,45,000	1,49,000	1,49,000
7. Madras	2,55,283	2,64,373	3,21,867	2,59,000	3,27,000	2,87,000
8. Bombay	6,40,319	7,79,602	9,75,977	6,00,000	7,01,000	5,94,000
Total	18,94,775	21,71,526	23,79,118	18,74,000	21,46,000	19,38,000
TOTAL INDIA R	36,63,426	39,83,858	75,53,283	36,29,000	39,90,000	37,32,000
Equivalent in Sterling £	244,228	265,591	503,552	241,900	266,000	248,800

* Includes 33,79,804 on account of Opium Refunds in Bombay.

(a) *Imperial.*

59. There is no material variation between the Budget and Revised estimates of the current year or between the latter and the Budget for 1911-12. The wholly Imperial expenditure shown against "Other Provinces" represents refunds and drawbacks in respect of wholly Imperial revenue (e.g., Opium, Salt, Customs and Tributes).

(b) *Divided and Provincial.*

60. The expenditure fluctuates considerably from year to year and is difficult to estimate. In 1910-11 the Budget will be exceeded by R2.72 lakhs owing chiefly to special refunds of Land Revenue in Eastern Bengal and Assam, Madras and Bombay. For 1911-12 a normal expenditure has been assumed.

Revised, 1910-11.

Budget, 1911-12.

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2.—ASSIGNMENTS AND COMPENSATIONS.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	34,36,485	34,55,861	34,56,144	34,72,000	34,27,000	34,60,000
2. North-West Frontier	19,778	19,542	19,561	19,000	19,000	19,000
3. Other Provinces	34,54,937	35,39,396	35,00,923	35,07,000	35,37,000	35,36,000
Total	69,11,200	70,14,799	69,76,628	69,98,000	69,83,000	70,15,000
<i>Divided and Provincial.</i>						
1. Central Provinces	36,638	34,018	41,738	39,000	38,000	37,000
2. Burma	439	400	400	1,000	1,000	1,000
3. Eastern Bengal and Assam	61,130	1,62,768	67,882	1,12,000	64,000	68,000
4. Bengal	1,26,039	1,33,815	1,30,724	1,40,000	1,38,000	1,34,000
5. United Provinces	3,13,485	2,93,029	2,96,939	3,09,000	3,12,000	2,96,000
6. Punjab	81,296	77,928	83,655	81,000	76,000	77,000
7. Madras	6,17,231	6,18,924	5,66,220	5,41,000	5,61,000	5,65,000
8. Bombay	97,53,911	98,77,865	1,02,01,508	98,67,000	1,01,40,000	1,01,51,000
Total	1,09,90,169	1,11,98,747	1,13,89,066	1,10,90,000	1,13,30,000	1,13,29,000
TOTAL INDIA R	1,79,01,369	1,82,13,546	1,83,65,694	1,80,88,000	1,83,13,000	1,83,44,000
Equivalent in Sterling £	1,193,425	1,214,236	1,224,380	1,205,900	1,220,900	1,222,900

61. The wholly Imperial expenditure shown against "Other Provinces" represents Opium, Salt and Customs compensations paid to Native States and Foreign Governments, as well as Miscellaneous compensations (*i.e.*, those of a general character and not intended to indemnify against loss of a particular kind of revenue) in provinces other than Bombay. The variation between the Budget and Revised estimates of the current year is chiefly due to the revision of the assessment of alienated lands in Bombay, which has led to an increase in expenditure under this head together with a *per contra* increase in the land revenue. The Budget estimate for 1911-12 practically repeats the Revised for the current year.

Revised, 1910-11.

Budget, 1911-12.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 191

XII.—INTEREST RECEIPTS.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. Interest on Imperial loans and advances	44,61,404	44,38,220	42,79,584	42,81,000	41,79,000	41,62,000
2. Profits of Paper Currency Circulation	34,70,420	34,70,420	34,70,420	34,70,000	34,70,000	34,70,000
3. Interest on over-drawn Capital of Railway Companies in India	10,79,580	11,28,037	20,60,085	23,27,000	22,58,000	20,27,000
4. Interest charged to Capital on advances to Railway Companies . . . . .	..	7,86,973	3,57,338	5,38,000	4,34,000	5,66,000
5. Miscellaneous items	1,14,600	65,428	76,584	58,000	1,23,000	1,05,000
TOTAL R	91,26,004	98,89,078	1,02,44,011	1,06,74,000	1,01,64,000	1,03,30,000
<i>Provincial.</i>						
1. Central Provinces	87,520	1,53,823	2,54,085	2,00,000	2,64,000	1,85,000
2. Burma	93,302	1,20,759	1,13,423	1,13,000	1,08,000	1,14,000
3. Eastern Bengal and Assam	76,209	1,39,389	1,51,083	1,57,000	1,66,000	1,67,000
4. Bengal	3,49,990	5,21,993	7,94,808	8,53,000	7,37,000	5,85,000
5. United Provinces	6,18,175	13,18,653	16,19,313	14,27,000	15,02,000	11,04,000
6. Punjab	2,85,288	2,84,918	3,54,733	3,01,000	2,98,000	2,90,000
7. Madras	3,32,566	3,33,142	3,58,249	3,83,000	3,93,000	4,14,000
8. Bombay	8,08,313	7,04,311	13,59,132	9,81,000	12,41,000	12,05,000
TOTAL R	26,51,453	35,76,988	50,04,826	44,15,000	47,09,000	40,64,000
TOTAL INDIA R	1,17,77,457	1,34,66,066	1,52,48,837	1,50,89,000	1,51,73,000	1,43,94,000
Equivalent in Sterling £	785,164	897,737	1,016,589	1,005,900	1,011,500	959,600
<i>ENGLAND.</i>						
1. Profits of Paper Currency Circulation	37,460	41,982	37,374	37,400	37,400	7,400
2. Interest realised from investment of cash balances	143,133	47,606	130,070	72,000	370,000	150,000
3. Miscellaneous . . . . .	...	...	310	...	...	...
TOTAL £	180,593	89,588	167,754	109,400	407,400	217,400
TOTAL RECEIPTS £	965,757	987,325	1,184,343	1,115,300	1,418,900	1,177,000
Loans and advances outstanding March 31 :—						
1. Imperial	7,389,592	7,002,812	6,815,508	6,951,100	6,646,300	6,758,500
2. Provincial	5,727,531	6,667,808	6,039,948	5,717,900	5,401,300	5,365,800

(a) India—Imperial.

62. The total revenue in 1910-11 is now expected to be Rs 10 lakhs less than the Budget estimate. The decrease is due partly to a smaller realisation of arrears of interest on Imperial loans to Native States in the Bombay Presidency *Revised, 1910-11.*

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Budget, 1911-12.

and partly to a reduction in the demand for funds which are being advanced to the Bengal-Nagpur Railway Company for the construction of new extensions. In 1911-12 there will be a decrease of R2'31 lakhs in the interest charged on overdrafts of capital by railway companies, owing to the purchase by Government of the Indian Midland Railway with effect from the 1st January 1911; but on the other hand, there will be some increase in the interest payable from the capital account of the Bengal-Nagpur Railway in respect of advances for the construction of new extensions.

(b) *India—Provincial.*

Revised, 1910-11.

63. The increase of R2'94 lakhs in the receipts in the current year is mainly due to a larger recovery of arrears in the provinces which are recovering from the recent famine, than was allowed for in the Budget. In Bengal alone, the provision made on this account has proved an over-estimate. The absence of any considerable recovery of arrears accounts for the decrease of R6'45 lakhs in the Budget estimate for 1911-12 as compared with the Revised for 1910-11.

Budget, 1911-12.

(c) *England.*

Revised, 1910-11.

64. The interest realised in 1910-11 from the investment of the cash balances of the Home Treasury of the Government of India exceeds the Budget by the considerable sum of £298,000 (R44'70 lakhs) owing to the amounts available for investment being much larger and the rate of interest higher than was estimated. In the Budget estimate for 1911-12, provision has been made for three quarters' interest on the additional investment of R2 crores from the Paper Currency Reserve; but the cash balances of the Home Treasury are not expected to remain as high as in the current year, and this accounts for the decrease in the total receipts as compared with the Revised for 1910-11.

Budget, 1911-12.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 193

13 AND 14.—INTEREST EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
Interest on Debt other than that charged to Railways—						
Interest on total Debt—						
1. India	R 4,61,23,684	4,77,45,440	4,84,98,139	4,88,50,000	4,83,25,000	4,94,50,000
2. England	£ 3,074,912 4,990,485	3,183,029 5,286,565	3,233,209 5,519,190	3,256,700 5,787,600	3,221,600 5,781,700	3,296,600 6,032,700
Total	8,065,397	8,469,594	8,752,399	9,044,300	9,003,300	9,329,300
Deduct amounts charged to—						
(a) Railways:						
(i) India	R 3,96,67,621	4,14,25,434	4,22,83,760	4,42,76,000	4,31,12,000	4,58,09,000
(ii) England	£ 2,644,508 3,118,662	2,761,696 3,253,052	2,818,917 3,308,274	2,951,800 3,397,100	2,874,100 3,371,700	3,053,900 3,572,700
Total Railways	£ 5,763,170	6,014,748	6,127,191	6,348,900	6,245,800	6,626,600
(b) Irrigation:						
(i) India	R 1,30,88,523	1,36,25,073	1,42,53,680	1,50,84,000	1,50,33,000	1,58,60,000
(ii) England	£ 872,568 108,344	908,338 108,989	950,246 108,465	1,005,600 111,700	1,002,200 110,100	1,057,300 112,300
Total Irrigation	£ 980,912	1,017,327	1,058,711	1,117,300	1,112,300	1,169,600
Total deduction	£ 6,744,082	7,032,075	7,185,902	7,466,200	7,358,100	7,796,200
Interest on Ordinary Debt	£ 1,321,315	1,437,519	1,566,497	1,578,100	1,645,200	1,533,100
Distribution of above						
Imperial	£ 1,150,766	1,221,576	1,345,455	1,376,300	1,445,600	1,345,400
Provincial	£ 170,549	215,943	221,042	201,800	199,600	187,700
Interest on other Obligations—						
On Savings Bank Balances converted at R15 = £1	£ 356,669	364,233	381,337	411,500	409,600	440,000
Other items	£ 142,860	165,080	167,211	153,300	157,400	151,100
TOTAL	£ 499,529	529,313	548,548	564,800	567,000	592,000
GRAND TOTAL	£ 1,820,844	1,966,832	2,115,045	2,142,900	2,212,200	2,125,100
Debt outstanding, March 31—						
Sterling	£ 157,481,074	166,973,369	176,105,911	181,709,369	182,881,911	183,243,211
Rupee Debt—						
4 per cent	R 3,91,06,325	3,79,06,275	3,67,06,275	3,55,06,275	3,55,06,275	3,43,06,275
3½ per cent	1,16,65,85,600	1,19,49,77,500	1,22,60,40,100	1,24,56,65,500	1,24,83,59,100	1,27,05,05,100
3 per cent	11,07,12,100	10,09,57,800	9,39,25,800	8,85,15,800	8,53,90,800	8,28,90,800
Other Debt	1,18,90,930	1,18,18,930	1,17,60,930	1,17,59,930	1,17,27,930	1,16,96,930
Savings Bank Balances	18,11,39,808	18,39,81,195	19,48,83,468	21,14,25,195	21,09,75,468	22,67,39,468

INTEREST ON ORDINARY DEBT.

*Interest on total
debt, 1910-11.*

1911-12.

65. The expenditure in 1910-11 on account of Interest payable on the public debt as a whole falls short of the Budget estimate by ₹6.15 lakhs (£41,000). The decrease, which would have been larger but for an unforeseen payment of ₹3.42 lakhs (£22,800) for discount on the India Bonds issued during the year, is mainly due to a smaller charge for interest on India Bills, ₹1 million of which were discharged during the year instead of being renewed as was contemplated in the budget programme, and to a saving in the provision for discount on the new rupee loan of the year. In the Budget of 1911-12 necessary provision has been made for a full year's interest on the rupee loan of 1½ crores raised in the current year; for the interest payable on the India Bonds and the debentures of the Indian Midland Railway Company; for increased payments into sinking funds for the redemption of sterling debt incurred in excess of money raised; and for the service of the new sterling and rupee loans which it is contemplated to raise in 1911-12.

*Transfers to Rail-
way and Irriga-
tion Accounts.*

66. The amount of interest transferred to the Railway and Irrigation sections of the accounts depends, firstly, on the capital expenditure; secondly, on the actual payment of interest on that portion of the debt which has been incurred specifically on account of the construction or purchase of railways or irrigation works; and thirdly, on the rate at which interest is charged on that portion of the debt which has not been specifically raised for the above purpose. Our practice is to adopt for this adjustment the average rate of interest actually paid in respect of the whole of the non-specific debt in the latest year for which the final accounts are available. The result is that the rate adopted in calculating the Revised estimate for a year is generally different from that used for the Budget estimate; and this leads to a difference between the two estimates apart from that caused by a variation in the capital expenditure itself. The large decrease of ₹16.21 lakhs (£108,100) in the Revised Estimate of total interest to be transferred in 1910-11, as compared with the Budget, is due both to a reduction in the rate and to a lapse in the capital grants. The increase in the amount of interest to be transferred in 1911-12 over the Revised estimate for 1910-11 is wholly due to the increase in the specific debt in connection with the purchase of the Indian Midland Railway, and to the progress of capital expenditure.

*Transfers to
Provincial.*

67. A portion of the Interest on Ordinary Debt appears in the Provincial section of the accounts. Provincial Governments are authorised to grant advances to cultivators (as well as to certain other people in special cases) under various Acts, to landholders and notabilities apart from the provisions of any law, and to municipalities and local bodies (other than Presidency Corporations), out of amounts annually placed at their disposal by the Government of India. The interest actually levied on such advances is credited as Provincial revenue. But interest at 3½ per cent. a year is charged to the Local Governments on the mean between the outstanding balances of the Provincial Loan Accounts at the commencement of the year and at its close; and this is done by transferring the amount so calculated from the Imperial to the Provincial section under Interest on Ordinary Debt. The differences between the Budget and the Revised estimates of the amount to be so transferred in the current year, and between the latter and the Budget estimate of 1911-12, are explained by the reductions in the outstanding balances of the Provincial Loan Account as shown in the table at page 619, which are chiefly due to heavy recovery of *takavi* advances in the provinces recovering from the recent famine.

INTEREST ON OTHER OBLIGATIONS.

Revised, 1910-11.

Budget, 1911-12.

68. The total Revised Estimate for the current year does not differ materially from the Budget, an increased payment of interest on the undrawn balance of capital deposited by the Burma Railway Company, owing to a lapse in capital grants, being nearly counterbalanced by a smaller payment in respect of the deposits in the State Provident Funds. In 1911-12 there will be practically no charge on the former account; but provision has been made for an increased payment in respect of the deposits both in the Post Office Savings Banks and in the State Provident Funds, consequent on a growth in the deposits themselves.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 195

XIII AND 15.—POST OFFICE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
REVENUE.						
INDIA.						
1. Sale of postage stamps for postal purposes	2,26,67,860	2,25,24,263	2,39,68,280	2,46,48,000	2,48,84,000	2,66,25,000
2. Commission on money orders	45,22,164	46,61,119	47,61,044	48,30,000	49,80,000	52,10,000
3. Other receipts	1,69,959	1,98,918	1,79,107	1,83,000	2,10,000	2,07,000
TOTAL . ₹	2,73,59,983	2,73,84,300	2,89,08,431	2,96,61,000	3,00,74,000	3,20,42,000
Equivalent in Sterling £	1,823,999	1,825,620	1,927,229	1,977,400	2,005,000	2,136,100
EXPENDITURE.						
INDIA.						
1. Establishment charges	1,72,13,611	1,90,79,541	1,93,66,086	1,97,28,000	1,98,03,000	2,03,50,000
2. Conveyance of mails	64,23,763	66,21,971	66,12,372	67,28,000	66,02,000	68,96,000
3. Stationery and Printing	11,00,858	10,82,411	12,09,062	10,19,000	10,98,000	10,82,000
4. Cost of stamps and stamp paper	8,72,438	8,30,657	8,36,339	9,15,000	8,95,000	9,09,000
5. Royal visit and Coronation Durbar	...	...	...	...	...	2,00,000
6. Other items	62,429	14,889	59,967	52,000	64,000	59,000
TOTAL . ₹	2,56,73,099	2,76,29,469	2,80,83,826	2,84,42,000	2,84,62,000	2,94,96,000
Equivalent in Sterling £	1,711,540	1,841,964	1,872,255	1,896,100	1,897,500	1,966,400
ENGLAND.						
1. Contribution to Eastern mail subsidy	60,120	54,588	54,588	54,600	54,600	54,600
2. Stores, etc.	1,060	201	739	500	2,800	...
TOTAL . £	61,180	54,789	55,327	55,100	57,400	54,600
TOTAL OF EXPENDITURE . £	1,772,720	1,896,753	1,927,582	1,951,200	1,954,900	2,021,000
TOTAL NET REVENUE £	51,279	-71,133	-353	26,200	50,100	115,100

REVENUE.

69. The rapid revival of prosperity and business has led to a larger growth of revenue under this head than was allowed for in the Budget; and the Revised estimate shows an improvement of R4.13 lakhs, which is mainly distributed between sale of postage stamps and commission on money orders. In the Budget estimate for 1911-12 provision has been made for a further advance of R19.68 lakhs in the revenue. R3 lakhs of this are expected to be obtained from services in connection with the Royal visit and the Coronation Durbar.

Revised, 1910-11.

Budget, 1911-12.

EXPENDITURE.

70. The total Revised estimate for 1910-11 does not differ materially from the Budget forecast. The Budget estimate for 1911-12 exceeds the former by R9.92 lakhs (£66.100). It provides for the sanctioned scale of expenditure as well as for the normal development of the operations of the Department, while a special allotment of R2 lakhs has been made for outlay in connection with the Royal visit and the Coronation Durbar.

Revised, 1910-11.

Budget, 1911-12.

XIV AND 16.—TELEGRAPH.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
REVENUE.						
I. INDIAN :						
1. Message Revenue	99,99,248	98,65,661	83,82,222	91,50,000	92,75,000	98,85,000
2. Other Revenue	30,93,955	32,94,120	33,27,074	32,50,000	33,53,000	34,35,000
TOTAL	1,30,93,203	1,31,59,781	1,17,09,296	1,24,00,000	1,26,28,000	1,33,20,000
	₹	₹	₹	₹	₹	₹
	₹	₹	₹	₹	₹	₹
	₹	₹	₹	₹	₹	₹
II. INDO-EUROPEAN :						
1. Message Revenue	18,04,682	13,93,740	17,52,281	16,85,000	22,58,000	22,90,000
2. Other Revenue	20,025	15,538	18,278	15,000	21,000	19,000
TOTAL	18,24,707	14,09,278	17,70,559	17,00,000	22,79,000	23,09,000
	₹	₹	₹	₹	₹	₹
	₹	₹	₹	₹	₹	₹
	₹	₹	₹	₹	₹	₹
England (mainly Mes- sage Revenue).	121,647	93,952	118,037	113,300	151,900	153,900
	12,270	6,826	4,194	5,500	4,300	4,500
TOTAL	133,917	100,778	122,231	118,800	156,200	158,400
	₹	₹	₹	₹	₹	₹
GRAND TOTAL	1,006,797	978,097	902,851	945,500	998,100	1,046,400
	₹	₹	₹	₹	₹	₹
EXPENDITURE.						
I. INDIAN :						
1. Revenue	₹ 709,932	₹ 742,338	₹ 766,597	₹ 785,900	₹ 778,500	₹ 822,600
2. Capital	₹ 253,759	₹ 195,140	₹ 150,770	₹ 191,700	₹ 151,900	₹ 143,500
3. Royal visit and Coronation Dur- bar	...	...	...	...	...	10,000
TOTAL	₹ 963,691	₹ 937,478	₹ 917,367	₹ 977,600	₹ 930,400	₹ 976,100
	₹	₹	₹	₹	₹	₹
II. INDO-EUROPEAN :						
1. Revenue	₹ 90,354	₹ 80,534	₹ 72,945	₹ 95,300	₹ 101,700	₹ 106,800
2. Capital	₹ 8,891	₹ 1,047	₹ 2,121	₹ 13,000	₹ 2,300	₹ 10,700
TOTAL	₹ 99,245	₹ 81,581	₹ 75,066	₹ 108,300	₹ 104,000	₹ 117,500
	₹	₹	₹	₹	₹	₹
III. Other charges.	₹ 21,511	₹ 9,014	...	...	...	...
	₹	₹	₹	₹	₹	₹
GRAND TOTAL	₹ 1,084,447	₹ 1,028,073	₹ 992,433	₹ 1,085,900	₹ 1,034,400	₹ 1,093,600
	₹	₹	₹	₹	₹	₹
TOTAL NET REVENUE	₹ -77,650	₹ -49,976	₹ -89,582	₹ -140,400	₹ -36,300	₹ -47,200
	₹	₹	₹	₹	₹	₹

REVENUE.

(a) Indian.

Revised, 1910-11.Budget, 1911-12.

71. The Revised estimate for the current year exceeds the Budget by ₹2.28 lakhs. An improvement of ₹1.25 lakhs is expected in the message revenue, mainly owing to increased traffic from Ceylon on account of the rubber boom and tea-market reports. The balance of the increase occurs chiefly in the rent of local and private lines. The Budget estimate for 1911-12 provides for a further growth of ₹6.92 lakhs in the revenue, of which ₹2 lakhs are expected to be obtained from the special traffic in connection with the Royal visit and the Coronation Durbar. A portion of the latter item will actually appear in the accounts as revenue of the Indo-European Department.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 197

(b) *Indo-European.*

72. The increase of R5.61 lakhs (£37,400) in the revenue in the current year, as compared with the Budget estimate, is due to the diversion of traffic from foreign lines to those of the Indo-European Department. *Revised, 1910-11.*

73. The Budget estimate for 1911-12 has been taken at practically the same figure as the Revised for 1910-11. Having regard to the very considerable improvement in the revenue which has taken place in 1910-11, it is not considered prudent to budget for a further growth next year. *Budget, 1911-12.*

EXPENDITURE.

(a) *Indian.*

74. The Revised estimate for 1910-11 shows a lapse of R7.08 lakhs (£47,200) in the Budget provision. A considerable portion of this (R5.97 lakhs) occurs in the allotment for capital outlay and is caused mainly by smaller purchase of stores both in England and in India and reduced expenditure on railway works. The lapse would have been larger but for a payment of R1.79 lakhs to the Marconi Company in connection with the installation of radio offices at certain stations. There is also a saving of R1.11 lakhs in the revenue charges mainly under line repairs and cost of stationery and printing. *Revised, 1910-11.*

75. The Budget estimate for 1911-12 exceeds the Revised of the current year by R6.85 lakhs (£45,700). A provision of R1.5 lakhs has been made for special outlay in connection with the Coronation Durbar, and there is an increase of R6.61 lakhs in the revenue expenditure caused by the recent re-organisation of the various telegraph services, the cost of working the radio offices and a larger payment to the Postal Department in respect of the working expenses of combined postal and telegraph offices. On the other hand, there is a decrease of R1.26 lakhs in the capital grant, in spite of a further payment of R2.55 lakhs to the Marconi Company, owing to smaller demands for stores. *Budget, 1911-12.*

(b) *Indo-European.*

76. The total expenditure in the current year falls short of the Budget by R.65 lakh only. A lapse of R1.61 lakhs in the capital grant owing to the postponement of the reconstruction of the Arabistan telegraph line and work on certain buildings in Persia, and a saving of R1.02 lakhs in the working expenses, are nearly counterbalanced by an increase of R1.98 lakhs in the net payment in England in connection with the Joint Purse arrangement which has been necessitated by the increase in the homeward Indian traffic. The Budget estimate for 1911-12 provides for capital outlay on the construction works postponed in the current year and for a small increase in the working expenses. *Revised, 1910-11.*
Budget, 1911-12.

XV AND 17.—MINT.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
REVENUE.						
INDIA.						
1. Percentage chargeable on coinage of new rupees . . .	27,90,113	1,178	...	...	...	...
2. Profit on circulation of—						
(a) Nickel coins . . .	17,71,726	11,11,336	14,38,629	11,00,000	18,00,000	18,00,000
(b) Bronze coins . . .	17,36,390	...	...	8,50,000	7,00,000	10,00,000
3. Fees for coining dollars, etc. . .	96,299	3,13,117	3,16,019	1,00,000	2,58,000	1,00,000
4. Other items . . .	2,64,232	1,14,177	1,34,645	93,000	82,000	78,000
TOTAL . . .	R 66,58,760	15,39,808	18,89,293	21,43,000	28,40,000	29,78,000
England . . .	£ 443,918	102,654	125,953	142,900	189,300	198,500
TOTAL . . .	£ 443,918	102,654	125,953	142,900	189,300	198,500
EXPENDITURE.						
INDIA.						
1. Establishment charges . . .	8,88,959	7,13,287	6,69,379	7,13,000	6,94,000	7,23,000
2. Purchase of stores . . .	3,42,912	1,52,903	77,055	1,50,000	1,25,000	1,55,000
3. Loss on Bronze coinage . . .	...	10,71,184	7,42,899	...	...	...
4. Loss on re-coining old silver coins . . .	3,63,014	4,00,913	3,63,894	4,30,000	4,56,000	4,30,000
5. Other coinage losses . . .	3,60,346	83,702	82,197	14,000	26,000	18,000
TOTAL . . .	R 19,55,231	24,21,989	19,35,424	13,07,000	13,01,000	13,26,000
England . . .	£ 130,349	161,466	129,028	87,100	86,700	88,400
TOTAL . . .	£ 164,901	192,129	143,758	92,100	92,100	93,800
TOTAL NET REVENUE . . .	£ 279,017	—89,475	—17,805	50,800	97,200	104,700

REVENUE.

Revised, 1910-11.

77. The Revised estimate for 1910-11 exceeds the Budget by R6.97 lakhs. An improvement of R7 lakhs occurs in the profit on the circulation of nickel coins, the demand for which has increased more rapidly with the revival of trade than was anticipated. A decrease of R1.5 lakhs in the profit from bronze coins, owing to continued return of coin issued during the last famine, is counterbalanced by an almost equal increase in the fees for coining dollars.

Budget, 1911-12.

78. The Budget for 1911-12 is taken at R1.38 lakhs higher than the Revised estimate of 1910-11. It is anticipated that the demand for nickel coins will be the same as in the current year, but that there will be an increase in the circulation of bronze. On the other hand, a moderate provision has been made for fees levied on the coinage of dollars.

Expenditure.

79. The figures show little variation and call for no remarks.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 199

18.—GENERAL ADMINISTRATION.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
INDIA.	₹	₹	₹	₹	₹	₹
<i>Imperial.</i>						
1. Cost of the Central Government :						
(i) Salary and expenses of the Governor-General .	11,46,812	11,08,957	10,62,546	11,30,000	10,81,000	10,88,000
(ii) Executive Council	4,66,941	4,84,590	4,31,088	4,05,000	4,19,000	4,67,000
(iii) Legislative Council	76,165	1,13,326	96,876	2,01,000	1,36,000	1,52,000
(iv) Charges of the Secretariats	33,07,789	34,64,066	33,17,664	32,64,000	35,21,000	34,94,000
2. Offices of Account and Audit	26,00,959	27,85,580	28,91,989	29,24,000	29,62,000	40,85,000
3. Currency Department and Reserve Treasury	4,78,173	5,65,157	5,76,074	6,02,000	6,08,000	6,08,000
4. Payments to Presidency Banks for treasury and public debt work	3,33,809	3,39,630	3,40,735	3,46,000	3,50,000	3,54,000
5. North-West Frontier Administration	2,70,619	3,13,660	3,13,473	3,38,000	3,05,000	3,43,000
6. Ajmer-Merwara Administration	3,376	2,119	3,527	2,000	2,000	2,000
7. Royal visit and Coronation Durbar	...	...	...	...	3,50,000	91,50,000
Total	86,84,643	91,77,085	90,33,972	92,12,000	97,34,000	1,97,43,000
<i>Provincial.</i>						
1. Central Provinces	7,65,433	8,18,364	8,42,364	8,83,000	8,88,000	9,80,000
2. Burma	13,58,063	13,88,608	14,27,612	14,85,000	14,92,000	16,35,000
3. Eastern Bengal and Assam	11,61,949	12,70,049	12,32,564	13,12,000	12,72,000	15,93,000
4. Bengal	18,73,543	19,06,794	19,01,892	21,02,000	20,16,000	24,24,000
5. United Provinces	17,09,652	17,43,824	16,29,833	16,81,000	18,06,000	19,16,000
6. Punjab	10,73,920	10,58,945	10,52,403	11,16,000	11,21,000	12,18,000
7. Madras	11,17,101	11,50,585	12,00,190	12,99,000	12,55,000	15,38,000
8. Bombay	15,67,072	16,06,731	16,13,289	17,04,000	17,12,000	19,27,000
Total	1,05,26,733	1,09,43,900	1,09,09,177	1,15,82,000	1,15,62,000	1,32,31,000
TOTAL INDIA	1,93,11,376	2,01,20,985	1,99,43,149	2,07,94,000	2,12,96,000	3,29,74,000
Equivalent in Sterling	£ 1,287,425	£ 1,341,399	£ 1,329,543	£ 1,386,300	£ 1,419,700	£ 2,198,300
ENGLAND.						
1. Cost of the Secretary of State's establishment, etc.	262,375	269,264	265,546	264,700	270,900	263,100
2. Stores, etc., for India	72,343	84,170	60,690	93,500	80,200	115,800
TOTAL . £	334,718	353,434	326,236	358,200	351,100	378,900
GRAND TOTAL £	1,622,143	1,694,833	1,655,779	1,744,500	1,770,800	2,577,200

80. The cost of the Civil offices of Account and Audit is Imperial in all the provinces with the exception of the charges of the staff employed in auditing

the accounts of municipalities and other local bodies; so is the expenditure of the Currency Department, as well as the payments made to the Presidency Banks for treasury work and for the management of the public debt.

(a) *India—Imperial.*

Revised, 1910-11.

81. The total expenditure in 1910-11 exceeds the Budget grant by R5'22 lakhs. Of this excess, R3'5 lakhs represent outlay on the preparations in connection with the Coronation Durbar to be held at Delhi next year. There is also an increase of R2'57 lakhs in the cost of the Secretariats caused by the outlay on the enquiry into high prices (R'74 lakh), the payment of arrear charges in connection with the reorganisation of ministerial establishments, and the formation of an Education Department; while smaller increases occur under Offices of Account and Audit, owing to the revision of ministerial pay in the several Civil Account offices at Calcutta, and under Executive Council owing to the appointment of an Education Member. But on the other hand, there are savings in the grant for the enlarged Legislative Council and in the provision for the tour and other charges of the Governor General.

Budget, 1911-12.

82. The large excess of R100'09 lakhs in the Budget grant for 1911-12 over the current year's Revised, is almost wholly due to two special causes. In the first place, provision has been made for a net expenditure (*i.e.*, after deducting receipts from sale of stores and materials) of R89'5 lakhs by the Central Government in connection with the visit to India of His Majesty the King-Emperor and the Coronation Durbar at Delhi, and for an outlay of R2 lakhs on account of the latter ceremony by the administrations of the North-West Frontier Province and Baluchistan, the total expenditure in 1911-12 on these objects thus exceeding the outlay in 1910-11 on the preparatory arrangements by R88 lakhs. In the next place, it has been decided to show under this head, with effect from the 1st April 1911, the entire charges (R10'31 lakhs) of the offices engaged in the various provinces in the audit and accounting of Public Works transactions, consequent on their amalgamation during the current year with the corresponding "Civil" offices. These charges have hitherto been split up among a number of heads, some of which are "divided" or wholly provincial. The arrangement will thus lead to a transfer to the Imperial section of the accounts of expenditure for which provision has been made in the current financial settlements with the Provincial Governments; and credit has accordingly been taken under "I.—Land Revenue" (*vide* paragraph 11) for a recurring compensatory contribution from Provincial to Imperial.

83. Excluding the special items mentioned in the preceding paragraph, the increase in the Budget grant for next year over the Revised estimate for 1910-11 amounts to only R1'78 lakhs. Of this excess, R'92 lakh occurs in the expenditure of the account offices and is caused partly by the normal growth of the cost of audit and partly by special allotments for the removal of the account office in Eastern Bengal and Assam from Shillong to Dacca, and for the revision of ministerial pay in Madras. The provision under the other heads is generally based on the sanctioned scale of expenditure, the increase of R'48 lakh in the charges of the Executive Council being explained by the payment for a full year of the salary of the Education Member. A sum of R'89 lakh is included in the grant for the Secretariats for the prosecution of the enquiry into high prices.

(b) *India—Provincial.*

Revised, 1910-11.

84. The total expenditure in 1910-11 follows very closely the Budget estimate. Savings are expected in Bengal, mainly owing to delay in the constitution of the Executive Council, and to a smaller extent in Madras and Eastern Bengal and Assam, chiefly in consequence of lapses in the grants for the enlarged Legislative Council and for secretariat charges, respectively. But these are very nearly counterbalanced by the special expenditure (R1'43 lakhs) incurred in Bombay, the United Provinces and the Punjab in connection with the visit of His Imperial Highness the Crown Prince of Germany. Unimportant variations from the Budget grants occur in several provinces.

Budget, 1911-12.

85. The Budget for 1911-12 exceeds the Revised of the current year by R16'69 lakhs. The greater portion of this excess is again explained by the following special provisions made in the estimates for Provincial expenditure (*i.e.*

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on provincial camps and provincial guests) in connection with the Coronation Durbar at Delhi.

	Lakhs.
Central Provinces	1'00
Burma	1'23
Eastern Bengal and Assam	2'50
Bengal	3'00
United Provinces	1'85
Punjab	'80
Madras	2'50
Bombay	2'00
	14'88

86. Apart from these special allotments, the only important variations from the Revised estimates for the current year are as follows. Provision has been made for an increase of R 1'08 lakhs in Bengal, owing mainly to the payment for a full year of the charges of the Executive Council, and of R 71 lakh in Eastern Bengal and Assam, chiefly in consequence of outlay involved in the removal of the head-quarters of the province from Shillong to Dacca. In the United Provinces a provision of R 59 lakh for a new Bundelkhand Division is more than counterbalanced by the absence of the special expenditure incurred in the current year in connection with the visit of the Crown Prince of Germany.

(c) England.

87. The Revised estimate for the current year shows a lapse of £7,100 Revised, 1910-11. in the Budget grant, an increase of £6,800 in the payment to the Bank of England for the management of debt being more than counterbalanced by a decrease in the supply of currency note forms owing to a delay in the manufacture of the new form of Ten-Rupee and Fifty-Rupee notes and the stoppage of supplies in the old form. In 1911-12 provision has been made for a large Budget, 1911-12. increase of £40,300 in the outlay on currency note forms in view of the necessity for replenishing stocks and of a possible increase in the circulation of universal Fifty-Rupee notes; but there is a decrease of £12,500 in the other charges caused mainly by the absence of the expenditure of £5,000 incurred in the current year on the outfit allowance of the new Viceroy and a reduction in the payment to the Bank of England for the management of debt.

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XVI A and 19 A.—LAW AND JUSTICE—COURTS OF LAW.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	3,44,555	3,42,069	3,66,833	3,37,000	3,54,000	3,49,000
2. North-West Frontier	5,14,067	5,42,005	5,52,444	5,68,000	5,57,000	5,67,000
Total	8,58,622	8,84,074	9,19,277	9,05,000	9,11,000	9,16,000
<i>Provincial.</i>						
1. Central Provinces	21,64,239	25,10,402	24,75,806	25,52,000	25,12,000	25,80,000
2. Burma	42,51,833	43,90,265	45,35,553	47,64,000	47,61,000	48,21,000
3. Eastern Bengal and Assam	41,91,047	44,85,535	44,68,012	45,71,000	47,36,000	48,33,000
4. Bengal	75,61,397	83,75,876	82,75,098	82,43,000	88,08,000	87,34,000
5. United Provinces	57,79,483	60,18,614	59,05,155	60,30,000	60,10,000	62,19,000
6. Punjab	37,24,018	37,49,229	38,06,523	39,98,000	40,37,000	41,17,000
7. Madras	51,73,160	56,01,900	56,99,101	58,95,000	59,62,000	61,36,000
8. Bombay	51,80,722	52,80,586	52,61,867	53,03,000	54,68,000	54,59,000
Total	3,80,25,899	4,04,12,407	4,04,28,105	4,13,56,000	4,22,94,000	4,28,99,000
TOTAL INDIA R	3,88,84,521	4,12,96,481	4,13,47,382	4,22,61,000	4,32,05,000	4,38,15,000
Equivalent in Sterling £	2,592,302	2,753,099	2,756,492	2,817,400	2,882,300	2,921,000
England	150	458	257	500	1,500	5,000
TOTAL £	2,592,452	2,753,587	2,756,749	2,817,900	2,883,800	2,926,000

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	1,89,896	1,48,093	1,56,455	1,44,000	1,64,000	1,64,000
2. North-West Frontier	84,104	92,771	1,02,499	1,00,000	1,08,000	1,03,000
Total	2,74,000	2,40,864	2,58,954	2,44,000	2,72,000	2,67,000
<i>Provincial.</i>						
1. Central Provinces	1,92,152	1,98,857	2,21,084	2,15,000	2,18,000	2,14,000
2. Burma	4,03,470	4,64,220	4,66,537	4,70,000	4,42,000	4,65,000
3. Eastern Bengal and Assam	3,61,477	3,72,878	4,00,907	3,90,000	4,57,000	4,54,000
4. Bengal	5,79,615	6,39,469	6,00,716	6,24,000	6,75,000	6,15,000
5. United Provinces	4,76,352	5,24,251	6,01,793	5,48,000	6,20,000	5,94,000
6. Punjab	3,35,166	4,02,269	4,06,377	3,90,000	4,25,000	4,25,000
7. Madras	7,48,691	7,69,646	8,44,767	8,20,000	9,40,000	9,00,000
8. Bombay	5,30,374	5,89,301	5,98,944	5,87,000	5,98,600	6,10,000
Total	36,87,297	39,60,891	41,41,125	40,44,000	43,75,000	42,77,000
TOTAL R	39,61,297	42,01,755	44,00,279	42,88,000	46,47,000	45,44,000
Equivalent in Sterling £	264,087	280,117	293,339	285,800	309,800	302,900

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 203

EXPENDITURE.

(a) *Imperial.*

88. The figures show little variation and call for no remarks.

(b) *Provincial.*

89. The total Revised estimate for the current year exceeds the Budget Revised, 1910-11. by Rs 9.38 lakhs. In Bengal a large increase of Rs 7.31 lakhs in the payment of fees to lawyers in connection with the prosecution of special crime has been partly counterbalanced by a net saving of Rs 1.66 lakhs in the provision for the payment of grain compensation allowance and in other grants. Increases of Rs 1.65 lakhs each also occur in Eastern Bengal and Assam and in Bombay almost entirely under lawyer's fees and are due to a similar cause. Excesses of smaller magnitude are expected in Madras, owing to higher refunds of magisterial fines and other causes, and in the Punjab, chiefly in consequence of the employment during the whole of the year of an additional Judge of the Chief Court and his establishment. On the other hand, some saving in the Budget grant is likely to take place in the Central Provinces, owing to the non-utilisation of the allotment for the re-organisation of the Commission, and to a smaller extent in the United Provinces and in Burma.

90. The total Budget for 1911-12 is Rs 6.05 lakhs higher than the Revised Budget, 1911-12. estimate for 1910-11. The increase is shared by all the provinces with the exception of Bengal and Bombay. The more important increases occur in the United Provinces (Rs 2.09 lakhs), where an allotment of Rs 1.53 lakhs has been made for additional courts required to try the special mortgage suits instituted during the current year, besides the necessary provision for the additional expenditure involved in the contemplated improvement in the pay of Assistant Commissioners and Deputy Collectors; and in Madras (Rs 1.74 lakhs), where the Budget contains provision for additional temporary courts as well as for the share of increased expenditure thrown under this head by the various schemes mentioned in paragraph 17. In Bengal and Bombay, a decrease of Rs 2.77 lakhs and Rs 1.11 lakhs respectively in the cost of law officers obscures an increase of Rs 2.03 lakhs and Rs 1.02 lakhs in the expenditure under the other heads. These excesses are caused mainly by provision in the former province for the payment of arrears of increased pay to ministerial officers in the *mufassal* and for the re-organisation of certain ministerial establishments in the High Court; and in the latter for additional temporary courts and for the revision of certain judicial establishments.

REVENUE.

(a) *Imperial.*

91. The figures do not show any important variations and call for no remarks.

(b) *Provincial.*

92. There is an increase of Rs 3.31 lakhs over the total Budget estimate in the current year, chiefly under court-fees realised in cash in the United Provinces, under translation and printing fees of the High Court in Madras, and under magisterial fines in several provinces. The Budget for 1911-12 provides for normal receipts in all the provinces. Revised, 1910-11.
Budget, 1911-12.

XVI B and 19 B.—LAW AND JUSTICE—JAILS.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	17,97,443	19,55,130	17,04,133	18,43,000	17,81,000	18,08,000
2. North-West Frontier	1,17,136	1,35,681	1,25,123	1,47,000	1,28,000	1,37,000
Total	19,14,579	20,90,811	18,29,256	19,90,000	19,09,000	19,45,000
<i>Provincial.</i>						
1. Central Provinces	4,81,132	5,86,090	6,14,104	5,94,000	5,63,000	5,82,000
2. Burma	12,46,377	12,83,422	12,31,706	13,24,000	12,64,000	12,91,000
3. Eastern Bengal and Assam	12,38,987	11,12,291	9,24,423	10,92,000	10,16,000	10,61,000
4. Bengal	26,96,952	27,70,423	25,20,720	28,71,000	24,58,000	27,09,000
5. United Provinces	19,93,037	24,12,421	20,69,685	20,00,000	19,43,000	20,04,000
6. Punjab	10,31,616	12,34,169	11,06,045	11,37,000	10,75,000	11,35,000
7. Madras	13,55,256	15,13,084	14,86,801	15,51,000	14,51,000	15,12,000
8. Bombay	8,66,303	9,92,226	10,04,522	10,49,000	10,60,000	10,77,000
Total	1,09,09,660	1,19,04,126	1,09,67,006	1,16,18,000	1,08,30,000	1,13,71,000
TOTAL INDIA . R	1,28,24,239	1,39,94,937	1,27,96,262	1,36,08,000	1,27,39,000	1,33,16,000
Equivalent in Sterling £ England . . . £	854,949 1,817	932,996 ...	853,084 ...	907,200 100	849,300 ...	887,700 ...
TOTAL . £	856,766	932,996	853,084	907,300	849,300	887,700

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	2,94,194	2,89,071	2,81,251	2,97,000	3,23,000	3,15,000
2. North-West Frontier	19,753	20,397	17,679	21,000	21,000	21,000
Total	3,13,947	3,09,378	2,98,930	3,18,000	3,44,000	3,36,000
<i>Provincial.</i>						
1. Central Provinces	1,81,259	2,16,060	2,55,980	2,43,000	2,10,000	2,27,000
2. Burma	4,62,119	4,15,792	4,03,812	5,20,000	3,95,000	4,00,000
3. Eastern Bengal and Assam	3,72,844	4,19,947	3,44,203	4,64,000	3,27,000	3,68,000
4. Bengal	11,58,667	9,21,281	8,59,113	9,64,000	9,24,000	9,14,000
5. United Provinces	4,02,568	3,77,098	3,41,367	3,73,000	3,37,000	3,71,000
6. Punjab	1,83,276	2,00,197	2,54,384	2,21,000	2,60,000	2,64,000
7. Madras	5,26,828	6,16,288	5,05,999	5,30,000	5,10,000	4,80,000
8. Bombay	2,14,538	2,17,461	1,88,536	2,65,000	2,35,000	2,40,000
Total	35,02,099	33,84,124	31,53,394	35,80,000	31,98,000	32,64,000
TOTAL . R	38,16,046	36,93,502	34,52,324	38,98,000	35,42,000	36,00,000
Equivalent in Sterling £	254,403	246,234	230,155	259,900	236,200	240,000

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 205

EXPENDITURE.

(a) *Imperial.*

93. The saving of ₹81 lakh in the Budget provision for 1910-11 is Revised, 1910-11. caused by ordinary lapses in grants. A major portion of it occurs in the convict charges at Port Blair, which contribute the bulk of the expenditure shown against "India General." In 1911-12 provision has been made for a Budget, 1911-12. normal scale of expenditure on sanctioned establishments.

(b) *Provincial.*

94. The total Revised for 1910-11 is ₹7.88 lakhs less than the Budget Revised, 1910-11. estimate. There is a large decrease of ₹4.13 lakhs in Bengal owing to a partial utilisation of the lump-provision of ₹1.39 lakhs made in the Budget for the new Presidency Jail, to savings in dietary charges and to smaller outlay on the purchase of raw materials. Smaller lapses also occur in most other provinces, mainly in consequence of a fall in prices and of a reduced demand for jail-made articles. In Bombay alone, there is a small excess over the Budget grant owing to an under-estimate of the dietary charges.

95. The estimates for 1911-12 are generally based on the sanctioned scale Budget, 1911-12. of establishments, the probable jail population, the cost of dietary and the requirements for raw materials. Provision has been made in Bengal for a considerable increase in the outlay on the purchase of raw materials for manufacturing purposes, and in Burma and Eastern Bengal and Assam for the re-organisation of certain establishments.

REVENUE.

(a) *Imperial.*

96. There is no important variation between the Budget and Revised estimates of the current year or between the latter and the Budget for 1911-12, the small increase in the current year occurring in the receipts of the convict settlement at Port Blair.

(b) *Provincial.*

97. About half of the total decrease of ₹3.82 lakhs in the Revised estimate Revised, 1910-11. of the current year as compared with the Budget is nominal and is due to the discontinuance of adjustments in accounts in respect of convict labour supplied to presses. The remainder is caused by smaller demands for jail manufactures in most of the provinces. In 1911-12 provision has been made for a moderate Budget, 1911-12. revival in the demand in several provinces.

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XVII AND 20.—POLICE.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	10,54,005	12,80,434	13,41,256	12,56,000	12,63,000	14,33,000
2. North-West Frontier	13,30,043	15,03,365	15,42,553	16,80,000	15,81,000	17,08,000
Total	23,84,048	27,83,799	28,83,809	29,36,000	28,44,000	31,41,000
<i>Provincial.</i>						
1. Central Provinces	28,10,818	32,28,761	31,05,058	32,61,000	32,00,000	32,80,000
2. Burma	1,12,00,413	1,19,27,176	1,17,84,022	1,21,60,000	1,19,67,000	1,23,80,000
3. Eastern Bengal and Assam	44,19,659	50,41,025	50,81,804	55,49,000	52,37,000	60,46,000
4. Bengal	73,93,804	80,25,874	81,57,764	84,75,000	82,26,000	85,97,000
5. United Provinces	96,29,268	1,00,94,764	1,02,13,040	1,04,00,000	1,04,32,000	1,11,81,000
6. Punjab	52,34,373	55,04,576	53,51,066	57,03,000	56,08,000	62,35,000
7. Madras	64,49,126	73,72,784	74,13,011	82,00,000	80,75,000	86,39,000
8. Bombay	76,41,400	89,37,093	93,10,472	94,96,000	94,80,000	1,00,73,000
Total	5,47,78,861	6,01,32,053	6,04,16,237	6,32,44,000	6,22,25,000	6,64,31,000
TOTAL INDIA . R	5,71,62,909	6,29,15,852	6,33,00,046	6,61,80,000	6,50,69,000	6,95,72,000
Equivalent in Sterling £	3,810,861	4,194,390	4,220,003	4,412,000	4,337,900	4,638,100
England	2,493	1,832	2,303	2,100	2,000	2,000
TOTAL . £	3,813,354	4,196,222	4,222,306	4,414,100	4,339,900	4,640,100

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	47,707	42,597	46,888	46,000	50,000	43,000
2. North-West Frontier	73,598	70,893	82,029	75,000	1,29,000	81,000
Total	1,21,305	1,13,490	1,28,917	1,21,000	1,79,000	1,24,000
<i>Provincial.</i>						
1. Central Provinces	42,936	23,299	25,335	22,000	30,000	30,000
2. Burma	2,20,364	2,26,996	2,05,720	2,32,000	2,04,000	2,15,000
3. Eastern Bengal and Assam	1,77,859	1,76,356	1,35,571	1,50,000	1,43,000	1,36,000
4. Bengal	1,41,084	1,80,904	1,89,940	1,67,000	1,85,000	1,74,000
5. United Provinces	97,173	86,551	92,183	88,000	96,000	93,000
6. Punjab	5,82,309	5,77,975	5,09,311	5,76,000	5,76,000	5,61,000
7. Madras	4,73,022	5,92,474	4,91,735	4,67,000	4,76,000	4,80,000
8. Bombay	4,48,709	3,93,799	3,95,538	4,03,000	3,96,000	4,53,000
Total	21,83,456	22,58,354	21,05,333	21,05,000	21,06,000	21,42,000
TOTAL . R	23,04,761	23,71,844	22,34,250	22,26,000	22,85,000	22,66,000
Equivalent in Sterling £	153,651	158,123	148,950	148,400	152,300	151,100

EXPENDITURE.

(a) *Imperial.*

98. The decrease of R'92 lakh in the Revised estimate of the current year, Revised, 1910-11. as compared with the Budget, is caused by a shortage in the strength of the police force, savings under grain compensation allowance and ordinary lapses in grants in the North-West Frontier Province. In 1911-12 provision has been Budget, 1911-12. made for the full sanctioned strength of the force in this province, for the introduction of a further instalment of reforms in Baluchistan, and for relieving municipalities in some of the minor Administrations of all police expenditure now incurred by them. The effect of the last named measure will mainly be a loss of revenue rather than an increase in expenditure, but for the purposes of the estimates, lump provisions have been made under the expenditure head in the provinces.

(b) *Provincial.*

99. The expenditure in the current year is likely to fall short of the Budget Revised, 1910-11. by R10'19 lakhs. Savings in grants occur in almost all the provinces owing to the staff provided for in the Budget not being fully entertained. In Eastern Bengal and Assam, the provision made for the re-organisation of the Assam Frontier Police will not be required as the scheme has not yet been sanctioned; while in Bengal nearly the whole of the provision for grain compensation allowance (about R2 lakhs) will lapse. In the United Provinces alone, the Budget grant is likely to be exceeded; but the small excess of R'32 lakh is more than explained by the cost of police required for the Allahabad Exhibition.

100. The Budget estimate for 1911-12 exceeds the Revised for 1910-11 Budget, 1911-12. by R42'06 lakhs. Provision has been made in every province for the cost of the reforms introduced during the current year, as well as for the introduction of further reform measures. In the United Provinces and Bombay, progress on additional reforms will be accelerated by the receipt of the balance of the Imperial grants promised in this connection. Allotments of R2'50 lakhs and R2'75 lakhs respectively have been made in Eastern Bengal and Assam on the schemes for the strengthening of the subordinate police and the organisation of the river police. The following provisions are included in the estimates of the United Provinces and the Punjab out of the contributions specially given from Imperial revenues for the purpose:

- (1) *United Provinces.*—R3 lakhs for relieving small rural towns of the expenditure incurred by them on their police, the town police being in future amalgamated with the provincial police; and R'58 lakh for relieving municipalities and "notified areas" of outlay on construction and repair of police outposts.
- (2) *Punjab.*—R5'22 lakhs for relieving municipalities of all police expenditure now incurred by them. As has been explained in paragraph 98, the actual effect of this measure will be more a loss of revenue than an increase in expenditure, but for the purposes of the estimates a lump provision has been made under the expenditure head.

REVENUE.

(a) *Imperial.*

101. The increase in the Revised estimate for 1910-11 as compared with Revised, 1910-11. the Budget is due to recoveries on account of punitive police located in the Peshawar district of the North-West Frontier Province. The absence of this item in the Budget estimate for 1911-12 accounts for the difference between the Budget, 1911-12. latter and the Revised for the current year.

(b) *Provincial.*

102. The figures do not show any important variations and call for no remarks.

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XVIII AND 21.—PORTS AND PILOTAGE.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Provincial.</i>						
1. Burma	11,65,176	12,86,363	12,57,081	12,45,000	12,13,000	12,45,000
2. Eastern Bengal and Assam	1,86,945	1,58,435	1,07,065	93,000	94,000	1,22,000
3. Bengal	11,95,783	22,62,057	11,79,559	12,93,000	12,65,000	11,89,000
4. Madras	16,382	18,223	17,776	18,000	24,000	19,000
5. Bombay	54,386	53,216	59,421	96,000	73,000	78,000
Total India . . . R	26,18,672	37,78,294	26,20,902	27,45,000	26,69,000	26,53,000
Equivalent in Sterling £ England	174,578 221	251,886 212	174,727 52	183,000 200	178,000 100	176,900 100
TOTAL . . . £	174,799	252,098	174,779	183,200	178,100	177,000

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised	
<i>Provincial.</i>						
1. Burma	4,69,521	4,46,458	4,81,538	4,76,000	5,12,000	4,54,000
2. Eastern Bengal and Assam	29,163	8,516	9,405	10,000	9,000	10,000
3. Bengal	14,90,708	15,55,871	15,22,485	15,48,000	16,13,000	15,85,000
4. Bombay	93,662	88,973	87,821	95,000	92,000	92,000
TOTAL R	20,83,054	20,99,818	21,01,249	21,29,000	22,26,000	21,41,000
Equivalent in Sterling £	138,870	139,988	140,083	141,900	148,400	142,700

103. The variations in the figures are unimportant and do not call for any remarks.

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XIX AND 22.—EDUCATION.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India, General	5,15,137	7,61,694	6,06,607	5,83,000	8,01,000	5,36,000
2. North-West Frontier	79,052	1,02,110	86,316	1,24,000	1,48,000	1,27,000
Total	5,94,189	8,63,804	6,92,923	7,07,000	9,49,000	6,63,000
<i>Provincial.</i>						
1. Central Provinces	14,18,992	15,89,039	16,55,200	17,40,000	17,00,000	20,15,000
2. Burma	18,00,094	18,83,630	18,99,675	19,75,000	18,87,000	24,04,000
3. Eastern Bengal and Assam	17,79,007	21,67,643	23,38,345	27,01,000	25,49,000	33,18,000
4. Bengal	45,54,894	55,28,726	55,68,813	59,17,000	55,53,000	70,26,000
5. United Provinces	20,10,351	29,84,191	28,58,786	38,53,000	38,86,000	54,86,000
6. Punjab	22,68,154	22,24,247	22,61,241	23,72,000	22,72,000	26,82,000
7. Madras	37,95,573	37,38,835	37,90,145	41,12,000	40,04,000	49,94,000
8. Bombay	39,67,094	41,21,248	43,52,501	50,60,000	48,00,000	56,78,000
Total	2,16,24,159	2,42,37,559	2,47,24,706	2,77,30,000	2,66,51,000	3,36,03,000
TOTAL INDIA R	2,22,18,348	2,51,01,363	2,54,17,629	2,84,37,000	2,76,00,000	3,42,66,000
Equivalent in Sterling £	1,481,223	1,673,424	1,694,509	1,895,800	1,840,000	2,284,400
England	7,869	8,911	10,363	11,100	10,500	10,500
TOTAL	1,489,092	1,682,335	1,704,872	1,906,900	1,850,500	2,294,900

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India, General	27,167	25,904	28,914	26,000	40,000	40,000
2. North-West Frontier	496	484	681	1,000	1,000	1,000
<i>Provincial.</i>						
1. Central Provinces	80,425	95,541	1,09,308	1,05,000	1,17,000	1,32,000
2. Burma	1,11,286	1,38,208	1,74,808	2,01,000	2,01,000	2,36,000
3. Eastern Bengal and Assam	2,22,988	2,32,045	2,63,282	2,62,000	3,06,000	3,15,000
4. Bengal	5,65,590	7,18,357	6,06,453	6,00,000	6,46,000	6,50,000
5. United Provinces	2,05,106	2,51,372	2,48,092	5,01,000	4,36,000	4,86,000
6. Punjab	2,94,715	3,02,735	4,67,788	3,60,000	3,70,000	3,87,000
7. Madras	2,11,456	2,03,269	1,79,600	1,98,000	2,24,000	3,21,000
8. Bombay	4,60,038	4,08,538	4,09,209	4,20,000	4,20,000	4,40,000
TOTAL R	21,79,267	23,76,453	24,88,135	26,74,000	27,61,000	30,08,000
Equivalent in Sterling £	145,285	158,430	165,875	178,300	184,100	200,500

EXPENDITURE.

(a) *Imperial.*

104. The increase of Rs 2.42 lakhs in the Revised estimate of the current year as compared with the Budget, is due mainly to the payment of a grant of Rs 1 lakh to the Indian Institute of Science, Bangalore, and of special grants for buildings and equipment in Bangalore, Coorg and the North-West Frontier

Budget, 1911-12. Province. The decrease of R2·86 lakhs in the Budget estimate for 1911-12 as compared with the Revised for 1910-11 is explained by the absence of these special items of expenditure, the abolition of the appointment of Director General of Education and the transfer of his establishment to the new Education Department.

(b) Provincial.

Revised, 1910-11. 105. The total expenditure in 1910-11 will fall short of the Budget grant by R10·79 lakhs. In every province it will be found impossible to fully utilise the provisions made for the development of education. A portion of the decrease in some of the provinces also arises from the transfer of certain building grants to the Public Works Department. The small excess of R·33 lakh shown in the table on the preceding page against the United Provinces is purely nominal and is caused by the record under this head of about R3 lakhs of expenditure for which provision was made under "Miscellaneous." In this province it has hitherto been the practice to show a portion of the contributions made to district boards under "Education" and "Civil Works," the remainder being recorded in the accounts under "Miscellaneous." The result was misleading and obscured the object of the contributions. It has accordingly been decided with effect from the current year to record the contributions under the appropriate heads of account with reference to the purposes for which they are given.

Budget, 1911-12. 106. The estimates for 1911-12 allow for a further large advance of R69·52 lakhs in educational expenditure—the increase being again much larger than that provided under any other head of civil expenditure. More than two-thirds of the total increase (R47·91 lakhs) represents allotments made from the sums placed at the disposal of Provincial Governments out of the high opium revenue realised in the current year (*vide* paragraph 12). These allotments, of which the distribution is given below, will be devoted wholly to non-recurring expenditure, *e.g.*, on buildings and equipment of schools and colleges of various classes or on grants made for these purposes, on hostels, etc.:—

	Lakhs.
Central Provinces	2·00
Burma	4·00
Eastern Bengal and Assam	5·00
Bengal	12·00
United Provinces	12·91
Punjab	4·00
Madras	3·00
Bombay	5·00
Total	<u>47·91</u>

107. The increased outlay contemplated from provincial resources proper thus amounts to R21·61 lakhs. Provision has been made in every province for the full cost of the reforms introduced in the current year and for further progress in the improvement and development of education, the following additions being made with reference to the recommendations of the Finance Committees :—

	R
Eastern Bengal and Assam	93,000
Punjab	57,000
Madras	1,78,000
Bombay	2,56,000

108. The more important special provisions made in the several provinces are enumerated below :—

- (1) *Central Provinces.*—Opening of new schools, strengthening of the staff in the Government colleges, equipment and development of the training college at Jubbulpore, and increase in the number and rate of stipends in the training schools.

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- (2) *Burma*.—Strengthening of the staff in the Rangoon College, taking over by Government of the municipal schools at Bassein and two other places, and opening of technical schools.
- (3) *Bengal*.—Regrading of pay of sub-inspectors transferred from District Boards and strengthening and improvement of the staff in the Government colleges.
- (4) *United Provinces*.—Grant to the University for acquisition of land, regrading of the Provincial Service, revision of teaching staff in schools, opening of new schools, and outlay on technological institute at Cawnpore.
- (5) *Madras*.—Establishment of Government model high schools (R1·20 lakhs), increased subsidies to local boards (R1 lakh) to enable them to open schools in villages at present unprovided with them, reorganisation of training schools for masters and mistresses, and special grants-in-aid for furniture and apparatus.
- (6) *Bombay*.—Opening of new primary schools and the improvement of the pay of primary school teachers (R2·25 lakhs).

REVENUE.

109. The growth in the number of students in the Government schools and colleges generally accounts for the improvement in the receipts in the current year and the further increase allowed for in the Budget of 1911-12. The latter includes a special receipt of R·56 lakh in Madras on account of the balance of the proceeds of the sale of the Government tannery to the Rewah Durbar,

Revised, 1910-11.

Budget, 1911-12.

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23.—ECCLESIASTICAL,

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	2,01,138	1,93,499	1,92,225	1,97,000	1,91,000	1,97,000
2. Central Provinces	79,883	86,240	84,330	88,000	81,000	93,000
3. Burma	37,841	1,18,544	1,23,387	1,32,000	1,15,000	1,25,000
4. Eastern Bengal and Assam	28,268	31,100	28,435	28,000	41,000	41,000
5. Bengal	2,16,417	2,15,390	2,24,101	2,29,000	2,10,000	2,18,000
6. United Provinces	2,41,008	2,53,843	2,60,100	2,65,000	2,65,000	2,75,000
7. Punjab	2,24,711	2,29,888	2,33,104	2,32,000	2,40,000	2,26,000
8. North-West Frontier	35,348	35,385	36,932	38,000	38,000	41,000
9. Madras	3,36,844	2,98,842	3,31,905	3,30,000	3,42,000	3,41,000
10. Bombay	3,47,141	3,27,416	3,38,613	3,59,000	3,52,000	3,52,000
TOTAL INDIA R	18,48,599	17,90,147	18,53,312	18,98,000	18,75,000	19,09,000
Equivalent in Sterling £	123,240	119,343	123,554	126,500	125,000	127,300
England . . . £	306	739	489	400	500	500
TOTAL £	123,546	120,082	124,043	126,900	125,500	127,800

110. The figures do not call for any remarks. There is a small saving in the total grant for the current year. In 1911-12 provision has been made for the sanctioned scale of expenditure.

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XX AND 24.—MEDICAL.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	5,69,513	6,70,421	7,02,069	7,15,000	7,88,000	7,34,000
2. North-West Frontier	1,20,958	1,56,703	1,83,690	2,00,000	2,50,000	2,30,000
Total	6,90,471	8,27,124	8,85,759	9,15,000	10,38,000	9,64,000
<i>Provincial.</i>						
1. Central Provinces	5,28,885	7,18,278	7,98,349	9,40,000	8,99,000	10,25,000
2. Burma	19,54,191	21,21,431	21,23,201	21,18,000	19,54,000	25,18,000
3. Eastern Bengal and Assam	8,46,566	9,33,857	10,23,998	11,37,000	11,02,000	16,09,000
4. Bengal	22,67,610	23,28,034	23,38,148	25,16,000	23,74,000	25,13,000
5. United Provinces	14,31,463	20,82,419	15,86,585	18,87,000	18,34,000	31,54,000
6. Punjab	13,51,573	14,25,184	13,31,758	17,07,000	15,30,000	23,77,000
7. Madras	17,64,450	21,18,682	17,84,589	25,31,000	18,20,000	18,61,000
8. Bombay	19,03,065	25,52,234	24,97,108	30,19,000	24,40,000	31,87,000
Total	1,20,47,803	1,42,80,119	1,34,83,736	1,59,15,000	1,39,53,000	1,82,44,000
TOTAL INDIA R	1,27,38,274	1,51,07,243	1,43,69,495	1,68,30,000	1,49,91,000	1,92,08,000
Equivalent in Sterling £	849,218	1,007,150	957,967	1,122,000	999,400	1,280,600
England £	7,385	10,562	9,866	8,400	12,500	11,900
TOTAL £	856,603	1,017,712	967,833	1,130,400	1,011,900	1,292,500

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	2,277	8,032	7,743	8,000	8,000	8,000
2. North-West Frontier	2,607	611	660	1,000	1,000	1,000
<i>Provincial.</i>						
1. Central Provinces	7,582	10,834	8,551	9,000	8,000	8,000
2. Burma	55,287	60,655	63,951	63,000	75,000	74,000
3. Eastern Bengal and Assam	40,967	59,879	56,689	78,000	55,000	60,000
4. Bengal	2,38,934	2,81,855	2,90,056	2,98,000	3,45,000	3,20,000
5. United Provinces	34,722	36,068	37,687	41,000	43,000	46,000
6. Punjab	51,564	33,906	45,793	38,000	46,000	46,000
7. Madras	1,19,796	1,18,849	1,21,733	1,15,000	1,24,000	1,23,000
8. Bombay	2,19,707	2,22,402	2,28,245	2,16,000	2,34,000	2,40,000
TOTAL INDIA R	7,73,443	8,33,091	8,61,108	8,67,000	9,39,000	9,35,000
Equivalent in Sterling £	51,562	55,539	57,407	57,800	62,600	62,400
England £	907	1,010	828	900	900	900
TOTAL £	52,469	56,549	58,235	58,700	63,500	63,300

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EXPENDITURE.

(a) Imperial.

Revised, 1910-11.

111. The increase of **₹1.23 lakhs** in the expenditure in the current year over the Budget estimate is chiefly due to special grants to the Bangalore municipality in aid of its water works and to certain municipalities in the North-West Frontier Province for the improvement of drainage and water-supply. In 1911-12, the saving caused by the absence of these grants is counterbalanced to some extent by increased expenditure on the investigation of remedial measures against plague and provision for the improvement of the subordinate medical staff in the North-West Frontier Province.

Budget, 1911-12.

(b) Provincial.

Revised, 1910-11.

112. The total Revised estimate for the current year is **₹19.62 lakhs** less than the Budget. Of this decrease, which is shared by every province, **₹7.11 lakhs** and **₹5.79 lakhs** occur respectively in Madras and Bombay. The former is caused almost wholly by the record under "Civil Works" of grants to local bodies in aid of sanitary projects, provision for which was made in the Budget under this head. A considerable portion of the latter arises from the same cause, the balance being chiefly due to the non-utilisation of the provision for the increase of pay of sub-Assistant Surgeons and lapses in ordinary and plague grants. In the Punjab, considerable savings are expected both in the special allotment for the improvement in sanitation and in the provision for expenditure in connection with the plague. Lapses in the plague and ordinary grants also occur in the Central Provinces, Burma and in the United Provinces; but in the last named province the saving is to a large extent counterbalanced by an increased debit under this head on account of grants to district boards owing to the change in the method of accounting mentioned in paragraph 105. The decrease in Bengal is due to lapses in ordinary grants, while in Eastern Bengal and Assam it is mainly caused by a transfer to "Civil Works" of grants to local bodies for sanitary improvements.

Budget, 1911-12.

113. The Budget estimate for 1911-12 exceeds the Revised for 1910-11 by **₹42.91 lakhs**. Of this **₹28 lakhs** represent non-recurring outlay, mainly on grants to local bodies for the improvement of drainage and water-supply, out of the special Imperial assignment given for the purpose in the current year (*vide* paragraph 12). The distribution of the amount is shown below:

	Lakhs
Central Provinces	1.0
Burma	3.0
Eastern Bengal and Assam	4.0
United Provinces	10.5
Punjab	7.5
Bombay	2.0
TOTAL	28.0

The corresponding provisions in Bengal and Madras appear under "Civil Works."

114. The balance of the increase (*viz.*, **₹14.91 lakhs**), representing additional outlay contemplated from provincial resources proper, is also distributed over all the eight provinces. Provision has been made in most of them for increased expenditure in connection with the plague and for anti-malarial investigations. Special allotments have been made in Bengal, the United Provinces and Bombay for the improvement of the prospects of sub-Assistant Surgeons; in the United Provinces for the Medical College, Lucknow, which is expected to be opened next October; and in the Punjab for an enteric hospital at Simla with reference to the recommendation of the

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Finance Committee of the Provincial Council; while in Bombay the full provision of ₹4.5 lakhs for special expenditure in connection with sanitation is repeated under this head.

(c) ENGLAND.

115. The increase in expenditure in both 1910-11 and 1911-12 as compared with the Budget estimate for the former year is caused mainly by an additional grant of £2,500 to the Committee for Plague Investigation and by larger payments to Medical Officers on study leave.

REVENUE.

116. The figures do not show any important variations and call for no remarks.

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25.—POLITICAL.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General.	68,23,161	93,90,223	75,89,200	79,96,000	1,08,27,000	79,88,000
2. North-West Frontier	27,00,716	32,41,775	30,53,873	31,71,000	30,80,000	31,84,000
3. Punjab	6,41,892	6,32,268	6,46,986	6,50,000	6,21,000	6,62,000
4. Other Provinces	6,14,393	6,15,267	5,54,796	6,10,000	6,14,000	5,73,000
Total	1,07,80,162	1,38,79,533	1,18,44,855	1,24,27,000	1,51,42,000	1,24,07,000
<i>Provincial.</i>						
1. Central Provinces	41,240	45,011	45,615	49,000	33,000	34,000
2. Burma	4,17,639	4,11,805	4,03,949	4,15,000	4,22,000	4,41,000
3. Eastern Bengal and Assam	92,090	1,08,493	89,952	1,07,000	1,16,000	1,17,000
4. Bengal	47,083	52,404	51,943	59,000	63,000	64,000
5. United Provinces	6,360	4,932	5,617	6,000	6,000	6,000
6. Madras	77,496	79,596	1,12,212	94,000	95,000	99,000
7. Bombay	3,89,566	4,05,885	4,76,016	4,87,000	4,70,000	4,79,000
Total	10,71,474	11,08,126	11,85,304	12,17,000	12,05,000	12,40,000
TOTAL INDIA	1,18,51,636	1,49,87,659	1,30,30,159	1,36,44,000	1,63,47,000	1,36,47,000
Equivalent in Sterling England	£ 790,109 6,046	999,177 8,335	868,677 6,450	909,600 3,800	1,089,800 5,200	909,800 2,500
TOTAL	£ 796,155	1,007,512	875,127	913,400	1,095,000	912,300

The Imperial outlay shown against "Other Provinces" consists of the charges of the Political Residency at Aden and certain other expenditure—mainly in connection with political refugees and State prisoners—in several provinces.

(a) *Imperial.*

Revised, 1910-11.

117. The Budget estimate for the current year provided for a payment of Rs 20 lakhs on account of subsidy due to His Majesty the Amir of Afghanistan. The actual charge under this head will amount to Rs 46.93 lakhs in consequence of the decision to transfer to an account separate from our general balances the whole of the sum remaining undrawn at the end of any year. This increase of Rs 26.93 lakhs almost wholly explains the excess of Rs 27.15 lakhs in the Revised estimate of the current year over the Budget.

Budget, 1911-12.

118. In 1911-12 the charge on account of subsidy due to the Amir will amount to Rs 18.5 lakhs or Rs 28.43 lakhs less than in the current year. The Budget estimate for next year therefore provides for a growth of Rs 1.08 lakhs in the expenditure under this head. This is caused by allotments for the re-organisation of the Indian Political Department and of the frontier militia in Baluchistan, and for the full sanctioned strength of the frontier militia in the North-West Frontier Province.

(b) *Provincial.*

119. The figures show little variation and call for no remarks.

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XXI AND 26.—SCIENTIFIC AND OTHER MINOR DEPARTMENTS.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General . . .	52,69,744	55,68,082	54,70,881	61,50,000	56,51,000	70,68,000
2. North-West Frontier	40,898	32,510	39,279	70,000	81,000	90,000
3. Other Provinces . . .	2,71,371	2,61,206	2,72,575	2,95,000	6,43,000	2,99,000
Total	55,82,013	58,61,798	57,82,735	65,15,000	63,75,000	74,57,000
<i>Provincial.</i>						
1. Central Provinces . . .	3,65,310	4,80,141	4,32,729	4,35,000	4,37,000	5,26,000
2. Burma . . .	3,16,738	3,67,977	4,27,888	4,41,000	3,75,000	4,27,000
3. Eastern Bengal and Assam . . .	2,91,805	3,78,767	4,54,083	4,85,000	4,44,000	4,96,000
4. Bengal . . .	10,96,861	12,26,466	12,20,110	14,32,000	13,79,000	14,69,000
5. United Provinces . . .	7,34,984	8,30,179	11,44,571	11,59,000	10,24,000	12,91,000
6. Punjab . . .	4,71,771	5,66,817	7,01,968	7,08,000	7,07,000	7,76,000
7. Madras . . .	10,54,082	12,06,457	13,36,626	15,36,000	14,04,000	13,72,000
8. Bombay . . .	6,07,343	6,99,792	8,02,170	8,96,000	8,57,000	10,46,000
Total	49,38,894	57,56,596	65,20,145	70,92,000	66,27,000	74,03,000
TOTAL INDIA . . . R	1,05,20,907	1,16,18,394	1,23,02,880	1,36,07,000	1,30,02,000	1,48,60,000
Equivalent in Sterling £ England (mainly stores) . . . £	701,394	774,560	820,192	907,100	866,800	990,600
	71,264	56,744	31,204	33,800	28,200	32,300
TOTAL . . . £	772,658	831,304	851,396	940,900	895,000	1,022,900

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General . . .	1,44,789	1,85,575	2,67,869	1,92,000	1,86,000	1,71,000
2. North-West Frontier	218	185	77	...	...	...
TOTAL	1,45,007	1,85,760	2,67,946	1,92,000	1,86,000	1,71,000
<i>Provincial.</i>						
1. Central Provinces . . .	52,040	72,746	94,288	85,000	98,000	1,00,000
2. Burma . . .	5,510	15,281	4,389	5,000	6,000	7,000
3. Eastern Bengal and Assam . . .	54,062	64,457	45,534	54,000	45,000	49,000
4. Bengal . . .	2,90,901	2,86,008	3,46,717	3,87,000	3,70,000	3,70,000
5. United Provinces . . .	1,32,180	1,45,828	1,27,521	1,50,000	1,45,000	1,79,000
6. Punjab . . .	99,300	1,01,929	1,08,979	1,13,000	1,12,000	1,20,000
7. Madras . . .	4,85,379	6,54,886	5,41,142	5,89,000	6,20,000	5,37,000
8. Bombay . . .	65,571	63,759	78,877	98,000	1,15,000	1,20,000
TOTAL	11,85,003	13,94,894	13,47,447	14,81,000	15,11,000	14,82,000
TOTAL INDIA . . .	13,30,010	15,80,654	16,15,393	16,73,000	16,97,000	16,53,000
Equivalent in sterling £ England . . . £	88,667	105,377	107,693	111,500	113,100	110,200
	487	1,159	1,745	800	1,200	900
TOTAL . . . £	89,154	106,536	109,438	112,300	114,300	111,100

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Details of expenditure shown against "Imperial" in the preceding table.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
(a) Scientific—						
i. Survey of India .	26,16,607	27,89,767	28,58,301	28,99,000	28,16,000	28,86,000
ii. Geological Survey	3,10,364	3,64,773	3,12,877	3,56,000	3,17,000	3,49,000
iii. Inspector of Mines	1,21,769	1,12,706	1,19,265	1,17,000	1,03,000	1,21,000
iv. Meteorological Survey	5,03,433	4,80,683	3,93,821	4,15,000	3,79,000	3,94,000
v. Archæological Survey	2,07,324	2,35,048	2,01,966	2,32,000	2,09,000	2,22,000
vi. Central Museum .	1,11,843	1,30,222	1,17,473	1,32,000	1,38,000	1,39,000
vii. Bacteriology	1,91,081	1,72,201	1,95,508	1,99,000	2,25,000	2,14,000
viii. Central Research and X-Ray Institutes	1,53,165	1,62,337	1,51,033	1,53,000	1,55,000	1,72,000
ix. Other items	60,950	60,283	53,104	74,000	1,09,000	68,000
(b) Agricultural—						
i. Agriculture	3,80,519	4,59,137	4,72,726	5,10,000	4,81,000	5,07,000
ii. Veterinary charges	4,85,505	4,93,302	4,96,230	5,48,000	4,96,000	5,64,000
iii. Other items	8,315	9,593	12,844	10,000	16,000	13,000
(c) Statistics—						
i. Bureau of Commer- cial Intelligence, and other charges	2,62,989	1,88,914	1,94,232	1,81,000	1,80,000	1,74,000
ii. Census	5	...	18,222	5,00,000	5,50,000	14,38,000
(d) Miscellaneous—						
i. Imperial Library	52,623	48,536	47,815	47,000	48,000	48,000
ii. Examinations	51,095	52,738	53,429	59,000	63,000	62,000
iii. Inspector of Explosives	54,864	74,346	73,644	75,000	75,000	77,000
iv. Other items	9,562	27,212	10,245	8,000	10,000	9,000
TOTAL R	55,82,013	58,61,798	57,82,735	65,15,000	63,75,000	74,57,000

EXPENDITURE.

120. The figures shown against "Other Provinces" in the table at page 645 represent expenditure incurred in the several provinces in connection with ethnographical surveys, census operations, and the pay and allowances of officers borne on the cadre of the Imperial Civil Veterinary Department, as well as the cost of the Archæological Department in Burma.

(a) Imperial.

Revised, 1910-11.

Budget, 1911-12.

121. The saving of R1'40 lakhs in the Budget estimate for 1910-11 is caused by ordinary lapses in grants mainly in the case of the Survey of India and the Imperial Civil Veterinary Departments. The total Budget estimate for 1911-12 exceeds the Revised for the current year by R10'82 lakhs. Of this excess, R8'88 lakhs occur in the provision for the cost of the census operations. The balance (*viz.*, R1'94 lakhs) is distributed over a number of heads,—the grants of the various Departments being generally fixed with reference to normal operations and the sanctioned scale of establishments.

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(b) *Provincial.*

122. The Revised estimate shows a considerable lapse of ₹4.65 lakhs in the total Budget provision for the current year. There is a decrease of ₹1.32 lakhs in Madras, owing chiefly to the sale of the Government tannery and the transfer of the Department of Industries to the Educational Department; and of ₹1.35 lakhs in the United Provinces, mainly in consequence of a partial utilisation of the grant for indigenous industries and of the record under "Civil Works" of expenditure incurred by the Public Works Department on the fittings of the agricultural college. Savings in the allotments for the agricultural and veterinary departments occur in every other province, though in the Punjab there is a counterbalancing increase caused by expenditure on the encouragement of industries, for which no provision was made in the Budget. *Revised, 1910-11.*

123. The total Budget estimate for 1911-12 is ₹7.76 lakhs higher than the Revised of 1910-11. All the provinces share in the increase with the exception of Madras, where the saving caused by the transfer of the charges of the Department of Industries to the "Education" head obscures the increased outlay contemplated on the agricultural and veterinary departments and a special provision made for examinations in connection with the scheme of school-leaving certificates. Larger grants for the further development of the agricultural and veterinary departments have also been made in the other provinces and more particularly in the United Provinces and Bombay. Special allotments have been made in the Central Provinces for a school of handicrafts and for the improvement of textile and other industries; in Bengal for the development of fisheries; and in the United Provinces for a proposed park at Agra (₹1.35 lakhs). *Budget, 1911-12.*

REVENUE.

124. The variations in the figures are unimportant and do not call for any remarks.

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27.—TERRITORIAL AND POLITICAL PENSIONS.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General . . .	1,66,693	1,64,045	1,49,387	1,62,000	1,73,000	1,58,000
2. Central Provinces . .	2,07,390	2,01,367	1,94,096	2,01,000	1,95,000	1,98,000
3. Burma	1,23,296	1,39,286	1,58,792	1,69,000	1,62,000	1,63,000
4. Eastern Bengal and Assam	7,842	8,619	9,643	10,000	10,000	10,000
5. Bengal	8,55,761	9,40,002	8,89,046	8,93,000	8,50,000	8,68,000
6. United Provinces . .	7,99,513	8,69,254	7,89,717	8,02,000	8,32,000	8,22,000
7. Punjab	1,61,728	1,54,081	1,43,351	1,49,000	1,47,000	1,47,000
8. North-West Frontier	53,675	63,274	61,065	64,000	61,000	59,000
9. Madras	4,01,697	3,88,716	3,85,307	3,85,000	3,82,000	3,63,000
10. Bombay	6,04,266	5,46,405	5,16,540	5,43,000	5,73,000	5,39,000
TOTAL INDIA . . R	33,81,861	34,75,049	32,97,544	33,78,000	33,85,000	33,27,000
Equivalent in Sterling £	225,457	231,670	219,836	225,200	225,700	221,800
England £	23,487	11,085	13,750	10,400	10,900	10,900
TOTAL . . £	248,944	242,755	233,586	235,600	236,600	232,700

125. The total figures show little variation and call for no remarks.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 221

28.—CIVIL FURLOUGH AND ABSENTEE ALLOWANCES.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
India ₹	2,334	2,114	3,630	4,000	7,000	6,000
Equivalent in Sterling £	156	141	242	300	500	400
England	329,359	366,639	397,574	398,000	395,000	408,000
TOTAL . . . £	329,515	366,780	397,816	398,300	395,500	408,400

126. Almost the whole of the expenditure recorded under this head is incurred in England. Leave allowances of officers paid in India are charged to the same head as their salaries, and the small sums shown against India represent leave allowances of officers lent to Foreign States, etc.

127. The Revised estimate for 1910-11 practically repeats the Budget. Provision has been made for an increased expenditure of £13,000 in England in 1911-12 as it is expected that a larger number of officers will take furlough out of India next year with the object of witnessing the Coronation ceremonies.

Revised, 1910-11
Budget, 1911-12

XXII AND 29.—SUPERANNUATIONS.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912. Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	8,66,746	8,80,261	9,28,520	9,30,000	9,64,000	9,88,000
2. North-West Frontier	1,22,113	1,18,786	1,19,415	1,21,000	1,23,000	1,24,000
3. Other Provinces	1,43,867	1,33,025	1,23,891	1,20,000	1,33,000	1,22,000
Total	11,32,726	11,32,072	11,71,826	11,77,000	12,20,000	12,34,000
<i>Provincial.</i>						
1. Central Provinces	6,05,517	6,02,795	6,15,979	6,32,000	6,80,000	7,00,000
2. Burma	6,62,356	6,78,501	7,01,093	7,10,000	7,74,000	7,94,000
3. Eastern Bengal and Assam	6,73,908	6,08,536	7,34,541	7,76,000	8,14,000	8,49,000
4. Bengal	25,91,642	26,27,146	27,12,983	28,11,000	27,86,000	28,53,000
5. United Provinces	26,89,396	27,69,273	29,01,294	29,42,000	29,64,000	30,08,000
6. Punjab	15,44,090	15,95,083	16,73,165	17,10,000	17,59,000	18,24,000
7. Madras	22,30,378	23,20,930	24,21,338	25,04,000	25,34,000	26,10,000
8. Bombay	26,22,306	27,27,499	28,85,259	30,20,000	30,00,000	31,80,000
Total	1,36,19,593	1,40,19,763	1,46,46,252	1,51,05,000	1,53,11,000	1,58,18,000
TOTAL INDIA R	1,47,52,319	1,51,51,835	1,58,18,078	1,62,82,000	1,65,31,000	1,70,52,000
Equivalent in Sterling £	983,488	1,010,122	1,054,538	1,085,500	1,102,000	1,136,800
England £	2,025,973	2,048,112	2,039,502	2,076,200	2,054,500	2,069,000
TOTAL £	3,009,461	3,058,234	3,094,040	3,161,700	3,156,500	3,205,800

RECEIPTS.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912. Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	3,84,762	3,61,926	2,94,171	3,20,000	3,26,000	3,22,000
2. North-West Frontier	21,604	15,066	12,018	11,000	15,000	16,000
3. Other Provinces	9,35,086	8,79,442	8,80,361	8,97,000	8,97,000	8,78,000
Total	13,41,452	12,56,434	11,86,550	12,28,000	12,38,000	12,16,000
<i>Provincial.</i>						
1. Central Provinces	56,680	64,709	62,208	70,000	72,000	87,000
2. Burma	29,556	30,273	25,342	30,000	24,000	25,000
3. Eastern Bengal and Assam	9,335	12,203	10,116	12,000	12,000	11,000
4. Bengal	4,15,664	59,540	66,558	61,000	64,000	64,000
5. United Provinces	94,060	1,06,389	1,13,154	72,000	94,000	75,000
6. Punjab	65,044	61,552	87,045	72,000	65,000	65,000
7. Madras	75,363	77,316	79,184	78,000	86,000	83,000
8. Bombay	2,09,504	2,10,560	2,66,646	2,35,000	3,25,000	3,35,000
Total	9,55,206	6,22,542	7,10,253	6,30,000	7,42,000	7,45,000
TOTAL INDIA R	22,96,658	18,78,976	18,96,803	18,58,000	19,80,000	19,61,000
Equivalent in Sterling £	153,110	125,265	126,453	123,900	132,000	130,700
England £	68,526	69,746	65,633	65,600	63,300	64,000
TOTAL £	221,636	195,011	192,086	189,500	195,300	194,700

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128. The figures of Imperial revenue shown against "Other Provinces" represent the receipts of certain abolished funds, the assets and liabilities of which were taken over by the Government, as well as the subscriptions paid by members of the Indian Civil Service for securing certain pensionary benefits for their families. The charges on account of such pensions as well as of the pensions of the abolished funds are recorded in the accounts as Imperial expenditure.

EXPENDITURE.

129. The total expenditure in the current year is nearly the same as the Revised, 1910-11. Budget estimate, an increase of R2'49 lakhs in India being more than counter-balanced by a decrease of £21,700 (R3'26 lakhs) in England. The estimates for next year provide for the normal growth of the retired list both in India and in Budget, 1911-12. England.

REVENUE.

130. The variations in the figures are unimportant and do not call for any remarks. In Bombay, a growth has taken place in the Provincial receipts on account of contributions paid by local bodies to secure pensionary benefits from general revenues for their servants, owing to the number of teachers in local and municipal schools who are eligible for pension on the superior scale having increased with the advance in the development of education.

XXIII AND 30.—STATIONERY AND PRINTING.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. Central Stationery Office	2,65,529	2,78,177	2,73,459	2,72,000	2,50,000	2,68,000
2. Stationery purchased for Central stores	45,89,640	50,35,313	44,50,415	46,71,000	43,75,000	42,63,000
3. Government Presses (mainly Calcutta and Simla)	19,17,711	20,12,483	17,56,894	19,00,000	16,50,000	17,00,000
4. Other charges	26,370	14,768	13,916	13,000	19,000	15,000
5. Deduct—Value of supplies to Local Governments and Administrations and to Postal and Telegraph Departments, etc.	—52,93,441	—51,30,407	—54,60,855	—49,17,000	—50,88,000	—49,17,000
6. North-West Frontier	68,900	76,122	71,879	84,000	86,000	1,00,300
Total	15,74,709	22,86,456	11,05,708	20,23,000	12,92,000	14,29,000
<i>Provincial.</i>						
1. Central Provinces	4,25,166	4,57,596	3,27,458	4,20,000	3,64,000	3,50,000
2. Burma	7,93,664	8,32,830	8,29,139	9,00,000	8,36,000	8,39,000
3. Eastern Bengal and Assam	3,85,590	6,68,981	8,53,571	7,82,000	7,34,000	7,24,000
4. Bengal	14,07,251	13,35,983	13,17,476	14,16,000	12,83,000	13,39,000
5. United Provinces	10,06,737	8,82,641	8,47,854	8,41,000	8,26,000	8,48,000
6. Punjab	6,65,457	6,77,210	7,52,906	7,48,000	7,67,000	7,31,000
7. Madras	13,42,009	14,34,138	15,66,157	14,15,000	15,11,000	15,32,000
8. Bombay	13,01,451	12,86,751	15,13,361	13,29,000	14,00,000	13,73,000
Total	73,87,325	75,76,130	80,07,922	78,51,000	77,21,000	77,36,000
TOTAL INDIA	89,62,034	98,62,586	91,13,630	98,74,000	90,13,000	91,65,000
Equivalent in Sterling England	597,469	657,506	607,575	658,300	600,800	611,000
Stores	131,823	121,858	110,710	103,000	117,000	94,200
Other charges	6,292	7,364	6,437	8,400	7,500	7,800
TOTAL	735,584	786,728	724,722	769,700	725,300	713,000

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	4,71,097	5,34,965	4,69,067	4,67,000	5,07,000	5,04,000
2. North-West Frontier	8,061	7,951	9,511	10,000	12,000	12,000
3. Other Provinces	1,87,521	1,53,136	1,83,876	1,73,000	1,76,000	1,90,000
Total	6,66,679	6,96,052	6,62,454	6,50,000	6,95,000	7,06,000
<i>Provincial.</i>						
1. Central Provinces	43,845	52,319	45,532	49,000	42,000	47,000
2. Burma	54,004	54,842	54,137	55,000	54,000	55,000
3. Eastern Bengal and Assam	21,792	16,512	15,621	16,000	19,000	16,000
4. Bengal	1,32,763	1,29,070	1,38,569	1,34,000	1,41,000	1,42,000
5. United Provinces	1,51,084	1,56,040	1,63,859	1,47,000	1,48,000	1,44,000
6. Punjab	95,853	1,06,356	1,39,492	98,000	1,21,000	1,21,000
7. Madras	1,17,214	1,14,066	1,10,014	1,06,000	1,09,000	1,11,000
8. Bombay	88,855	1,08,263	1,00,175	1,01,000	1,01,000	1,09,000
Total	7,05,410	7,37,468	7,67,399	7,06,000	7,35,000	7,45,000
TOTAL	13,72,089	14,33,520	14,29,853	13,56,000	14,30,000	14,51,000
Equivalent in sterling	91,472	95,568	95,324	90,400	95,300	96,800

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EXPENDITURE.

(a) *Imperial—India and England.*

131. The Revised estimate for 1910-11 shows a decrease, as compared Revised, 1910-11. with the Budget, of ₹7.31 lakhs in India and an increase of £13,100 (or ₹1.97 lakhs) in England, *i.e.*, a net decrease of ₹5.34 lakhs. Of this decrease, ₹1.55 lakhs are caused by the transfer to the "Stamps" head of the cost of plain paper sold for use with court-fee stamps. But there is still a satisfactory saving of ₹3.79 lakhs in the stationery and printing expenditure, which has resulted from the measures taken in recent years to secure a reduction in the consumption of stationery in Government offices and from the more careful scrutiny now exercised on the printing charges.

132. It is anticipated that it will be possible in 1911-12 to make a further Budget, 1911-12. reduction in the expenditure under this head, and the total grant for Imperial outlay in India and England has been fixed at ₹29.59 lakhs (£197,300) against a probable expenditure of ₹31.59 lakhs (£210,600) in 1910-11.

(b) *Provincial.*

133. A major portion of the decrease of ₹1.30 lakhs in 1910-11 is Revised, 1910-11. caused by the discontinuance of the account adjustments already referred to in paragraph 97, debiting printing expenditure by credit to jail receipts with the value of convict labour supplied to presses. It is however satisfactory to note that here also the growth of expenditure has been checked, the probable expenditure in the current year in five provinces being actually less than the outlay in 1909-10, while the Budget estimate for 1911-12 provides for a very small Budget, 1911-12. increase over the Revised for 1910-11.

REVENUE.

134. The figures do not show any important variations and call for no remarks. The Imperial revenue shown against "Other Provinces" represents recoveries of the value of stationery supplied to Railways, Municipalities and other local bodies, etc.

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XXIV AND 31.—EXCHANGE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
Revenue . . . R	14,17,664	...	6,67,215	...	9,39,000	...
Equivalent in Sterling £	94,511	...	44,481	...	62,600	...
Expenditure . . . R	...	5,16,552	...	...	...	...
Equivalent in Sterling £	...	34,437	...	...	...	...

135. The accounts of the Government of India are now prepared on a sterling basis, the rupee transactions in India being converted into pounds at the rate of $\text{R } 15 = \text{£ } 1$ and then added to the sterling transactions in England; and the comparatively small sums which have to be brought to account owing to the facts that the remittances to defray the net expenditure in England are not effected at exactly sixteen pence to the rupee, and that the Government is under obligations to carry out certain transactions with railway companies at fixed rates differing from the rate of sixteen pence to the rupee, are shown under this head.

Revised, 1910-11.
Budget, 1911-12.

136. In the current year the average rate to be obtained on the net remittance of funds from India to England is estimated at $\text{£ } 1 = \text{R } 14.947$, and there is accordingly a gain of $\text{R } 9.39$ lakhs under this head. In the Budget estimate for next year, it is usual to assume an average rate of $\text{£ } 1 = \text{R } 15$, as it is not possible to forecast with any degree of certainty what the course of exchange will be in the next twelve months.

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XXV AND 32.—MISCELLANEOUS.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. Remittance charges mainly in connection with movements of Government funds	5,16,632	3,76,118	3,92,110	3,96,000	3,56,000	4,02,000
2. Special Commissions of enquiry	3,94,915	2,02,309	15,443	1,00,000	...	...
3. Other charges: (a) in Frontier Province	28,053	26,982	26,772	33,000	38,000	35,000
(b) elsewhere	1,48,605	2,56,567	4,48,033	5,07,000	5,44,000	7,45,000
Total	10,88,205	8,61,976	7,82,358	10,36,000	9,38,000	11,82,000
<i>Provincial.</i>						
1. Central Provinces	1,47,073	1,42,849	1,06,647	1,42,000	1,05,000	1,26,000
2. Burma	2,86,121	3,53,836	3,89,035	3,96,000	4,26,000	4,34,000
3. Eastern Bengal and Assam	7,15,223	7,53,456	5,93,878	6,94,000	6,36,000	6,54,000
4. Bengal	9,93,436	5,69,379	3,93,697	4,98,000	3,44,000	6,03,000
5. United Provinces	19,62,034	20,61,581	13,03,207	10,26,000	2,18,000	1,44,000
6. Punjab	4,57,754	3,15,016	3,12,859	3,10,000	3,26,000	3,16,000
7. Madras	3,15,645	4,15,740	3,09,245	4,13,000	4,01,000	4,24,000
8. Bombay	2,49,981	2,96,939	2,88,843	3,62,000	4,19,000	6,21,000
Total	51,27,267	49,08,796	38,17,411	38,41,000	28,75,000	33,22,000
TOTAL INDIA	62,15,472	57,70,772	45,99,769	48,77,000	38,13,000	45,04,000
Equivalent in Sterling £	414,365	384,718	306,652	325,100	254,200	300,300
England	35,210	36,361	50,878	23,700	31,000	26,500
TOTAL	449,575	421,079	357,530	348,800	285,200	326,800

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	14,93,226	6,34,281	5,21,811	13,70,000	5,67,000	13,13,000
2. North-West Frontier	1,34,071	1,24,594	1,20,077	1,29,000	1,25,000	1,25,000
3. Other Provinces	4,28,180	4,74,273	6,03,324	4,82,000	4,05,000	3,67,000
Total	20,55,477	12,33,148	12,45,212	19,81,000	10,97,000	18,05,000
<i>Provincial.</i>						
1. Central Provinces	1,70,623	1,53,878	6,88,715	4,77,000	2,28,000	1,37,000
2. Burma	88,778	1,36,147	74,033	88,000	67,000	66,000
3. Eastern Bengal and Assam	2,22,567	3,23,102	2,60,160	2,59,000	2,58,000	2,65,000
4. Bengal	5,87,904	6,34,688	10,09,099	7,42,000	6,90,000	6,82,000
5. United Provinces	3,20,149	3,05,320	5,03,517	2,54,000	2,14,000	2,75,000
6. Punjab	6,00,191	6,74,494	9,42,339	7,69,000	7,83,000	7,38,000
7. Madras	2,69,674	2,54,479	2,85,386	2,38,000	2,61,000	2,71,000
8. Bombay	1,13,423	75,848	3,83,023	98,000	1,05,000	93,000
Total	23,73,369	25,57,956	41,46,272	29,45,000	26,06,000	25,27,000
TOTAL INDIA	44,28,846	37,91,104	53,91,484	49,26,000	37,03,000	43,32,000
Equivalent in Sterling £	295,257	252,740	359,432	328,400	246,900	288,800
England	8,755	32,386	14,565	16,600	17,700	20,000
TOTAL	304,012	285,126	373,997	345,000	264,600	308,800

137. Charges in connection with the remittance of Government treasure are Imperial in all provinces ; so is the discount paid, or the premium levied, in connection with the sale of bills at treasuries and currency offices to facilitate trade remittances of funds. The only other important items of Imperial revenue and expenditure realised or incurred in the various provinces under this head are those of an extraordinary character exceeding ₹10,000 in amount.

EXPENDITURE.

*(a) India—Imperial.*Revised, 1910-11.

138. The saving of ₹98 lakh in the Budget estimate of the current year occurs wholly in the grant for special commissions of enquiry, the expenditure in connection with the enquiry into the rise of prices being charged under the head "General Administration". The reserve provision of ₹3 lakhs, made in the Budget under this head for unforeseen charges, has been appropriated to meet necessary and sanctioned outlay mostly under other heads of account ; but the resultant decrease under this head is more than counterbalanced by an expenditure of ₹2.4 lakhs in connection with the visit of His Imperial Highness the Crown Prince of Germany and by partial remissions of certain famine loans, for neither of which was any provision made in the Budget. The Budget estimate for 1911-12 provides for normal charges, as well as for a reserve allotment of ₹5 lakhs for unforeseen expenditure.

Budget, 1911-12.*(b) India—Provincial.*Revised, 1910-11.

139. The total Revised estimate for the current year is ₹9.66 lakhs less than the Budget estimate. Nearly the whole of this reduction is explained by decreases of ₹8.08 lakhs and ₹1.54 lakhs respectively in the United Provinces and Bengal. Both these decreases are mostly nominal and do not represent any actual saving in expenditure. The bulk of the former is due to the re-classification by the Local Government of the contributions to district boards with reference to the purposes for which they are granted (*vide* also paragraphs 105, 112, and 178). The latter is caused chiefly by the record under the proper heads of account of expenditure incurred from the reserve provision of ₹2.07 lakhs made under this head.

Budget, 1911-12.

140. The excess of ₹4.47 lakhs in the Budget estimate for 1911-12 over the Revised for 1910-11 results mainly from a reserve provision of ₹2 lakhs for miscellaneous and unforeseen charges in Bengal, and an increased payment of about an equal amount in Bombay on account of municipal taxes on Government buildings and lands in Bombay city (including arrears for the two previous years) which is necessitated by a recent re-assessment of their rateable value.

*(c) England.*Revised, 1910-11.

141. The increase of £7,300 in the current year over the Budget estimate is mainly due to expenditure in connection with the establishment of the bureau for Indian students and to payments in respect of marine insurance. The decrease in the Budget for next year, as compared with the Revised for 1910-11, occurs chiefly in the miscellaneous charges connected with the supply of stores to India.

Budget, 1911-12.

REVENUE

*(a) Imperial.*Revised, 1910-11.

142. The Budget estimate for 1910-11 provided for a special receipt of ₹9 lakhs on account of the probable proceeds of the sale to the Calcutta Port Commissioners of certain lands belonging to the Government, and one of ₹1.11 lakhs to be obtained from the sale of certain property in connection with a scheme for the amelioration of the position of the Benares branch of the ex-Royal family of Delhi. The latter sum was credited in the accounts of 1909-10 ; the former is not likely to be received before the 1st April 1911. The decrease in the revenue in the current year caused by the absence of these special receipts

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is to a small extent counterbalanced by increases under a number of miscellaneous items, and the Revised estimate for 1910-11 has been taken at Rs 84 lakhs less than the Budget.

143. The Budget estimate for 1911-12 provides for a special receipt of Budget, 1911-12. Rs 20 lakhs from the Calcutta Port Commissioners arising out of the transaction mentioned above. Otherwise provision has been made for normal receipts under the various miscellaneous items.

(b) *Provincial.*

144. The decrease of Rs 39 lakhs in the total revenue in the current year is Revised, 1910-11. chiefly due to smaller receipts from unclaimed deposits in courts, etc., in several provinces. In the Central Provinces, the receipts from the sale of cloth manufactured for Government by weavers in receipt of relief during the last famine have also been less than the Budget estimate, the actual sales in 1909-1910 having exceeded the provision made in the Revised estimate for that year. The total Budget for 1911-12 does not materially differ from the Revised for Budget, 1911-12. 1910-11, the only important variation being caused by the absence of any special receipts from sale of cloth in the Central Provinces.

33 TO 36.—FAMINE RELIEF AND INSURANCE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.	
				Budget.	Revised.		
INDIA.							
Famine Relief	Imperial	62,58,442	86,25,475	9,02,639	...	50,000	...
	Provincial	30,75,487	62,55,702	2,93,728
Construction of Protective Railways	98,415	1,048	1,80,226	5,00,000	5,01,000	9,00,000	
Construction of Protective Irrigation Works	60,59,990	59,12,632	63,05,659	69,64,000	56,41,000	59,61,000	
Reduction or Avoidance of Debt	37,50,000	37,50,000	71,30,068	75,00,000	84,94,000	75,00,000	
TOTAL INDIA	R 1,92,42,334	2,45,44,857	1,48,12,320	1,49,64,000	1,46,86,000	1,43,61,000	
Equivalent in Sterling	£ 1,282,822	1,636,324	987,488	997,600	979,100	957,400	
ENGLAND.							
Construction of Protective Railways	...	...	...	...	11,600	40,000
Construction of Protective Irrigation Works	13,241	8,855	12,512	2,400	9,300	2,600	
TOTAL INDIA AND ENGLAND	1,296,063	1,645,179	1,000,000	1,000,000	1,000,000	1,000,000	

Revised, 1910 11.

145. A considerable lapse of Rs 2·20 lakhs is expected in the Budget grant for Protective Irrigation works, owing to the scarcity of labour caused by the excellent harvests, the transfer of a work in the Central Provinces from the protective to the productive category, delay in the maturing of projects and in the collection of materials, and various other causes. A part of the saving (Rs 75 lakhs) will be utilised to meet expenditure in excess of the Budget grant on Protective Railways, work on the Dharmapuri-Hosur extension of the Morappur-Dharmapuri Railway having been pushed on vigorously with a view to the early opening of the line. A small charge of Rs 50 lakh also appears against "Famine Relief"; it occurs in the United Provinces and represents partly an arrear adjustment in respect of expenditure incurred on test works in 1907-08 and partly outlay contemplated on the formation of a reserve of famine tools. The balance of the saving has been added to the provision for the avoidance of debt, and the total grant under the group head remains unchanged.

Budget, 1911-12.

146. In the Budget for 1911-12, provision has been made as usual for a total grant of Rs 150 lakhs under this group head. No portion of this will be required, it is hoped, for actual famine relief expenditure; and the sum has been allotted in moieties for the construction of works which are likely to serve as a protection against famine, and for the avoidance of debt. It may be mentioned that half of the latter grant appears in the Provincial section of the estimates as a result of the arrangements explained in the Financial Statement for 1907-08.

CONSTRUCTION OF PROTECTIVE WORKS.

Protective Railways, 1911-12.

147. The whole of the grant for Protective Railways in 1911-12 will be spent, as in the current year, on outlay on the Dharmapuri-Hosur extension of the Morappur-Dharmapuri Railway in the Madras Presidency.

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148. It has been decided to supplement the amount available from the Famine Insurance grant for outlay on Protective Irrigation works by an allotment not exceeding R25 lakhs outside that grant to be shown in the Irrigation section of the accounts. In the Budget estimate for 1911-12, R18 lakhs have been so allotted in addition to R60 lakhs available from the Famine Insurance grant for this purpose, the total provision for Protective Irrigation works amounting to R78 lakhs. The distribution of the sum is given in the table below.

Protective Irrigation, 1911-12.

	1910-1911.		1911-1912,
	Budget.	Revised.	Budget.
	R	R	R
1. Central Provinces :			
(i) Tandula Canal	31,000	2,43,000	18,45,000
(ii) Tank projects!	13,28,000	8,60,000	7,96,000
(iii) Other projects, etc.	4,16,000	1,97,000	59,000
2. Burma	15,000	7,000	...
3. Eastern Bengal and Assam	2,000	3,000	6,000
4. Bengal :			
(i) Tribeni Canal	8,50,000	7,15,000	9,45,000
(ii) Other projects, etc.	1,00,000	85,000	70,000
5. United Provinces :			
(i) Betwa Canal (including Dhukwan weir)	65,000	1,47,000	53,000
(ii) Ken „ (including Gangao dam)	4,18,000	2,46,000	4,12,000
(iii) Dassan „	5,85,000	4,66,000	3,73,000
(iv) Other projects, etc.	5,75,000	3,79,000	4,62,000
6. Punjab . . . . .	...	...	1,000
7. Madras	1,01,000	71,000	73,000
8. Bombay :			
(i) Godaveri Canal	16,31,000	16,81,000	14,74,000
(ii) Chankapur Tank	40,000	89,000	1,02,000
(iii) Pravara river project	8,90,000	5,23,000	8,87,000
(iv) Other projects, etc.	1,39,000	54,000	97,000
9. Minor administrations	14,000	14,000	13,000
Reserve provision, allowance for possible lapses in grants, etc.	-2,00,000	...	1,32,000
	70,00,000	57,80,000	78,00,000
Deduct—Amount provided in the Irrigation section (vide page 94) outside the Famine Insurance Grant . . . . .	...	...	18,00,000
Net provision under head "35.— Construction of Protective Irrigation Works"	70,00,000	57,80,000	60,00,000

It will be seen that the new arrangement has made it possible to allot a large sum for the Tandula project in the Central Provinces. Provision has also been made for the inception of protective irrigation works in the Mirzapore district of the United Provinces, a tract which is subject to great distress in times of deficient rainfall.

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XXVI to XXVIII and 38 to 41—RAILWAY REVENUE ACCOUNT.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
STATE RAILWAYS—						
Gross Receipts	40,94,54,163	40,19,98,315	43,38,58,967	44,76,85,000	45,78,03,000	47,15,03,000
<i>Deduct:—</i>						
Working Expenses	21,97,28,915	24,88,83,000	24,32,14,762	25,26,83,000	24,64,00,000	25,72,00,000
Surplus Profits paid to Companies, etc.	64,53,596	48,13,330	48,37,249	61,23,000	66,92,000	56,62,000
Net Receipts	18,32,71,652	14,83,01,985	18,58,06,956	18,88,79,000	20,47,11,000	20,86,41,000
Net Revenue equivalent at Rs 15 = £1	£ 12,218,110	£ 9,886,799	£ 12,387,130	£ 12,591,900	£ 13,647,400	£ 13,909,400
Interest and capital re- demption Charges—						
Interest on Debt	5,243,208	5,535,946	5,653,551	5,867,000	5,779,900	6,199,700
Annuities in purchase of Railways	2,869,335	3,268,132	3,357,708	3,357,800	3,357,800	3,357,800
Sinking Funds	154,058	159,491	165,206	171,200	171,300	177,700
Interest chargeable against Companies on Advances	519,962	478,802	473,640	481,900	465,900	426,900
Interest on Capital deposited by Com- panies	1,461,146	1,649,196	1,894,316	2,020,300	1,975,100	1,820,800
	10,247,709	11,091,567	11,544,421	11,898,200	11,750,000	11,982,900
Net Result	1,970,401	—1,204,768	842,709	693,700	1,897,400	1,926,500
GUARANTEED RAIL- WAYS—						
Net Result	—363,492	—13,704	1,716	600	900	...
Other Receipts	52,606	72,203	58,296	37,700	38,300	54,200
Other Charges	96,513	95,981	77,799	169,800	102,200	130,900
Net Result	—43,907	—23,778	—19,503	—132,100	—63,900	—76,700
TOTAL NET RESULT	1,563,002	—1,242,250	824,922	562,200	1,834,400	1,849,800
Redemption of capital from revenue	623,495	719,659	760,398	788,600	786,187	811,800
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government	166,932,832	171,952,226	175,857,946	188,146,226	187,238,046	194,084,746
Expenditure by Companies	43,330,223	43,887,369	45,950,494	48,467,869	46,170,594	47,567,394
Outlay on the East Indian Railway from Debentures raised by the Company	9,767,539	12,127,842	14,587,268	15,522,242	14,587,268	15,944,768
Outlay on the South Indian Railway by the Company	1,513,816	1,513,816	1,513,816	1,513,816	1,513,816	1,513,816
Outlay on the Bombay, Baroda and Central India Railway by the Company	...	959,364	959,364	959,364	959,364	959,364
Outlay on the Great Indian Peninsula Railway by the Company	...	958,880	958,880	2,621,380	3,253,180	3,253,180
TOTAL	221,544,410	231,399,497	239,827,768	257,230,857	253,722,268	263,323,268
Miles open on April 1	22,134	23,613	24,066	24,458	24,525	24,783
Guaranteed Rail- ways—						
Miles open on April 1	905

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149. With the purchase of the Madras Railway on the 1st January 1908 the old guaranteed Railways ceased to exist, and the figures shown under 1910-11 against this head in the preceding table represent certain arrear adjustments. The Gross Receipts and Working Expenses of State Railways include the following figures on account of the Jorhat Railway in Assam which is the only line whose transactions are recorded in the Provincial section of the accounts:—

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	Budget, 1910-1911.	Revised, 1910-1911.	Budget, 1911-1912.
Gross Receipts	98,874	99,592	95,895	1,05,000	1,00,000	1,00,000
Working Expenses	90,157	80,960	96,184	85,000	85,000	85,000

NET TRAFFIC RECEIPTS.

150. The Budget estimates for the current year provided for a moderate growth of about $\text{₹}1\frac{1}{2}$ crores in the Gross Receipts of State Railways in view of the very considerable advance made in the preceding year. The rapid revival of prosperity and trade has however led to a very considerable rise in the receipts and they are now expected to be higher than the Budget by no less than $\text{₹}1,01,18$ lakhs. More than half of this increase is derived from the coaching traffic, which has been stimulated by the activity of business, the Allahabad Exhibition and the marriages and the pilgrimages of an auspicious Hindu year. Nearly three-fourths of it is obtained from two lines, *viz.*, the East Indian Railway and the Great Indian Peninsula system, on both of which there has been a substantial improvement in the coaching traffic, while the goods traffic has benefited by larger movements of coal, grain and seeds on the former and of cotton and seeds on the latter. Important increases also occur in the earnings of the Oudh and Rohilkhand line due to an improvement in the passenger traffic; and in those of the Rajputana Malwa, Bombay Baroda and Central India, and South Indian Railways owing to improvement in both the coaching and the goods traffic. On the other hand, important decreases are expected in the earnings of the North-Western and Bengal-Nagpur Railways in consequence of a decline in the goods traffic; as well as in those of the Eastern Bengal State Railway owing to breaches on the line and to a late jute crop.

151. In spite of the large increase in the estimates of gross revenue, the total Working Expenses in 1910-11 fall short of the Budget grant by $\text{₹}62,83$ lakhs. Broadly speaking, this decrease is due to two main causes. In the first place, the briskness of the traffic and the non-receipt of materials from England have interfered with progress of work in connection with the renewals of permanent-way and rolling-stock and the strengthening of bridges, for which provision was made in the Budget. In the next place, a more rigid check over expenditure is now exercised both by the Railway Board and the Railway administrations so as to avoid, as far as possible, excesses over Budget grants and diversion to ordinary outlay of allotments made for renewals and other special purposes. The more important decreases occur on the East Indian Railway, owing mainly to smaller special works and to the recovery from foreign lines of a share of joint expenditure incurred in previous years; on the South Indian Railway in consequence of postponement of renewals of permanent-way and rolling-stock; on the Rajputana Malwa Railway chiefly under locomotive and engineering expenses; and on the Bengal-Nagpur and Eastern Bengal Railways owing to smaller maintenance charges following on the reduction in the earnings. Smaller savings in the sanctioned allotments are expected in the case of most of the lines, the only railways which anticipate any material excess over Budget grants being the Madras and Southern Mahratta owing to provision for rebate payments to the South Indian Railway, and the Bombay Baroda and Central India line and the Great Indian Peninsula system consequent on the large increase in the receipts.

152. The increase of $\text{₹}5,69$ lakhs in the provision for the payment of surplus profits to Companies is a concomitant of the improvement in the net revenue.

153. In the Budget of 1911-12, provision has been made for an advance of $\text{₹}137$ lakhs in the Gross Receipts on the basis of normal agricultural and trade conditions, and after allowing for the increase in the open mileage and for the special Durbar traffic. Out of this, $\text{₹}108$ lakhs will, however, be required to meet increase in Working Expenses, caused partly by the growth in revenue and partly by the postponement of expenditure on renewals in the current year owing

to the non-receipt of English materials ; and allowing for a decrease of ₹10·3 lakhs in the payment of surplus profits, etc., to Companies, due to the introduction of a new contract with the South Indian Railway Company and other causes, the improvement in the Net Receipts will amount to ₹39·3 lakhs.

INTEREST CHARGES.

Revised, 1910-11. 154. The decrease in expenditure in 1910-11, as compared with the Budget estimate, under Interest on Debt and under Interest charged against Companies on advances, is caused by lapses in capital grants and by the variation in the rate of interest charged on certain loan funds (*vide* paragraph 66).

Budget, 1911-12. 155. The increase in the total interest charge in 1911-12, is a result of the growth in the capital cost of the railways, the decrease under Interest chargeable against Companies on advances and under Interest on capital deposited by Companies being caused by the purchase of the Indian Midland Railway with effect from the 1st January 1911.

OTHER RECEIPTS.

156. The receipts shown under this head represent recoveries from the Travancore Darbar of its share of the loss on the Travancore Branch of the South Indian Railway ; the Government share of the surplus profits of the Rohilkhand-Kumaon, Southern Punjab and Amritsar-Patti Railways payable under the terms of their respective contracts ; dividends on certain shares of the Ahmedabad-Dholka Railway allotted to the Government in re-payment of expenditure incurred by it on behalf of the Railway ; and sale-proceeds of land relinquished by Railway Companies. The increase in 1911-12 occurs mainly in the share of surplus profits of the Southern Punjab Railway.

OTHER CHARGES.

157. These consist of cost of land required by certain Companies, the contracts with which provide for the free supply of all land wanted for the purposes of the railways undertaken by them, and of miscellaneous items such as surveys and controlling establishments (including the Railway Board). A share of the cost of control is charged to the working expenses of each railway company and the recoveries thus made are adjusted by deduction from the miscellaneous expenditure. The details are :—

	Accounts, 1909-10.	1910-11.		1911-12, Budget.
		Budget.	Revised.	
<i>Imperial.</i>				
1. Subsidised Companies—Land . . .	5,87,818	16,48,000	7,22,000	15,20,000
2. Miscellaneous expenditure . . .	5,40,198	8,57,000	7,45,000	4,27,000
<i>Provincial.</i>				
1. Subsidised Companies—Land . . .	18,359	10,000	38,000	6,000
2. Miscellaneous expenditure (Surveys) . . .	20,601	33,000	27,000	10,000
TOTAL	R 11,66,976 £ 77,799	25,48,000	15,32,000	19,63,000
		169,800	102,200	130,900

Land.—There is a considerable lapse in the Imperial Budget grant for the current year, due mainly to the provision for the Jullundar-Doab Railway not having been required at all. The principal allotments made in 1911-12 are for the Jullundar-Doab and Bengal and North-Western Railways.

Miscellaneous Expenditure.—The decrease in the Revised estimate for 1910-11 as compared with the Budget is caused chiefly by a lapse in the grant for the Zadabin-Chittagong Survey. The Budget for 1911-12 is made up as follows :—

Allotment for Surveys	6,50,000
Charges of the Railway Board and other establishments	13,44,000
<i>Deduct</i> —Recoveries from Railway Companies on account of cost of supervision	—15,67,000
TOTAL	<u>4,27,000</u>

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XXIX—XXX AND 42, 42-A and 43.—IRRIGATION.

IRRIGATION.	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
MAJOR WORKS.						
Revenue { Direct Receipts	3,31,20,215	3,37,14,356	3,46,06,161	3,38,26,000	3,44,62,000	3,46,79,000
Land Revenue	1,56,07,989	1,63,65,668	1,67,60,820	1,69,42,000	1,79,90,000	1,90,04,000
Expenditure { Working Expenses	1,50,60,137	1,55,48,826	1,64,13,166	1,59,41,000	1,67,32,000	1,64,82,000
Interest	1,30,88,523	1,36,25,073	1,42,53,680	1,50,84,000	1,50,33,000	1,58,60,000
NET REVENUE IN INDIA	2,05,79,544	2,09,06,125	2,07,00,135	1,97,43,000	2,06,87,000	2,13,41,000
Equivalent in Sterling Expenditure in England (Interest)	£ 1,371,970	£ 1,393,741	£ 1,380,009	£ 1,316,200	£ 1,379,100	£ 1,422,700
„ (other charges)	£ 108,344	£ 108,989	£ 108,465	£ 111,700	£ 110,100	£ 112,300
	£ ...	£ ...	£ ...	£ ...	£ 100	£ ...
NET REVENUE	£ 1,263,626	£ 1,284,752	£ 1,271,544	£ 1,204,500	£ 1,268,900	£ 1,310,400
CONSTRUCTION OF PROTECTIVE WORKS	£ ...	£ ...	£ ...	£ ...	£ ...	£ 120,000
MINOR WORKS.						
Receipts—Direct	34,80,677	32,90,007	35,35,360	33,03,000	35,41,000	36,78,000
Expenditure	1,27,37,946	1,34,28,947	1,35,14,021	1,39,67,000	1,37,97,000	1,43,21,000
NET EXPENDITURE IN INDIA	92,57,269	1,01,38,940	99,78,661	1,06,64,000	1,02,53,000	1,06,43,000
Equivalent in Sterling Expenditure in England	£ 617,151	£ 675,929	£ 665,244	£ 710,900	£ 683,500	£ 709,500
	£ ...	£ ...	£ ...	£ ...	£ 400	£ 500
NET EXPENDITURE	£ 617,151	£ 675,929	£ 665,244	£ 710,900	£ 683,900	£ 710,000
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31	£ 44,04,01,069	£ 46,10,84,886	£ 48,33,58,606	£ 50,75,69,886	£ 50,75,51,370	£ 53,39,67,675
Equivalent in Sterling	£ 29,360,071	£ 30,738,992	£ 32,257,210	£ 33,837,992	£ 33,836,758	£ 35,597,845

158. Taking India as a whole, the net financial result of the working of the Major Irrigation works in 1910-11 will be better than the Budget forecast by £64,400 (9'66 lakhs). There is an improvement of R6'36 lakhs in the Direct Receipts and of R10'48 lakhs in the share of Land Revenue, but R7'18 lakhs of this are required to meet increase in expenditure. The net profit in 1911-12 is expected to be R6'23 lakhs higher than in the current year, an increase of R12'31 lakhs in the Gross Revenue and a decrease of R2'52 lakhs in the Working Expenses being partly counterbalanced by a large growth of R8'60 lakhs in the interest charges in consequence of the considerable outlay now being incurred on new projects in the Punjab and elsewhere, the benefits of which will not be realised for some time to come. The net result under Minor Irrigation works in 1910-11 is slightly better than the Budget estimate owing to some improvement in revenue and a small saving in the expenditure; the estimate for next year is nearly the same as the Budget of the current year.

159. The figures for Land Revenue due to Irrigation have already been examined in paragraphs 7 to 14 along with those for Land Revenue proper. The details of the other heads are exhibited in the following tables.

XXIX. AND 42.—MAJOR WORKS.

Direct Receipts.

IRRIGATION,	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. Central Provinces . . .	10,958	34,638	31,580	80,000	40,000	80,000
2. Burma	6,59,749	5,91,688	8,10,710	9,52,000	9,00,000	11,50,000
3. United Provinces . . .	2,11,431	1,25,727	3,50,824	2,83,000	3,25,000	3,27,000
4. North-West Frontier . .	6,58,637	7,20,259	7,52,119	7,25,000	7,86,000	8,00,000
5. Madras	5,00,407	...	...	...	...	...
Total	20,41,242	14,72,312	19,45,233	20,40,000	20,51,000	23,57,000
<i>Divided and Provincial.</i>						
1. Bengal	23,80,950	26,33,820	27,02,520	25,92,000	25,25,000	25,50,000
2. United Provinces . . .	96,28,144	94,71,901	88,74,549	85,28,000	84,60,000	84,58,000
3. Punjab	1,79,45,877	1,86,79,549	1,93,06,790	1,90,59,000	1,99,60,000	1,97,70,000
4. Madras . . . . .	...	4,73,820	4,21,018	4,69,000	2,76,000	2,75,000
5. Bombay	11,24,002	9,82,954	12,66,051	11,38,000	11,90,000	12,69,000
Total	3,10,78,973	3,22,42,044	3,26,60,928	3,17,86,000	3,24,11,000	3,23,22,000
TOTAL R	3,31,20,215	3,37,14,356	3,46,06,161	3,38,26,000	3,44,62,000	3,46,79,000
Equivalent in Sterling £	2,208,014	2,247,624	2,307,077	2,255,100	2,297,500	2,311,900

WORKING EXPENSES.

<i>Imperial</i>						
1. India General (Reserve Provision) . . .	...	...	...	1,28,000	...	3,08,000
2. Central Provinces	12,889	23,181	23,106	35,000	35,000	40,000
3. Burma	2,00,866	2,01,983	2,10,178	2,32,000	2,50,000	3,25,000
4. United Provinces	1,73,162	2,02,978	2,35,640	2,65,000	2,65,000	3,17,000
5. North-West Frontier . . .	2,26,120	2,12,192	2,63,153	1,82,000	3,05,000	2,30,000
6. Madras	19,12,570	...	...	...	...	...
Total	25,25,607	6,40,334	7,41,077	8,42,000	8,55,000	12,20,000
<i>Divided and Provincial.</i>						
1. Bengal	14,25,201	13,97,147	14,62,472	13,50,000	14,91,000	14,50,000
2. United Provinces	32,31,350	33,04,066	34,63,138	33,51,000	32,69,000	31,94,000
3. Punjab	67,98,875	69,07,873	75,32,165	68,76,000	74,47,000	69,76,000
4. Madras . . . . .	...	21,24,692	21,64,886	22,54,000	24,00,000	23,30,000
5. Bombay	10,79,104	11,74,714	10,49,428	12,68,000	12,70,000	13,12,000
Total	1,25,34,530	1,49,08,492	1,56,72,089	1,50,99,000	1,58,77,000	1,52,62,000
TOTAL INDIA R	1,50,60,137	1,55,48,826	1,64,13,166	1,59,41,000	1,67,32,000	1,64,82,000
Equivalent in sterling £	1,004,009	1,036,589	1,094,211	1,062,800	1,115,500	1,098,800
England . . . . .	...	...	...	...	100	...
GRAND TOTAL £	1,004,009	1,036,589	1,094,211	1,062,800	1,115,600	1,098,800

160. The Imperial figures shown against the United Provinces represent the transactions of the Betwa, Ken and certain other "protective" canals. Otherwise the revenue and expenditure is wholly Provincial in this province. The Provincial share of "divided" revenue and expenditure will be one-half in all the provinces with effect from the 1st April 1911.

DIRECT RECEIPTS.

(a) *Imperial.*

161. The total Revised estimate for the current year does not differ materially from the Budget forecast. The estimate for next year exceeds the Revised by R3'06 lakhs, a major portion of the increase representing the revenue expected from the Mon Canal project in Burma which will be opened next year.

Revised, 1910-11.

Budget, 1911-12.

(b) *Divided and wholly Provincial.*

162. The total revenue in 1910-11 shows an improvement of R6'25 lakhs over the Budget estimates. The principal variations contributing to this result are: (1) an increase of R9'01 lakhs in the Punjab, where the revenue from the Lower Chenab canal appears to have been underestimated owing to the apprehension of silt troubles at Khanki and other causes; and (2) a decrease of R1'93 lakhs in Madras owing to the credit to the head "Land Revenue" of receipts from the Kurnool-Cuddapah canal which used to appear under this head (*vide* paragraph 7). The Budget estimate for 1911-12 practically repeats the Revised for the current year. The decrease anticipated in the Punjab is nominal and is caused by the transfer to "Land Revenue" of receipts hitherto credited under this head (*vide* paragraph 8). No allowance for a growth in revenue has been made in the United Provinces as the copious winter rains in Northern India this year are likely to reduce the demand for canal water.

Revised, 1910-11.

Budget, 1911-12.

WORKING EXPENSES.

(a).—*Imperial.*

163. The total Revised estimate for 1910-11 does not differ materially from the Budget. The reserve allotment has been utilised almost wholly in meeting necessary outlay on special repairs and silt clearance on the Lower Swat, Kabul River and Paharpur Canals in the Frontier Province. The increase of R3'65 lakhs in the Budget for 1911-12 over the Revised estimate of the current year is mainly due to a reserve allotment of R3'08 lakhs and to provision for the maintenance charges of the Mon Canal in Burma and the Dassan and Pahuj Canals in the United Provinces which will be opened for irrigation. On the other hand, there is a decrease in the working expenses of the canals in the North-West Frontier Province owing to the absence of the special repairs undertaken in the current year.

Revised, 1910-11.

Budget, 1911-12.

(b).—*Divided and wholly Provincial.*

164. The total expenditure in 1910-11 exceeds the Budget provision by R7'78 lakhs. There is an increase of R5'71 lakhs in the Punjab owing chiefly to extensive special repairs required on the Indus Inundation canals in consequence of exceptionally heavy damage done by floods last year and hill torrents this year, and to increased outlay on certain works on the Lower Jhelum canal; of R1'46 lakhs in Madras caused by additional expenditure on protective works and repairs mainly on the Kistna Delta system; and of R1'41 lakhs in Bengal in consequence of silt clearing and repairs to works on the Hijili tidal canal and special repairs on the Sone and Orissa canals. On the other hand, there is a lapse of R'82 lakh in the United Provinces chiefly in the grant for repairs.

Revised, 1910-11.

165. Provision has generally been made for a normal scale of expenditure in 1911-12, and the total Budget for next year is less than the Revised estimate for 1910-11 by R6'15 lakhs.

Budget, 1911-12.

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42A.—EXPENDITURE ON PROTECTIVE IRRIGATION WORKS IN ADDITION TO THAT CHARGED UNDER FAMINE RELIEF AND INSURANCE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
India . . . R	18,00,000
Equivalent in sterling £	120,000

166. This is the new head opened in the accounts to record expenditure on Protective Irrigation works in excess of the amount met from the Famine Insurance grant. The Budget estimate for 1911-12 is worked out in the table in paragraph 148.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 239

XXX AND 43.—MINOR WORKS AND NAVIGATION.

Revenue.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	65,320	37,402	69,557	63,000	52,000	29,000
2. Punjab	7,28,018	6,35,982	7,85,999	6,35,000	8,29,000	8,00,000
Total	7,93,338	6,73,384	8,55,556	6,98,000	8,81,000	8,29,000
<i>Divided and Provincial.</i>						
1. Central Provinces	7,917	21,138	19,210	37,000	16,000	35,000
2. Burma	11,96,877	10,98,434	11,75,072	10,85,000	12,00,000	13,30,000
3. Eastern Bengal and Assam	132	127	14	...	...	...
4. Bengal	7,59,999	6,81,613	6,65,520	7,57,000	6,59,000	7,04,000
5. United Provinces	1,20,941	1,62,215	1,69,725	1,62,000	1,61,000	1,30,000
6. Punjab	45,181	39,200	52,139	57,000	65,000	56,000
7. Madras	1,91,208	2,09,090	2,47,299	1,95,000	2,14,000	2,66,000
8. Bombay	3,65,084	4,04,805	3,50,825	3,12,000	3,48,000	3,28,000
Total	26,87,339	26,16,623	26,79,804	26,05,000	26,63,000	28,49,000
TOTAL R	34,80,677	32,90,007	35,35,360	33,03,000	35,44,000	36,78,000
Equivalent in Sterling £	232,045	219,334	235,691	220,200	236,300	245,200

Expenditure.

<i>Imperial.</i>						
1. India General	2,27,841	3,41,966	4,04,626	8,07,000	4,06,000	8,44,000
2. Punjab	10,00,530	10,86,050	9,94,141	9,50,000	10,50,000	10,83,000
3. North-West Frontier	39,315	32,930	49,739	60,000	85,000	70,000
Total	12,73,686	14,60,946	14,48,506	19,07,000	16,31,000	19,97,000
<i>Divided and Provincial.</i>						
1. Central Provinces	4,80,011	5,57,337	4,89,887	6,00,000	4,50,000	6,00,000
2. Burma	13,56,438	14,69,007	11,33,352	13,00,000	13,58,000	14,50,000
3. Eastern Bengal and Assam	72,693	57,208	1,17,152	1,11,000	1,07,000	1,36,000
4. Bengal	18,89,894	20,43,172	21,61,876	22,80,000	21,68,000	21,69,000
5. United Provinces	5,50,541	6,76,287	4,74,342	4,29,000	5,93,000	4,06,000
6. Punjab	76,217	91,332	69,786	84,000	1,03,000	1,30,000
7. Madras	39,99,294	38,11,129	41,07,925	42,04,000	38,94,000	41,37,000
8. Bombay	30,39,172	32,62,529	35,11,195	30,52,000	5,53,000	32,96,000
Total	1,14,64,260	1,19,68,001	1,20,65,515	1,20,60,000	1,21,66,000	1,23,24,000
TOTAL INDIA R	1,27,37,946	1,34,28,947	1,35,14,021	1,39,67,000	1,37,97,000	1,43,21,000
Equivalent in Sterling £	849,196	895,263	900,935	931,100	919,800	954,700
England . . . . .	...	...	...	...	400	500
GRAND TOTAL	849,196	895,263	900,935	931,100	920,200	955,200

REVENUE.

(a) Imperial.

Revised, 1910-11. 167. The improvement in revenue in the current year is due to an underestimate of the receipts of the Punjab canals, whose transactions are recorded in the Imperial section of the accounts. The Budget for 1911-12 is based on the Revised estimate for the current year.

Budget, 1911-12.

(b) Divided and Provincial.

Revised, 1910-11. 168. The total revenue in 1910-11 does not materially differ from the Budget estimate, the important variations being an improvement of R1·15 lakhs in Burma and a decrease of R·98 lakh in Bengal. The increase of R1·86 lakhs in the Budget estimate for 1911-12 over the Revised for 1910-11 is caused mainly by a further improvement expected in Burma.

Budget, 1911-12.

EXPENDITURE.

(a) Wholly Imperial.

Revised, 1910-11. 169. The Budget estimate of the current year included the usual grant of R5 lakhs in aid of special expenditure entailed by the recommendations of the Irrigation Commission, and a reserve provision of R1·5 lakhs to meet unforeseen requirements. A portion of the special grant is being spent on the Nar Nallah scheme in Baluchistan. But R1·64 lakhs have been allotted to the Government of the United Provinces for tank restoration works and placed at its credit by an assignment of Land Revenue (*vide* paragraph 13); while a major portion of the ordinary reserve is being used to meet the Imperial share of expenditure in excess of Budget grant in Bombay, where the charges (as well as the receipts) under the head are divided in moieties between Imperial and Provincial. These causes mainly account for the decrease of R2·76 lakhs in the Revised Estimate of the current year, as compared with the Budget.

Budget, 1911-12. 170. The Estimates for 1911-12 exceed the Revised for the current year by R3·66 lakhs. Allowance has been made for the special grant of R5 lakhs and a reserve of R1 lakh, but no provision exists for the Nar Nallah scheme, as an allotment will be made for it later in the year from the special grant.

(b) Divided and Provincial.

Revised, 1910-11. 171. The total expenditure in 1910-11 exceeds the Budget provision by R1·06 lakhs. There is a large increase of R5·01 lakhs in Bombay owing to extensive outlay on urgent protective embankments in Sind rendered necessary through fear of erosion by the Indus. There is also an increase of R1·64 lakhs in the United Provinces caused by expenditure on tank restoration works out of the special Imperial assignment mentioned above; and small excesses over Budget grants are expected in Burma and the Punjab. On the other hand, there is a lapse of R3·10 lakhs in Madras, where heavy rains have retarded progress on works and repairs; and there are less important lapses in Bengal, the Central Provinces and Eastern Bengal and Assam.

Budget, 1911-12. 172. The Budget estimate for 1911-12 provides for normal expenditure in all the provinces, there being an increase of R1·58 lakhs only in the total over the Revised estimate of the current year.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 241

44.—CONSTRUCTION OF RAILWAYS CHARGED TO PROVINCIAL REVENUES.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Provincial.</i> Eastern Bengal and Assam . . . R	8,486	6,235	18,671	4,000	20,000	15,000
£	553	415	1,245	300	1,300	1,000

173. The charges represent capital outlay in connection with the Jorhat Railway, and are unimportant in character.

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XXXI and 45.—CIVIL WORKS.

EXPENDITURE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	34,12,587	42,11,589	28,13,351	40,26,000	32,54,000	41,67,000
2. North-West Frontier	18,11,903	21,42,997	21,45,032	18,34,000	21,32,000	20,95,000
3. Other Provinces	58,64,674	41,41,528	36,53,952	40,77,000	42,51,000	40,61,000
Total	1,10,89,164	1,05,02,114	86,12,335	99,37,000	96,37,000	1,03,23,000
<i>Provincial.</i>						
1. Central Provinces	61,14,418	67,61,314	60,27,432	61,98,000	56,98,000	57,50,000
2. Burma	1,12,13,715	91,46,868	67,23,437	87,53,000	87,08,000	1,05,39,000
3. Eastern Bengal and Assam	64,88,989	70,80,970	64,83,969	65,51,000	67,56,000	65,05,000
4. Bengal	88,39,222	80,23,375	66,27,302	71,85,000	66,51,000	85,62,000
5. United Provinces	54,53,039	55,55,491	62,21,073	64,01,000	70,79,000	68,71,000
6. Punjab	53,19,456	59,43,732	50,24,580	58,36,000	55,16,000	77,89,000
7. Madras	65,90,332	62,48,767	73,97,567	89,38,000	93,50,000	1,10,87,000
8. Bombay	81,46,474	78,74,693	77,42,683	73,96,000	82,00,000	1,38,82,000
Total	5,81,65,645	5,57,35,210	5,22,48,043	5,72,58,000	5,79,58,000	7,09,85,000
TOTAL INDIA . R	6,92,54,809	6,62,37,324	6,08,60,378	6,71,95,000	6,75,95,000	8,13,08,000
Equivalent in Sterling England	£ 4,616,988 £ 68,102	£ 4,415,822 £ 80,105	£ 4,057,358 £ 78,548	£ 4,479,700 £ 79,300	£ 4,506,400 £ 81,500	£ 5,420,500 £ 80,000
TOTAL . £	4,685,090	4,495,927	4,135,906	4,559,000	4,587,900	5,500,500

REVENUE.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India	85,973	97,788	1,21,711	6,26,000	1,14,000	6,33,000
2. North-West Frontier	1,46,318	1,24,186	1,39,606	1,37,000	1,32,000	1,36,000
3. Other Provinces	63,269	1,99,968	2,48,698	2,05,000	2,11,000	2,12,000
Total	2,95,560	4,21,942	5,10,015	9,68,000	4,57,000	9,81,000
<i>Provincial.</i>						
1. Central Provinces	3,99,531	4,27,537	5,95,280	6,01,000	5,66,000	6,67,000
2. Burma	3,15,737	7,10,320	3,21,968	3,41,000	3,41,000	3,41,000
3. Eastern Bengal and Assam	2,70,963	2,89,510	3,25,434	3,12,000	3,16,000	3,25,000
4. Bengal	5,20,731	5,31,386	4,28,876	5,35,000	5,70,000	8,84,000
5. United Provinces	3,00,988	3,35,912	3,40,318	3,13,000	3,81,000	3,70,000
6. Punjab	6,21,904	6,30,808	4,94,068	6,41,000	4,75,000	5,60,000
7. Madras	1,80,156	2,14,886	2,62,016	2,18,000	2,68,000	2,98,000
8. Bombay	8,06,285	7,56,771	7,53,872	6,02,000	6,47,000	5,97,000
Total	34,16,295	38,97,130	35,21,772	35,63,000	35,64,000	40,48,000
TOTAL INDIA . R	37,11,855	43,19,072	40,31,787	45,31,000	40,21,000	50,29,000
Equivalent in Sterling England	£ 247,457 £ 1,609	£ 287,938 £ ...	£ 268,786 £ ...	£ 302,100 £ ...	£ 268,100 £ 20,000	£ 335,300 £ ...
TOTAL . £	249,066	287,938	268,786	302,100	288,100	335,300

174. The Imperial revenue and expenditure shown against "Other Provinces" represent the transactions in connection with the buildings of the various departments (e.g., Salt, Customs, etc.) whose receipts and charges are wholly Imperial.

EXPENDITURE.

(a) India (Imperial) and England.

175. The total Revised for the current year is less than the Budget by *Revised, 1910-11.* R2'67 lakhs. Of this decrease R'9 lakh is nominal and is caused by the record under "Scientific Departments" and in the Provincial section of the accounts of the archæological expenditure incurred respectively by the Director General of Archæology and by the Provincial Governments out of allotments placed at their disposal from the reserve grant of R1 lakh provided in the Budget under this head. The lapse in the grant thus amounts to R1'77 lakhs, an excess of R2'98 lakhs in the North-West Frontier Province, caused chiefly by a larger outlay on the repair of roads which had suffered extensively from heavy rains, and of R2'24 lakhs in Bombay, in consequence of the payment of compensation for land required for the Currency office, being more than covered by savings in other provinces and by the reserve provision for unforeseen expenditure.

176. In 1911-12 the total Imperial grant has been fixed at R85 lakhs, *Budget, 1911-12.* exclusive of R2'95 lakhs allotted for petty expenditure incurred in the Civil Department in the several minor administrations, R7'28 lakhs to be spent by the Baluchistan Administration and R20 lakhs by the North-West Frontier Province. The purposes to which this grant of R85 lakhs will be applied are shown below:—

	R
1. Establishment, tools and plant	14,38,000
2. Repairs	17,89,200
3. Works in progress	18,64,800
4. New works—	
(a) Costing up to R5,000	8,02,000
(b) Costing more than R5,000	8,83,000
5. Payments in England on stores, furlough allowances, etc.	12,00,000
6. Reserve provision for Archæological expenditure	1,00,000
7. Reserve provision for other unforeseen expenditure	4,23,000
	85,00,000

177. The following is a list of the new works and works in progress on which it is probable that allotments of R1 lakh or more will be made in the ensuing year:—

Provinces.	Name of work.	Amount of grant.
		R
Bengal	Extension of Central Telegraph Office, Calcutta	1,50,000
	New Secretariat for the Department of Commerce and Industry, Calcutta	3,25,000
	Reconstruction of the Government Central Press building at No. 166, Dharamtala Street, Calcutta	3,00,000
Bombay	New General Post Office, Bombay, including electric installation	2,45,000

(b) Provincial.

178. The Revised estimate shows a total increase of R7 lakhs over the Budget of the current year. The excess is wholly nominal, and is caused by the record under this head of (1) payments of grants-in-aid to local bodies for water-supply schemes for which provision was made in the Budget estimates of Eastern *Revised, 1911-12.*

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Bengal and Assam, Madras and Bombay under "Medical", and (2) outlay on certain buildings of the education, agricultural and other departments, allotments for which were included in the grants of the departments concerned. The increases of R8'04 lakhs in Bombay and R2'05 lakhs in Eastern Bengal and Assam are wholly due to this cause. In Madras an increase of R7'19 lakhs on this account is partly counterbalanced by a lapse of R3'07 lakhs in the provision made under this head, mainly owing to a slower progress on buildings required under the Meyer scheme for the redistribution of districts and other charges. In the United Provinces there is a similar increase of R2'30 lakhs as well as a further nominal excess of R4'48 lakhs owing to the change in the classification of contributions to district boards. Savings in the Budget grants occur in the Central Provinces (R5 lakhs) where the whole of the reserve allotment for unforeseen demands will lapse; in Bengal (R5'34 lakhs) due to a partial utilisation of the sanitary and other grants; and in the Punjab (R3'2 lakhs) owing to the non-utilisation of the special provision of R1 lakh for works at Dehra Ghazi Khan and a lapse in the grant for the Simla extension scheme.

Budget, 1911-12.

179. The table below compares the details of the grants for 1911-12 in the various provinces, so far as settled at present, with the probable expenditure in the current year.

REVISED, 1910-1911.

[Lakhs of Rupees.

PROVINCES.	GRANTS TO		OUTLAY IN THE PUBLIC WORKS DEPARTMENT ON			Other items.*	Total.
	Local Boards and Municipalities.	Other local bodies.	Original works.	Repairs.	Establishment charges.		
1. Central Provinces	1'97	...	24'56	19'16	10'60	'69	56'98
2. Burma	2'16	15'00	19'72	30'11	18'71	1'38	87'08
3. Eastern Bengal and Assam	8'55	2'89	30'20	12'93	10'59	2'40	67'56
4. Bengal	15'64	...	21'60	17'40	11'01	'86	6'51
5. United Provinces	8'60	...	30'79	20'31	9'42	1'67	70'79
6. Punjab	7'20	...	18'91	16'14	8'58	4'33	55'16
7. Madras	30'27	5'00	34'53	8'75	11'72	3'23	93'50
8. Bombay	8'21	...	40'52	18'29	12'70	2'28	82'00
TOTAL	82'60	22'89	220'83	143'09	93'33	16'84	579'58

BUDGET, 1911-1912.

1. Central Provinces	1'97	...	23'94	20'50	10'12	'97	57'50
2. Burma	3'00	20'00	28'13	34'50	18'05	1'71	105'39
3. Eastern Bengal and Assam	7'38	2'61	28'	13'50	9'81	3'40	65'05
4. Bengal	17'77	11'50	23'18	17'25	9'90	6'02	85'62
5. United Provinces*	10'23	...	28'07	19'94	8'75	1'72	68'71
6. Punjab	16'73	...	33'46	15'25	8'27	4'18	77'89
7. Madras	29'31	11'00	47'29	8'92	8'92	5'43	110'87
8. Bombay	8'16	50'00	41'14	18'81	12'56	8'15	138'82
TOTAL	94'55	95'11	253'56	148'67	86'38	31'58	709'85

* Include small amounts spent in the Civil Department otherwise than on contributions to local bodies.

180. The noticeable features of the Budget estimates are mentioned below:—

- (1) In the Punjab, provision has been made for a payment of R10 lakhs to the Simla Municipality for the extension and improvement scheme.
- (2) The figures shown under grants to other local bodies consist of contributions to the Rangoon Port Trust in Burma; to the Chittagong Port Trust in Eastern Bengal and Assam; to the Calcutta Improvement Trust in Bengal; to the Madras Corporation (R5 lakhs) for water supply and drainage schemes and to the Madras Port Trust (R6 lakhs) for harbour improvements; and to the City Improvement Trust, Bombay. All of these, with the exception of the two Madras grants, represent contributions from Imperial revenues passed through the Provincial accounts.
- (3) The large increase in the grant for repairs in Burma is attributed to the outlay necessary on the new General Hospital buildings and to additional provision for repairs to roads.
- (4) The decrease in establishment charges is nominal and is caused by the transfer of the charges of the Public Works account offices to the head "General Administration" (*vide* paragraph 82).
- (5) Under "Other items" lump provisions have been made in Bengal (R5 lakhs) and Madras (R2 lakhs) for expenditure on the improvement of drainage and water-supply out of the special Imperial assignment given for the purpose in the current year (*vide* paragraph 12); and in Bombay for certain reserve grants.

181. The grant for original works depends necessarily on the condition of the provincial finances. A considerable outlay of about R30 lakhs is contemplated in Madras from the heavy accumulation of balances; a portion of this will be spent on the new buildings required in connection with the creation of new districts, etc. In the United Provinces and Bombay also, and to a much smaller extent in some of the other provinces, it is proposed to utilise a portion of the surplus balances to push on work on necessary and urgent schemes. The Punjab intends to invest in civil works a considerable portion of the windfall which it is likely to receive from the sale of proprietary rights in canal colonies. In Burma the grant for original works had to be restricted owing to the depletion of the provincial balances, but the special help given from Imperial revenues to enable the province to meet its promised contribution to the Rangoon Port Trust has afforded some relief.

REVENUE.

(a) Imperial.

182. The decrease of R5.11 lakhs in the revenue in the current year and the increase of R5.24 lakhs in the Budget estimate for 1911-12 over the Revised for 1910-11 are due mainly to the postponement to next year of the sale of the investments in connection with Mr. Phipps' donation to the Agricultural and Research Institute at Pusa.

(b) Provincial.

183. The total Revised for 1910-11 practically repeats the Budget estimate, a decrease of R1.66 lakhs in the Punjab, owing to the discontinuance of certain recoveries from district boards in exchange for services transferred to them, and a smaller decrease in the Central Provinces being counterbalanced by unimportant increases in the other provinces. The total Budget estimate for 1911-12 exceeds the Revised for the current year by R4.84 lakhs, the major portion of the increase occurring in Bengal which expects to receive the first instalment of the proceeds of the sale to the Port Commissioners of the land and buildings of the Sibpur Engineering College.

(c) England.

184. The Revised estimate for 1910-11 represents the sale-proceeds of the premises of the Royal Indian Engineering College.

XXXII and 46.—ARMY.

EXPENDITURE.	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
	R	R	R	Budget. R	Revised. R	R
INDIA—						
<i>Effective Services—</i>						
Administration	64,84,829	64,77,619	66,33,250	66,58,780	66,57,000	68,46,310
Military Accounts	21,55,583	23,80,509	26,12,931	28,81,670	28,85,000	28,80,170
Regimental Pay, etc.	11,39,85,464	11,54,94,353	12,27,98,340	12,41,48,690	12,41,49,000	12,41,58,710
Supply and Transport	3,21,56,189	3,34,24,479	3,21,13,557	3,28,39,640	3,10,65,000	3,08,05,720
Veterinary	4,64,341	4,49,102	4,70,215	4,85,760	4,78,000	4,78,330
Clothing	18,09,802	18,29,942	14,76,415	17,51,270	13,40,000	13,66,820
Remounts	51,59,381	57,55,206	50,89,503	59,53,610	62,16,000	50,58,340
Medical Services	61,62,526	59,17,672	58,96,437	59,88,770	59,32,000	59,52,470
Medical Stores	5,95,536	4,85,182	3,32,415	4,70,300	4,03,000	3,25,180
Ordnance	1,26,90,053	1,17,89,944	1,01,58,145	99,66,320	89,37,000	89,56,890
Ecclesiastical	4,27,114	4,17,061	4,24,433	4,33,830	4,19,000	4,28,890
Education	12,25,437	12,15,280	11,85,757	13,69,050	13,03,000	12,57,380
Compensation for food, etc.	63,11,017	86,09,224	62,66,369	60,00,020	48,75,000	40,00,000
Miscellaneous Services	24,27,865	35,18,633	17,68,262	18,37,690	24,71,000	77,30,870
Hutting	6,59,706	8,43,070	7,31,012	5,62,760	4,25,000	2,00,000
Conveyance by road, river and sea	10,73,208	9,11,765	7,96,838	10,92,770	8,07,000	8,06,080
Conveyance by rail	44,14,775	39,16,297	30,75,923	53,18,420	42,00,000	41,65,760
Cantonments	13,68,103	13,28,994	13,22,530	13,29,560	15,84,000	13,14,080
Unadjusted Expenditure	2,17,278	-77,847	-6,19,050	...	...	...
TOTAL	19,97,88,207	20,46,86,485	20,31,33,282	20,90,89,000	20,41,46,000	20,67,72,000
<i>Non-effective Services—</i>						
	98,91,248	1,01,51,545	1,02,58,085	1,04,52,000	1,05,76,000	1,03,83,000
TOTAL INDIA	20,96,79,455	21,48,38,030	21,33,91,367	21,95,41,000	21,47,22,000	21,71,55,000
Equivalent in sterling	£ 13,978,630	£ 14,322,536	£ 14,226,091	£ 14,636,100	£ 14,314,800	£ 14,477,000
ENGLAND—						
<i>Effective Services—</i>						
Payments to War Office for British Forces	630,829	901,498	916,057	938,700	935,200	934,000
Furlough allowances, etc., British Forces	140,431	144,003	140,412	153,000	148,000	150,000
Consolidated Clothing Allowances of British Soldiers	...	...	...	...	16,300	26,900
Furlough Allowances, Indian Service	341, 83	354,281	354,527	350,000	370,000	370,000
Indian Troop Service	341,122	327,388	274,685	304,300	237,300	305,900
Other heads	112,745	52,970	39,860	99,500	135,500	47,300
Clothing Stores	209,463	188,885	104,754	90,300	81,800	63,200
Ordnance and Mis- cellaneous Stores	338,368	310,873	249,225	240,300	272,600	349,100
Medical Stores	58,322	56,729	73,627	80,400	92,000	114,400
Supply and Transport Stores	45,227	48,700	40,548	36,500	31,200	43,800
Operations in Persian Gulf (Stores)	...	...	18,287	...	11,100	...
Stores taken to India with Troops	...	...	...	68,400	38,100	48,000
TOTAL	2,218,290	2,385,336	2,211,982	2,361,400	2,369,100	2,452,600
<i>Non-effective Services—</i>						
Payments to War Office for British Forces	816,586	822,450	859,597	900,000	879,800	910,000
Pensions, Indian Service	1,471,685	1,476,771	1,434,100	1,420,000	1,435,000	1,430,000
Other Heads	162,342	170,173	169,411	171,000	173,000	175,000
TOTAL	2,450,613	2,469,394	2,463,108	2,491,000	2,487,800	2,515,000
TOTAL ENGLAND	£ 4,668,903	£ 4,854,730	£ 4,675,090	£ 4,852,400	£ 4,856,900	£ 4,967,600
TOTAL EXPENDITURE	£ 18,647,533	£ 19,177,266	£ 18,901,181	£ 19,488,500	£ 19,171,700	£ 19,444,600
RECEIPTS.						
India	92,48,424	78,06,570	84,75,854	88,43,000	91,26,000	94,97,000
Equivalent in sterling England	£ 616,562	£ 520,438	£ 505,057	£ 589,500	£ 608,400	£ 633,100
	405,917	342,501	412,671	419,900	409,500	457,800
TOTAL RECEIPTS	£ 1,022,479	£ 862,939	£ 977,728	£ 1,009,400	£ 1,017,900	£ 1,090,900
TOTAL NET EXPENDITURE	£ 17,625,054	£ 18,314,327	£ 17,923,453	£ 18,479,100	£ 18,153,800	£ 18,353,700

Revised, 1910-1911.

185. The Revised anticipates a large fall in the Indian expenditure, the saving being R48.19 lakhs (£321,300) on the Budget provision of R21,95.41 lakhs (£14,636,100). The outstanding causes are the reductions, amounting in all to R45.00 lakhs (£300,000), under food, railway charges, and ordnance. These will be again referred to later. There have also been savings and lapses arising from the retention of Army Head-quarters at Simla; fewer replacements in the Indian Army; less expenditure on the Indian Army Reserve; less charges for Supply and Transport Corps establishments, including a reduction of two pony-cart train cadres; reduced outlay on commissariat stores and hire of transport and on the conveyance of troops and stores by sea; deferred introduction of the schemes for signal companies and for increased pay to transport establishments; reduced requirements of the Medical and Clothing Departments; and less expenditure in India on Arms Traffic Operations.

Revised, 1910-11,
compared with
Budget, 1910-11.
Expenditure.
India.

186. Against the foregoing decreases in expenditure, amounting in all to over R68.00 lakhs (£453,400), the following increases may be enumerated; they amount in the aggregate to R16½ lakhs:—excess strength of the British Army in India owing to surplus drafts being sent out; less officers on leave than anticipated and also variations in the ranks of regimental officers at duty; purchase of horses to replace the excessive number of old animals in British Cavalry regiments; purchase of additional transport mules; and acquisition of land for the proposed cantonment at Dacca and for a Volunteer rifle range at Calcutta. A deduction of about R8½ lakhs was made in the Indian estimates in anticipation of savings at Home by the use of the R. I. M. S. "Dufferin" in place of a hired transport on Home trooping, but the proposal was not carried into effect and the adjusting entry in the Indian Budget is therefore treated as an increase of expenditure in India.

187. Under Home expenditure an increase of £4,500 is anticipated. It has been decided to purchase stores to the value of £85,800 in anticipation of next year's requirements. In connection with the Arms Traffic Operations, the Secretary of State expects to pay the Admiralty £88,700 and to expend £11,100 on coal this year, thus causing an excess outlay of £43,800 over the provision of £56,000 in the Budget. The principal counterbalancing saving is one of £67,000 accruing under the Indian Troop Service which is due principally to 10 voyages of hired transport having been found sufficient for the actual Home reliefs as against the 12 voyages anticipated in March last.

Home.

188. The Revised estimate anticipates an improvement under receipts of R2.83 lakhs (£18,900) in India and a small decrease of £10,400 at Home. The increase in India is mainly due to larger outturn of dairy farms, and to sales of old cavalry horses, and ordnance and medical stores.

Receipts.
India and Home.

189. The net expenditure of the year thus falls below the Budget estimate by £325,300.

Net expenditure

190. The total provision for Special or "Schedule" expenditure in the Budget of 1910-11 was R38.57 lakhs (£257,100), and it is anticipated that the actuals will amount to R37.71 lakhs (£251,400). Savings occurred, notably in connection with the formation of Signal Companies, rearmament of North-West Frontier Militia, establishment of dairies, and increased pay to transport personnel, which admitted of fresh allotments being made for other purposes, e.g., to meet the cost of replacing 300 old horses in British Cavalry regiments, of purchasing Maxim gun mules for the North-West Frontier Brigades, and of acquiring land for lines and a rifle range at Dacca.

Special
Expenditure.

The more important measures and the outlay on each during the current year are stated below:—

	Expenditure in 1910-1911.	
	Lakhs.	Equivalent in £
(i) Completion of the 8 new Artillery Ammunition Columns	R 1.98	13,200
(ii) Re-armament of horse and field artillery with quick-firing guns	4.35	29,000
(iii) Extension of dairies	1.56	10,400
(iv) Establishment of the Cavalry School at Saugor	.55	3,700

	Expenditure in 1910-1911.	
	Lakhs. R	Equivalent. in £
(v) Reconstruction of a set of Indian Cavalry lines at Sialkot	50	3,300
(vi) Formation of Signal Companies	2.61	17,400
(vii) Rifle carrying equipment for Indian Cavalry units	1.70	11,300
(viii) Acquisition of land at Nowshera and Dacca	1.72	11,500
(ix) Electrification of the Gun and Shell Factory, Cossipore . . . . .	.60	4,000
(x) Light entrenching tools for Infantry	2.01	13,400
(xi) Purchase of short rifles for regular troops	10.28	68,500
(xii) Increased pay to transport personnel . . . . .	.85	5,700
(xiii) Rearmament of the Militia . . . . .	.88	5,900
(xiv) Reorganisation of the Ordnance Department and improvement of Account System of factories . . . . .	.99	6,600
(xv) Reconstitution of reserve of artillery horses	2.07	13,800
(xvi) Replacement of 300 old horses in British Cavalry Regiments	2.40	16,000
(xvii) Maxim gun mules for North-West Frontier Brigades . . . . .	.52	3,500
(xviii) Increase of scale of bayonet fighting equipment . . . . .	.57	3,800

Budget, 1911-1912

Budget, 1911-12, compared with Revised, 1910-11. Expenditure. India.

191. The Indian grant for 1911-12 falls below that of the current year by R23.86 lakhs (£159,100) but exceeds the probable actuals of 1910-11 by R24.33 lakhs (£162,200). The relation between the two is obscured by the large provision for Special Services which has to be made in the Indian portion of the estimates. For 1911-12 a sum of R50.00 lakhs (£333,300) is provided for Military expenditure in connection with the Royal visit to India and on other purposes associated with His Majesty's Coronation, while the entire expenditure in connection with Arms Traffic Operations, a portion of which will ultimately be a Home charge, is at present included on the Indian side. Apart from Special Services, the Budget of 1911-12 is below the Revised of 1910-11 by R31.97 lakhs (£213,200).

The real improvement which has thus occurred is accounted for mainly by the further reduction of R20.00 lakhs expected under food charges and by the smaller number of animals to be purchased for Army purposes, which involves a decrease of R10.97 lakhs. The temporary excess of British troops will be rectified in the course of 1911-12. Some minor economies have also been effected, e.g., by the abolition of the experimental balloon section and of the remaining mounted infantry schools. On the other hand, the permanent charges are somewhat increased as the result of the "Schedule" measure undertaken in the current year.

Home.

192. The Home estimates for 1911-12 include an expenditure of £4,967,600 as compared with £4,856,900 in the Revised, i.e., an increase of £110,700. As already stated, the intended provision for expenditure on the Arms Traffic Operations in 1911-12 has been included in the India side of the Budget, and apart from Special Services the increase in the Home estimates is thus £210,500. Under Schedule expenditure there is a largely increased provision for Home stores, including an allotment of £100,000 for new artillery armament. The Ordinary store demands on account of the year 1911-12 have also risen by £130,000, and the special saving in connection with the Indian troop service to which reference was made in paragraph 187 is not expected to be repeated. On the other hand, the Home estimates of 1911-12 have been relieved by the advance purchases referred to in the same paragraph.

Receipts.

India and Home.

193. The anticipated receipts in 1911-12 amount to R1,63.64 lakhs (£1,090,900), i.e., an improvement as compared with the Revised of R10.96 lakhs (£73,000). Larger sales of farm produce, and of medical and clothing stores, and larger receipts at Home mainly under recoveries of clothing allowances from the War Office, account for the expected increase.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 249

194. In the net, Army expenditure for 1911-12 thus exceeds the probable actuals of 1910-11 by £199,900. Net Expenditure.

195. The gross estimated expenditure of 1911-12 is thus R6'58 lakhs (£43,900) below that of the current year, an increase of R17'28 lakhs (£115,200) in the Home provision being more than counterbalanced by a reduction of R23'86 lakhs (£159,100) in the Indian portion. The receipts show an improvement of R6'54 lakhs (£43,600) in India and £37,900 at Home, and the net Army expenditure of 1911-12 is thus expected to fall below the original estimate for 1910-11 by £125,400. Budget, 1911-12,
compared with
Budget, 1910-11.
India and Home.

196. The expenditure on Special measures incorporated in the Budget, 1911-12, is R48'25 lakhs (£321,600), as compared with R37'71 lakhs (£251,400) in the Revised and R38'57 lakhs (£257,100) in the Budget of 1910-11. The following are the more important measures to be undertaken or under consideration:— Special
Expenditure.

	Further Expenditure proposed in 1911-1912 (India and Home).	
	Lakhs.	Equivalent in £
<i>(a) Measures in progress.</i>		
(1) Provision of maxim guns and mountings	1'39	9,300
(2) Rearmament of horse and field artillery	1'14	7,600
(3) Extension of dairies	1'54	10,300
(4) Formation of signal companies	1'74	11,600
(5) Purchase of short rifles for regular troops	10'33	68,900
(6) Rearmament of militia	2'95	19,700
(7) Reconstitution of reserve of artillery horses	2'62	17,500
<i>(b) New Measures.</i>		
(8) Panoramic sights for mobile artillery	1'50	10,000
(9) Web equipment for British Infantry in India	1'50	10,000
(10) Rearmament of Artillery	15'00	100,000
(11) Divisional Artillery staff for six divisions and an Inspector of Mobile Artillery	1'14	7,600
(12) Employment of four more Lieutenant-Colonels, R.G.A.	'83	5,500
(13) New pattern bayonet for British troops	1'00	6,700
(14) Replacement of aged horses in British Cavalry Regiments	2'90	19,300

XXXIII AND 46A.—MARINE.

		Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
					Budget.	Revised.	
EXPENDITURE—							
India	R	35,96,072	36,68,571	37,79,010	38,33,000	38,19,000	37,08,000
Equivalent in sterling	£	239,738	244,571	251,934	255,500	254,600	247,200
England	£	245,286	232,386	209,223	228,800	206,900	200,100
Total	£	485,024	476,957	461,157	484,300	461,500	447,300
RECEIPTS—							
India	R	13,15,296	18,81,727	12,51,892	11,20,000	13,58,000	13,56,000
Equivalent in sterling	£	87,686	125,448	83,460	74,700	90,500	90,400
England . . . . .	£	...	...	...	...	...	...
Total	£	87,686	125,448	83,460	74,700	90,500	90,400
NET EXPENDITURE	£	397,338	351,509	377,697	409,600	371,000	356,900

Revised, 1910-1911.

*Revised, 1910-11,
compared with
Budget, 1910-11.
Expenditure,
Receipts and Net
Expenditure.
India and Home.*

197. The total expenditure (India and Home) is less than the Budget by £22,800, and the total receipts show an improvement of £15,800, which results in the net expenditure being £38,600 less than the Budget. A reduction of £21,900 is expected in Home expenditure on miscellaneous stores, the demands and prices being lower than anticipated; the reduction would have been more if anticipatory purchases of stores to the value of £10,900 had not been made. The Indian expenditure varies very slightly in the aggregate from the Budget.

Special Expenditure.

198. The Budget provided for £9,900 for the completion of a tug to replace the "Elephanta." The special expenditure anticipated in the Revised is £17,600, the addition being due to expenditure on dredging operations to clear the approaches to the Bombay Dockyard.

Budget, 1911-1912.

*Budget, 1911-12,
compared with
Revised, 1910-11.
India and Home.*

199. Compared with the Revised, the Budget for 1911-12 anticipates a reduction of £14,200 in expenditure, and of £100 in receipts, or a net decrease of £14,100. The decrease is due to less provision for Home marine stores, consequent on advance purchases being made in 1910-11 to the value of £19,000 of which £10,900 represents the value of ordinary marine stores referred to above and £8,100 the value of coal purchased for the Arms Traffic Operations. There is also a reduction in Special expenditure in India in connection with the hire and construction of dredgers for Bombay.

Special Expenditure.

200. The Budget for 1911-12 provides £4,900 for the completion of the dredgers required at Bombay.

XXXIV and 47.—MILITARY WORKS.

	Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
				Budget.	Revised.	
ORDINARY EXPENDITURE.						
India	₹ 95,90,397	97,63,147	95,09,513	97,07,000	1,01,00,000	97,12,000
Equivalent in sterling	£ 639,360	650,877	633,968	647,100	673,300	647,500
England	£ 44,641	29,023	19,041	18,300	15,100	15,100
TOTAL	£ 684,001	679,900	653,009	665,400	688,400	662,600
RECEIPTS.						
India	₹ 8,59,015	8,88,805	11,36,600	9,50,000	9,87,000	10,00,000
Equivalent in sterling	£ 57,268	59,254	75,773	63,300	65,800	66,700
England . . . . .	£ ...	...	...	...	...	...
TOTAL	£ 57,268	59,254	75,773	63,300	65,800	66,700
Net expenditure Ordinary	£ 626,733	620,646	577,236	602,100	622,600	595,900
SPECIAL DEMANDS EXPENDITURE.						
India	₹ 68,54,137	41,31,267	28,47,665	30,93,000	27,00,000	38,43,000
Equivalent in sterling	£ 456,943	275,418	189,844	206,200	180,000	256,200
England	£ 25,999	12,044	15,489	8,000	11,200	5,600
TOTAL	£ 482,942	287,462	205,333	214,200	191,200	261,800
TOTAL NET EXPENDITURE	£ 1,109,675	908,108	782,569	816,300	813,800	857,700

201. Under this head, Ordinary expenditure, and expenditure on "Special Demands", i.e., on Military Works Schedule measures, are separately compiled in the ordinary course of accounting, and can therefore be separately examined.

Revised, 1910-1911.

202. Under Ordinary expenditure the Revised anticipates an excess of ₹3.45 lakhs (£23,000) which is chiefly due to extra grants having been necessary to meet the excessive damage done to buildings by the heavy monsoon, and for other additional work undertaken during the year. ₹57 lakh (£3,800) out of the total excess represents a contribution work which will be covered by a corresponding receipt in the civil estimates.

The Military Works receipts represent the rents derived from military quarters, recoveries for water supply and electrical power and the sale proceeds of materials. The rental receipts are increasing with the yearly additions to quarters. The improvement of ₹0.37 lakh (£2,500) is due to the increase of the year exceeding anticipations.

203. Under Special Demands a decrease of ₹3.45 lakhs (£23,000) is expected, notwithstanding that additional grants aggregating ₹4.15 lakhs (£27,700) were transferred from available funds under the Army head for utilisation on the improvement of the lines of Indian infantry and of Indian combatants of Royal Artillery, and on dairy buildings. The decrease is chiefly attributable to the details of several important works not having been settled in time to admit of the full expenditure contemplated. The bulk of the funds provided in the Budget has been applied to the improvement of the Indian Infantry lines, to buildings in progress in Quetta, Jubbulpore, Ahmednagar, and Risalpur where accommodation is required for the troops to be transferred to those stations, and to meeting the requirements of ordnance establishments. ₹1.25 lakhs were also allotted during the year for the commencement of the buildings required for a Gurkha battalion near Darjeeling.

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Net Expenditure. On Military Works expenditure as a whole a net decrease of R 37 lakh (£2,500) is anticipated, representing the improvement in receipts.

*Budget, 1911-12,
compared with
Budget, 1910-11,
India and Home.*

Budget, 1911-1912.

Ordinary
Expenditure.

204. The Ordinary Military Works grant for 1911-12 has been fixed at R 99.38 lakhs (£662,600) or R 44 lakh (£2,800) less than in 1910-11. This is due to an anticipated reduction in establishment charges.

Receipts.

The anticipated increase of R 50 lakh (£3,400) in receipts allows for the probable expansion in rental recoveries from quarters.

Special Demands.
Expenditure.

205. The provision made for Special Demands, namely R 39.27 lakhs (£261,800) is R 7.14 lakhs (£47,600) in excess of that made in 1910-11. The bulk of this expenditure has been allotted to the prosecution of the works mentioned in paragraph 203, including R 13.00 lakhs (£86,700) for Indian infantry lines under reconstruction, and R 2.50 lakhs (£16,700) for the Gurkhá lines near Darjeeling. The allotment for new works amounts to R 6.70 lakhs (£44,700).

Net Expenditure.

206. The net expenditure proposed in 1911-12 is thus £41,400 above the Budget figure for 1910-11, the increase being represented by additional provision of £47,600 for Special demands and a reduction of £6,200 in Ordinary expenditure.

47A.—SPECIAL DEFENCES.

EXPENDITURE.		Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
					Budget.	Revised.	
India	R	14,31,376	2,55,230	82,934	22,000	54,000	1,01,000
Equivalent in Sterling	£	95,425	17,015	5,529	1,500	3,600	6,700
England	£	20,862	12,029	23,075	...	6,000	200
TOTAL	£	116,287	29,044	28,604	1,500	9,600	6,900

207. The Revised shows an increase of £2,100 under Indian expenditure, *Revised, 1910-11.* due to the acceleration of works in hand, while at Home a payment of £6,000, brought forward from 1909-10, has been made.

The only provision made in 1911-12 is that of R104 lakhs (£6,900) *Budget, 1911-12.* on works now in progress.

The entire charges are treated as Special.

Special Expenditure.

MILITARY SERVICES : SUMMARY.

Summary.

EXPENDITURE—		Accounts, 1907-1908.	Accounts, 1908-1909.	Accounts, 1909-1910.	1910-1911.		1911-1912, Budget.
					Budget.	Revised.	
India	R	23,11,51,437	25,26,56,245	22,06,10,489	23,61,96,000	23,13,95,000	23,45,19,000
Equivalent in Sterling	£	15,410,096	15,510,417	15,307,366	15,746,400	15,426,300	15,634,600
England	£	5,005,691	5,140,212	4,941,918	5,107,500	5,096,100	5,188,600
Total Expenditure	£	20,415,787	20,650,629	20,249,284	20,853,900	20,522,400	20,823,200
RECEIPTS—							
India	R	1,14,22,735	1,05,77,102	1,08,64,346	1,09,13,000	1,14,71,000	1,18,53,000
Equivalent in Sterling	£	761,516	705,140	724,290	727,500	764,700	790,200
England	£	405,917	342,501	412,671	419,900	409,500	457,800
Total Receipts	£	1,167,433	1,047,641	1,136,961	1,147,400	1,174,200	1,248,000
NET EXPENDITURE	£	19,248,354	19,602,988	19,112,323	19,706,500	19,348,200	19,575,200

208. On a comparison of the estimates for Military Services as a whole with the Budget for 1910-11, the Revised shows a decrease in net expenditure amounting to £358,300 and the Budget for 1911-12 a decrease of £131,300. The following are some of the more significant factors contributing to these results :—

	Budget, 1910-1911.	Revised, 1910-1911, more (+) less (-) than Budget, 1910-1911.	Budget, 1911-1912, more (+) less (-) than Budget, 1910-1911.
	£	£	£
Arms Traffic Operations	173,500	+16,900	-40,200
Coronation expenditure . . . . .	...	...	+333,300
All food charges	1,807,000	-158,300	-291,700
Conveyance charges	427,400	-93,600	-95,900
Indian Ordnance charges	664,400	-68,600	-67,300
Home Army stores	447,500	+30,100	+123,000
	3,519,800	-273,500	-38,800
All Military Heads—Net	19,706,500	-358,300	-131,300

209. The combined Indian and Home Budget provision for expenditure on the Arms Traffic Operations in the Persian Gulf in the current year amounted to £173,500, and it is now expected that the actual payments will aggregate £190,400, which includes £88,700 payable as subsidy to the Admiralty ; for

the coming year £133,300 (₹20'00 lakhs) have been provided towards meeting expenditure on the continuance of the operations. For the Coronation ceremonies at Home, for which a Contingent will be sent from India, it is expected that about £16,700 will be needed, mainly for conveyance charges; while for the Military arrangements in connection with the Durbar at Delhi, and for certain allied charges, £316,600 has been set aside.

210. A large saving has been obtained under food supplies. Though there was some improvement of rates in 1909-10 of which due account was taken, little indication had been given of the further sharp and progressive fall in prices which set in at the beginning of the current year. Improved control over departmental and regimental arrangements has also contributed to the final result. The following figures indicate that, notwithstanding an increase in the number of men and animals, a return is now being made to the standard of expenditure which obtained five years ago:—

Years.	Compensation charges.	Other food charges.	Total
	£	£	£
Average for four years 1901-1902 to 1904-1905	214,800	982,900	1,197,700
1906-1907	342,600	1,259,700	1,602,300
1908-1909	574,000	1,473,100	2,047,100
1910-1911 (Revised)	325,000	1,323,700	1,648,700
1911-1912 (Budget)	266,700	1,248,600	1,515,300

211. The fall in conveyance charges, as compared with the Budget provision of 1910-11, is attributable principally to the latter including a reserve—largely conjectural—towards meeting the increased charges attendant on the contemplated revision of the rates for Military traffic, a question which was still under consideration when this year's Budget was under preparation. For some years past there has been a progressive decline in Indian Ordnance charges, and this was well maintained in the current year.

212. The variations in the figures for Home Army stores represent the net result of several material departures from the Budget expectations of the current year. The Revised estimate includes a smaller amount of expenditure on account of this year's requirements, but is increased by the anticipatory purchases of stores to which reference has already been made. The Home figures for the coming year would, but for this arrangement, have exhibited an increased demand for Ordinary stores; and they also include a larger provision for Special expenditure, the principal new item being one of £100,000 for artillery re-armament. The Schedule as a whole is thus raised to £595,300 in 1911-12 as compared with the provision of £482,700 allowed in the current year's Budget and £469,800, the amount which is expected to be spent.

CAPITAL EXPENDITURE ON RAILWAYS AND IRRIGATION WORKS NOT CHARGED TO REVENUE.

RAILWAY CONSTRUCTION.

213. The expenditure on Railway Construction for which the Government of India undertake financial responsibility or give any direct guarantee is now estimated at R11,91.62 lakhs in 1910-11, against a Budget estimate of R16.30 lakhs. There is thus a considerable lapse of R4,38.38 lakhs in the Budget allotments; and of this about R2½ crores occur on purchased lines worked by companies, and about R1¼ crores in the outlay chargeable against the capital of Indian Railway Companies. One of the principal reasons for the lapse is that a number of projects for which provision had been made in the programme had not been sufficiently matured at the beginning of the year to admit of work being started on them. A stricter control is moreover now exercised by the Railway Board over the expenditure, and no outlay can ordinarily be incurred in anticipation of the preparation of detailed estimates and of formal sanction thereto. *Revised, 1910-11.*

214. For 1911-12, the programme of Capital outlay on Railway Construction has been placed at R14,25,00,000, *i.e.*, about R2½ crores higher than the probable expenditure in the current year. *Budget, 1911-12.*

215. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1909-10 to 1911-12 is as follows:—

	Accounts, 1909-19 0.	1910-1911.		1911-1912, Budget.
		Budget.	Revised.	
1. Outlay on State lines:				
(a) India	R 6,33,69,469	9,93,15,000	8,68,97,000	8,92,28,000
(b) England	£ 2,096,986	1,897,600	1,930,900	2,154,600
TOTAL	£ 6,321,617	8,518,600	7,724,000	8,103,200
2. Outlay of Companies:				
(a) India	R 1,04,29,062	1,44,45,000	—1,37,42,000	71,34,000
(b) England	£ 1,367,819	1,385,100	1,136,200	921,300
TOTAL	£ 2,063,077	2,348,100	220,100	1,396,800
Total of Programme	£ 8,384,694	10,866,700	7,944,100	9,500,000

In consequence of the purchase of the Indian Midland Railway by Government with effect from the 1st January 1911, provision for the transfer of overdrawn capital and advances by Government, aggregating R188.18 lakhs from the Company's capital account to the head Outlay on State lines has been made in the Revised estimate for 1910-11. This accounts for the *minus* entry under Outlay of Companies—India. The following amounts of outlay in England on account of purchased lines worked by Companies are included in the Indian figures under Outlay on State lines:—

2,221,756 2,949,300 2,158,700 2,897,800

256 BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12.

216. The details of the Budget grant for 1911-12 are shown below :—

Lakhs of rupees.

	Open lines.	CONSTRUCTION OF	
		Lines in progress.	New lines.
I—OUTLAY ON STATE RAILWAYS :—			
1. Assam-Bengal :—			
(i) Open line	20.26	...	...
(ii) Bhairab Bazar-Tangi . . . . .	...	14.00	...
(iii) Kalaura-Sylhet . . . . .	...	1.83	...
2. Bezwada Extension	0.02	...	...
3. Bombay, Baroda and Central India :—			
(i) Main line	71.00	...	...
(ii) Rajputana-Malwa	31.30	...	...
(iii) Broach-Jambusar . . . . .	...	...	5.00
(iv) Biana-Agra . . . . .	...	...	14.00
4. Burma Extensions :—			
(i) Open line	2.86	...	...
(ii) Southern Shan States . . . . .	...	25.00	...
5. Dhone-Kurnool	0.40	...	...
6. East Indian :—			
(i) Open line	97.57	...	...
(ii) Bhagalpur-Bausi . . . . .	...	1.48	...
(iii) Hugli-Katwa . . . . .	...	13.33	...
(iv) Katwa-Barharwa . . . . .	...	44.19	...
7. Eastern Bengal System :—			
(i) Open line	84.66	...	...
(ii) Rangia-Tangla . . . . .	...	8.00	...
(iii) Singhjani-Fulchari . . . . .	...	...	10.00
8. Great Indian Peninsula System :—			
(i) Open line	103.30	...	...
(ii) Bombay Harbour Branch . . . . .	...	3.94	...
(iii) Itarsi-Nagpur, etc. . . . .	...	60.00	...
(iv) Indian Midland	31.68	...	...
9. Jodhpur-Hyderabad (British Section)	0.03	...	...
10. Lower Ganges Bridge . . . . .	...	55.00	...
11. Nagda-Muttra	31.00	...	...
12. North-Western :—			
(i) Open line	256.86	...	...
(ii) Shorkot Road—Chichoki . . . . .	...	7.57	...
(iii) Trans-Indus (Kalabagh-Bannu, etc.) . . . . .	...	25.00	...
(iv) Sarai Kala-Havelian . . . . .	...	...	15.00
(v) Jakhal-Hissar . . . . .	...	...	14.00
13. Oudh and Rohilkhand :—			
(i) Open line	25.35	...	...
(ii) Akbarpur-Tanda . . . . .	...	4.17	...
(iii) Dhakia-Sambhal . . . . .	...	4.00	...
(iv) Allahabad-Rae Bareli-Cawnpur . . . . .	...	44.75	...
(v) Cawnpur-Banda . . . . .	...	...	14.00
(vi) Gujraula-Chandpur . . . . .	...	38	...
14. South Indian System	50.37	...	...
15. Tirhoot and extensions :—			
(i) Open line	10.60	...	...
(ii) Samastipore-Roserah . . . . .	...	3.57	...
(iii) Roserah Shakarpura-Khagaria . . . . .	...	...	10.00
	817.26	316.21	82.00
II.—OUTLAY OF INDIAN RAILWAY COMPANIES :—			
1. Bengal-Nagpur	37.94	37.98	32.00
2. Burma	50.72	3.00	...
3. Lucknow-Bareilly	0.29	...	...
4. Madras and Southern Mahratta	47.40	20	...
	136.35	41.18	32.00

217. In accordance with our usual practice and the recommendation of the Indian Railway Finance Committee, a greater portion of the grant in 1911-12 has again been allotted for open line works and rolling stock. It has however been found possible, after making sufficient provision for improvements in facilities on open lines, to devote a larger sum for the construction of lines in progress and of new lines than was allotted for this purpose from the higher Budget grant in 1910-11.

218. In making allotments for new lines, the needs of the several provinces and the recommendations of the local authorities have as usual been carefully considered. The Broach-Jambusar Railway is required for the development of the Broach district in the Bombay Presidency. The Biana-Agra line, whose construction has been strongly pressed by the Bombay Chamber of Commerce, will form a more direct broad-gauge connection between Agra and the Nagda-Muttra Railway, open up a new country and serve the famous Bharatpur quarries. The Singhjani-Fulchari line will link up the Dacca and Northern Sections of the Eastern Bengal State Railway and will traverse a rich and very populous jute country. The Sarai Kala-Havelian Railway from the Sarai Kala station on the North-Western Railway to the foot of the hills of Abbottabad will prove a valuable feeder to the North-Western Railway and is intended to serve the Hazara district of the North-West Frontier Province. The Jakhhal-Hissar line, another feeder of the North-Western system, will serve a fertile tract of country in South-East Punjab. The Cawnpore-Banda Railway will develop a country with cotton and other produce and will also help the tanning industry at Cawnpore which is in much need of *babool* bark from the Hamirpur district; its construction is advocated by the Upper India Chamber of Commerce. The Roserah-Shakarpura-Khagaria extension of the Samastipur-Rosera line in Behar is intended to open up a district comparatively remote from trade routes, badly provided with roads and subject to periodical scarcity.

The lines to be constructed by the Bengal-Nagpur Railway are two in Bengal, *viz.*, the Mohuda-Jamooni extension, forming the first portion of the line intended to serve the Bokharo-Ramghar coalfields, and the Ranchi-Lohardugga extension, which will develop the fertile country lying in the Ranchi plateau west of Ranchi town; and two in the Madras Presidency, *viz.*, the Parvatipur-Singapur Road section of the Raipur-Vizianagram line, which forms another instalment of the larger scheme intended to connect the main line of the Bengal-Nagpur Railway with the port of Vizagapatam and to open up the South-Eastern tracts of the Central Provinces, and the Bobbili-Salur branch which will tap the very considerable traffic in rice, jute, cereals, etc., from the highlands of the rich Jeypore plateau.

219. The figures in the table in paragraph 215 do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor of Branch Line Companies not in receipt of a direct guarantee. Including this expenditure, and also some small expenditure from Provincial Revenues, the total outlay on Railway Construction in the three years is as follows:—

	Accounts, 1909-1910.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.
	₹	₹	₹
Total as in preceding table	12,57,70,615	11,91,62,000	14,25,00,000
Famine Protective Lines	1,80,226	6,75,000	15,00,000
Branch Lines not on firm guarantee	8,23,571	15,70,000	5,57,000
Provincial State Line	18,671	20,000	15,000
Grand total in Rupees	12,67,93,083	12,14,27,000	14,45,72,000
Grand total in £ sterling at ₹15 to the £	8,452,872	8,095,100	9,638,100

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS

220. The figures are—

	Accounts, 1909-1910.	Budget, 1910-1911.	Revised, 1910-1911.	Budget, 1911-1912.
Total in Rupees	1,57,85,241	1,70,00,000	1,82,00,000	1,90,00,000
Equivalent in Sterling	1,052,349	1,133,300	1,213,300	1,266,700

*Capital outlay on
productive
irrigation Works.*

221. The Budget grant of 1,70 lakhs has been raised to 1,82 lakhs in the Revised, and it is expected that the latter figure will be fully spent during the current year owing to satisfactory progress of work on the Triple Canal scheme in the Punjab. The grant in next year's Budget has been fixed at 1,90 lakhs as it appears probable from the progress of expenditure that the increased allotment will be usefully employed. The following table shows the projects included in the programme of 1910-11 as now revised and in that of 1911-12, and the amount to be spent on each :—

Name of project.	Expenditure in	
	1910-1911.	1911-1912.
<i>Canals in operation—</i>	R	R
Mandalay Canal	29,000	7,000
Shwebo "	2,01,000	2,13,000
Ganges Canal, including Mat and Hathras branches	6,19,000	6,43,000
Lower Ganges Canal	1,59,000	59,000
Agra Canal	1,44,000	87,000
Eastern Jumna Canal	54,000	21,000
Western " "	40,000	30,000
Upper Bari Doab "	2,62,000	3,70,000
Sirhind Canal	72,000	1,40,000
Lower Chenab Canal	5,00,000	4,50,000
Lower Jhelum "	71,000	3,00,000
Indus Inundation Canals	2,00,000	1,30,000
Godavari Delta	62,000	1,03,000
Kistna "	60,000	60,000
Cauvery "	1,05,000	75,000
Periyar Project	85,000	37,000
Jamrao Canal	67,000	93,000
<i>Canals under construction—</i>		
Asola Mendha Tank works	1,46,000	2,00,000
Mon Canals	7,77,000	5,12,000
Ye-u Canal	4,07,000	5,18,000
Upper Chenab Canal	43,65,000	38,00,000
Upper Jhelum "	40,44,000	45,00,000
Lower Bari Doab Canal	29,40,000	37,68,000
Upper Swat River Canal	21,92,000	23,75,000
Nagavalli River Project	1,06,000	74,000
Divi Island Project	73,000	65,000
<i>Other Projects</i>	4,20,000	3,70,000
TOTAL R	1,82,00,000	1,90,00,000
Equivalent in Sterling £	1,213,300	1,266,700

A major portion of the grant will be again applied to push on work in connection with the Triple Canal project in the Punjab and with the Upper Swat River Canal in the Frontier Province. It is also proposed to allot funds on an important navigation project in Burma—*viz.*, the Twante Canal—as soon as it receives the Secretary of State's sanction.

WAYS AND MEANS.

HOME TREASURY.

222. The bulk of the payments made in England on account of the Government of India consists of expenditure chargeable to the Indian revenues; and if this represented the only charges, the Ways and Means programme would be a simple arrangement, as the whole of the expenditure would ordinarily be met by remittance of funds from India. The capital outlay on the construction of railways and irrigation works, however, necessitates heavy borrowing; and a greater portion of the money required is usually raised in England, either direct or through the agency of Companies. A further complication is introduced by the practice under which all payments made in England to Railway Companies working purchased lines, for purchase of stores and other capital purposes, as well as all moneys raised by them and paid into the Home Treasury, are brought to account under the appropriate heads in this country and are treated in the Home Accounts and Estimates as remittances to or from India respectively. The transactions connected with the Gold Standard Reserve, and with the replacement of one particular form or item of direct or indirect debt by another, also largely swell the receipts and charges of the Home Treasury without affecting the general Ways and Means programme.

Introductory.

223. The following are the details of the transactions appearing in the Budget and Revised Estimates of the Home Treasury for 1910-11 and in the Budget Estimate of 1911-12.

RECEIPTS.	Budget, 1910-1911.	Revised, 1910-1911.	Budget, 1911-1912.
Capital raised and deposited by Railway Companies—			
• For Capital outlay	£ 1,800	£ 1,800	£ 2,000
• For discharge of Debentures	2,848,400	...	1,670,000
Permanent Debt incurred for the redemption of Railway Liabilities	3,654,100	3,654,100	...
Temporary Debt to be raised for the discharge of Railway Capital Stock	2,250,000	...	...
Temporary debt renewed	6,000,000	5,000,000	4,500,000
Deposits and Advances—			
Gold Standard Reserve	10,410,500	11,633,800	9,498,400
*Paper Currency Reserve . . . . .	...	2,545,000	1,333,300
*South Indian Railway Agreement	980,000	...	...
Other items	11,000	101,400	39,300
Remittance Account between England and India—			
Railway transactions	3,112,800	2,300,000	1,362,800
Other transactions	347,000	924,800	709,000
Total Receipts, excluding Council Bills and Loans	29,615,600	26,160,900	19,114,800
DISBURSEMENTS.			
Excess of Expenditure over Revenue	19,054,500	18,696,000	19,105,400
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	1,928,300	1,997,900	2,222,400
Redemption of Railway Liabilities	5,904,100	5,904,100	...
Outlay of Railway Companies	1,386,900	1,138,000	923,300
*Payments to Railway Companies for discharge of debentures	2,848,400	...	1,670,000
Permanent Debt discharged	817,900	817,900	2,276,200
Temporary Debt discharged	6,000,000	6,000,000	5,000,000
Deposits and Advances—			
Gold Standard Reserve : Investments	11,151,600	13,156,400	9,492,000
*Paper Currency Reserve . . . . .	...	2,545,000	1,333,300
*South Indian Railway Agreement	980,000	...	...
Other transactions	1,200	2,100	38,600
Remittance Account between England and India—			
Railway transactions	3,467,400	2,165,500	2,912,100
Other transactions	379,400	444,000	414,900
Total Disbursements	53,919,700	52,866,900	45,388,200
NET DISBURSEMENT	24,304,100	26,706,000	26,273,400
Financed as follows :			
Council Bills	15,500,000	23,500,000	15,825,000
Permanent Debt incurred	589,600	4,939,800	3,137,500
Reduction of cash balance	8,214,500	—1,733,800	7,310,900
TOTAL	24,304,100	26,706,000	26,273,400
Opening Balance	14,802,415	15,809,618	17,543,418
Closing Balance	6,587,915	17,543,418	10,232,518

* The heads marked with an asterisk appear on both the receipt and payment sides. As the receipt and disbursement under each of them are generally equal, they do not affect the Ways and Means of the year to any material extent.

Revised, 1910-11.
General.

224. The net disbursements in 1910-11 are now taken at £26,706,000 or £2,401,900 more than the Budget. There has been a payment of £1,000,000 on account of temporary debt instead of a receipt of £2,250,000; while the deposits of capital by railway companies working purchased lines have been £812,800 less than the Budget estimate. The transactions connected with the Gold Standard Reserve described in paragraph 234 have also resulted in an increased net payment of £781,500 for the investment of a part of the liquid balances of the Reserve held in the Home Treasury at the beginning of the year. The total increase in the net disbursements from these three sources amounts to £4,844,300. But this has been partly counterbalanced by a total improvement of £2,442,400 under the other items, mainly owing to decreases of £248,900 and £1,301,900 respectively in the capital outlay of railway companies and in the payments to companies working purchased railways; an increase of £492,000 in the net receipts in connection with postal and money order transactions exchanged between England and India caused by larger receipts for money orders issued in the Colonies; and a reduction of £358,500 in the net expenditure chargeable to revenue.

225. The activity of the export trade has led to a heavy demand for remittance of funds to India; and the total drawings of the Secretary of State in the current year are now expected to amount to £26,645,000. Of this £2,545,000 and £600,000 will be appropriated respectively as remittances on account of the Paper Currency Department and the Gold Standard Reserve, and the remaining £23,500,000 will be available to meet the disbursements of the Home Treasury, against a Budget estimate of £15,500,000. The amount received during the year in the Treasury in respect of sterling loans will also exceed the Budget by £4,350,200 owing to the reasons explained in paragraph 228 below. The total of these various improvements amounts to £12,350,200, and deducting from this the increase of £2,401,900 in the net disbursements, the result will be that the balances of the Treasury will be increased during the year by £1,733,800 instead of being drawn upon to the extent of £8,214,500.

1910-11. Capital
raised and deposited
by Railway
Companies.

226. The details of the transactions in respect of capital raised and deposited by Railway Companies are as follows :—

RECEIPTS.			
Subscribed Capital.		Budget, 1910-1911.	Revised, 1910-1911.
To discharge Debentures—		£	£
Assam-Bengal Railway		300,000	...
Bengal-Nagpur Railway		1,948,900	...
Indian Midland Railway		407,500	...
Madras and Southern Mahratta Railway		160,000	...
Rohilkbund and Kumaon Railway		32,000	...
		2,848,400	...
To meet Capital outlay—			
Miscellaneous (Transfer fees, etc.)		1,800	1,800
	TOTAL RECEIPTS	2,850,200	1,800
ISSUES.		£	£
For discharge of Debentures		2,848,400	...
For Capital outlay, i.e., Stores, Establishment Charges, etc.		1,386,900	1,138,000
	TOTAL	4,235,300	1,138,000

None of the Railway Companies have been able to raise any fresh capital to replace debentures which have matured, and the whole of these amounting to £2,848,400 have accordingly been renewed.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 261

227. The following are the details of the Railway remittance transactions. As already explained, they occur almost wholly in connection with the capital account of the purchased lines worked by Companies:—

RECEIPTS.	Budget, 1910-11. £	Revised, 1910-11. £
<i>Debentures raised—</i>		
East Indian Railway for additional capital expenditure	935,000	...
Great Indian Peninsula Railway for additional capital expenditure	1,662,500	2,294,300
South Indian Railway for additional capital expenditure	510,000	...
Transfer fees, etc.	5,300	5,700
TOTAL RECEIPTS	3,112,800	2,300,000
 ISSUES.		
<i>Advances for purchase of stores—</i>		
East Indian Railway	611,500	447,500
South Indian Railway	553,400	265,200
Bengal and North-Western Railway	94,100	58,900
Great Indian Peninsula Railway	1,024,800	950,400
Bombay, Baroda and Central India Railway (including Rajputana-Malwa Railway)	617,800	412,000
TOTAL	2,901,600	2,134,000
<i>Miscellaneous payments—</i>		
East Indian Railway: Rental paid to South Behar Railway Company	30,000	30,000
Rohilkund and Kumaon Railway Company: Interest on Debenture Stock allocated to State works	2,800	1,500
South Indian Railway: For discharge of Debentures	510,000	...
Special payment in connection with Capital for New Contract chargeable to Miscellaneous Railway expenditure	23,000	...
TOTAL ISSUES	3,467,400	2,165,500

The Great Indian Peninsula Railway Company was able to raise Debenture stock of the face value of £2,500,000 realising the amount shown above.

228. Of the sum of £4,939,800 shown against Permanent Debt in the table in paragraph 223. £764,800 represent the balance of the receipts in respect of the loan of £7½ million issued in January 1910. The Budget programme of ways and means in 1910-11 did not provide for the issue of any fresh sterling loan but contemplated the raising of £2,250,000 by means of Temporary Debt for the discharge of the capital stock of the Indian Midland Railway. In October 1910, 3½ per cent. India Bonds for £4,000,000 were, however, issued instead, at an average price of £99-11-7.25. The additional sum thus raised will be applied towards the discharge of the debentures of the Madras and Indian Midland Railway Companies which fall due in 1911-12. The Bonds will be redeemed by eight annual drawings of £500,000 each commencing with October 1911.

Loans 1910-11.

A new 3½ per cent sterling loan of £3½ million was also issued on the 17th March 1911 at the fixed price of 96 to provide funds for capital expenditure in 1911-12. Following our recent practice in the case of sterling loans, credit will be taken in the accounts for the actual money received, and a sinking fund created for the redemption of liabilities incurred in excess of this sum. Of the net amount receivable, £175,000 is likely to be credited in the accounts of the current year and £3,137,500 in 1911-12.

229. The high opium revenue realised during the year has permitted the discharge of £1 million of the India bills which fell due on the 1st December 1910. The balance of the £6 million India Bills which fell due during the year were renewed for 12 months, the average prices of issue being as shown below:

- (i) £1 million (which fell due on 9th April, 1910) at £96-9-2.71
- (ii) £2½ " (" " " " 16th June, 1910) at £96-18-6.25
- (iii) £1½ " (" " " " 1st December, 1910) at £96-14-7.3.

1911-12.
The Budget
Estimate.

230. The Budget Estimates provide for a net disbursement of £26,273,400. The increase of £1,969,300 over the net disbursement in the current year's Budget is the net result of the following variations:—

Worse.

Net expenditure on Revenue account, <i>more</i>	50,900
Permanent Debt discharged, <i>more</i>	1,458,300
Temporary Debt discharged, <i>more</i>	500,000
Net payments to Railway Companies, <i>more</i>	730,900*
Outlay on State Railways, <i>more</i>	257,000
Outlay on Irrigation Works, <i>more</i>	37,100

Better.

Deposits, Advances and miscellaneous Remittance transactions, net	1,064,900
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231. The principal differences under Deposit, Advance and miscellaneous Remittance transactions in the two years consist of a reduction of £747,500 in the net payments in connection with the investments on account of the Gold Standard Reserve; and an increase of £330,000 in the receipts on account of postal and money order transactions, following the large improvement which has taken place under this item in the current year.

232. Provision has been made in the estimates for the discharge of the following liabilities which mature during the year:—

	£
Indian Midland Railway Debentures	907,500
Madras Railway Debentures	868,700
India Bonds	500,000
	<u>2,276,200</u>

It is also contemplated to discharge £500,000 of the India Bills which fall due during 1911-12 and to renew the balance of £4½ millions.

233. Of the net disbursement of £26,273,400 it is proposed to meet £15,825,000 by Council Bills and £3,137,500 from the receipt in 1911-12 on account of the balance of the 3½ million new sterling loan issued in the current year. The difference between the sum of these two items and the amount of the net disbursements, *viz.*, £7,310,900, will be met by drawing on the Secretary of State's cash balances which are estimated to stand on the 31st March 1912 at £10,232,518, inclusive of £1,494,300 held as cash at short notice on behalf of the Gold Standard Reserve.

The Secretary of State also intends to sell Council Bills for £1,333,300 against the Paper Currency Reserve in India for the additional investment of R2 crores in sterling securities permissible under the recent legislation. But this will not affect the ways and means programme either in England or in India.

	Budget, 1910-1911. £	Budget, 1911-1912. £
* RECEIPTS—		
Capital deposited by Railway Companies—		
For capital outlay	1,800	2,000
For discharge of debentures	2,848,400	1,670,000
Remittance account between England and India—		
Railway transactions	3,112,800	1,362,800
Total receipts	<u>5,963,000</u>	<u>3,034,800</u>
DISBURSEMENTS—		
Railway and Irrigation capital not charged to Revenue—		
Outlay of Railway Companies	1,386,900	923,300
Payment for discharge of debentures	2,848,400	1,670,000
Remittance account between England and India—		
Railway Transactions	3,467,400	2,912,100
Total disbursements	<u>7,702,700</u>	<u>5,505,400</u>
NET DISBURSEMENTS	<u>1,739,700</u>	<u>2,470,600</u>
Increase		730,900

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234. The following are the details of the transactions of the Gold Standard Reserve in England:—

	1910-1911.		1911-1912.	1910-11 and 1911-12. Gold Standard Reserve.
	Budget.	Revised.	Budget.	
RECEIPTS.				
	£	£	£	
(a) Dividends on investments, discount on Treasury Bills and Interest on Loans at short notice	398,000	498,800	523,000	
(b) National War Loan Stock and Bonds and British and Colonial Treasury Bills paid off	10,012,500	10,535,000	8,975,400	
(c) Remitted from India by Council Bills . . . . .	...	600,000	...	
TOTAL	<u>10,410,500</u>	<u>11,633,800</u>	<u>9,498,400</u>	

CHARGES.

Investments made	11,151,600	13,156,400	9,492,000
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235. The following statement shows the transactions and balances of the fund in the two years in England and India taken together:—

	Budget, 1910-1911.	Revised, 1910-1911.	Budget, 1911-1912.
	£	£	£
Opening balance—			
Invested	12,704,000	13,219,200	15,840,600
Uninvested—			
(1) Cash in the Home Treasury placed at short notice	2,064,100	3,010,500	1,487,900
(2) Held in rupees in India	4,000,000	2,534,300	1,934,300
	<u>18,768,100</u>	<u>18,764,000</u>	<u>19,262,800</u>
Closing balance—			
Invested	13,843,100	15,840,600	16,357,200
Uninvested—			
(1) Cash in the Home Treasury placed at short notice	1,323,000	1,487,900	1,494,300
(2) Held in rupees in India	4,000,000	1,934,300	1,934,300
	<u>19,166,100</u>	<u>19,262,800</u>	<u>19,785,800</u>
Interest on investments	398,000	498,800	523,000

1910-11 and
1911-12.
Summary of debt
transactions and
Capital Account of
Railway
Companies.

236. The following is a summary of the figures relating to Council Bills and the Sterling Debt of Government and of Railway Companies (omitting transfer fees, etc.) included in the estimates for 1910-11 and 1911-12:—

	Budget, 1910-1911.	Revised, 1910-1911.	Budget, 1911-1912.
	£	£	£
RECEIPTS.			
Council Bills	15,500,000	23,500,000*	15,825,000†
Permanent Debt incurred { India Stock	589,600	939,800	3,137,500
{ India Bonds	...	4,000,000	...
Temporary Debt raised	8,250,000	5,000,000	4,500,000
Permanent Debt incurred for the redemption of Railway Liabilities	3,654,100	3,654,100	...
Receipts on account of the Subscribed Capital of Rail- way Companies	2,848,400	...	1,670,000
Receipts on account of the Debenture Capital of Rail- way Companies working purchased Railways	3,107,500	2,294,300	1,357,500
	_____	_____	_____
OUTGOINGS.			
Redemption of Railway Li- abilities	5,904,100	5,904,100	...
Permanent Debt discharged	817,900	817,900	2,276,200
Temporary Debt discharged	6,000,000	6,000,000	5,000,000
Discharge of other Railway Companies' Debentures	2,848,400	...	1,670,000
Discharge of Debentures of Railway Companies working purchased Railways	510,000	...	...
	_____	_____	_____

237. The programme herein announced of the probable drawings on India, and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies, represents the present intentions of the Secretary of State. But in view of the varying conditions of Indian finance and of the London money market, no assurance can be given that this programme will be adhered to either in amount or in form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year. The estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements, but additional Bills will as usual be sold if needed to meet the demands of trade.

* Exclusive of £2,545,000 and £600,000 appropriated respectively for the Paper Currency Department and for the Gold Standard Reserve.

† Exclusive of £1,333,300 appropriated for the Paper Currency Department.

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INDIA.

238. The following is a summary of the Estimates of Ways and Means in India during 1910-11 and 1911-12:—

	BUDGET ESTIMATE, 1910-1911.		REVISED ESTIMATE, 1910-1911.		BUDGET ESTIMATE, 1911-1912.	
	Rupee figures.	Equivalent in £ at Rs15=£1.	Rupee figures.	Equivalent in £ at Rs15=£1.	Rupee figures.	Equivalent in £ at Rs15=£1.
	R	£	R	£	R	£
RECEIPTS.						
1. Excess of Revenue over Expenditure charged to Revenue.	29,14,58,000	19,430,500	33,12,98,000	22,086,500	29,88,68,000	19,924,600
2. Capital raised through Companies for outlay on State Railways (net)	3,89,63,000	2,597,500	3,44,15,000	2,294,300	2,03,63,000	1,357,500
3. Capital raised and deposited by Railway Companies	18,34,000	122,200	15,16,000	101,100	5,48,000	36,500
4. Unfunded Debt incurred, mostly Savings Bank deposits (net)	1,67,86,000	1,119,200	1,71,41,000	1,142,700	1,68,50,000	1,123,300
5. Appropriation for Reduction or Avoidance of Debt	75,00,000	500,000	84,94,000	566,300	75,00,000	500,000
6. Other Deposits and Remittances (net)	52,06,000	347,200	74,30,000	495,400	-16,60,000	-110,600
7. Remittance account between England and India— Transactions of Railway Companies (net) excluding debenture capital	4,42,82,000	2,952,100	3,23,97,000	2,159,800	4,36,02,000	2,906,800
TOTAL RECEIPTS EXCLUDING LOANS	40,60,29,000	27,068,700	43,26,91,000	28,846,100	38,60,71,000	25,738,100
DISBURSEMENTS.						
8. Capital Expenditure not charged to Revenue— a) State Railways and Irrigation Works b) Outlay by Companies (net)	11,58,54,000	7,723,600	10,40,92,000	6,939,400	10,72,11,000	7,147,500
9. Permanent Debt discharged (net)	1,62,49,000	1,083,200	-1,21,72,000	-81,400	76,91,000	512,700
10. Provincial surpluses (-) or deficits (+)	19,26,000	128,400	24,49,000	163,200	15,85,000	105,700
11. Imperial and Provincial Loans (net)	93,32,000	622,200	-2,71,75,000	-1,811,700	2,57,40,000	1,716,000
12. Remittance account between England and India— a) Capital raised by Railway Companies (net) b) Other transactions (net)	-20,34,000	-135,600	-1,21,19,000	-807,900	11,51,000	76,700
13. Council Bills †	3,89,63,000	2,597,500	3,44,15,000	2,294,300	2,03,63,000	1,357,500
	-3,22,000	-21,400	64,58,000	430,600	46,79,000	311,900
	23,25,58,000	15,503,900	34,91,92,000	23,279,500	23,73,85,000	15,825,700
TOTAL DISBURSEMENTS	41,25,26,000	27,501,800	44,51,40,000	29,676,000	40,58,05,000	27,053,700
NET DISBURSEMENTS	64,97,000	433,100	1,24,49,000	829,900	1,97,34,000	1,315,600
FINANCED AS FOLLOWS:						
Permanent Debt incurred	1,50,00,000	1,000,000	1,50,00,000	1,000,000	2,00,00,000	1,333,300
Reduction of + or addition to Treasury Balances	-85,3,000	-566,900	-25,51,000	-170,100	-2,66,000	-17,700
TOTAL	64,97,000	433,100	1,24,49,000	829,900	1,97,34,000	1,315,600
Opening Balance	17,85,36,000	11,902,400	18,44,31,000	12,295,400	18,69,83,000	12,465,500
Closing Balance	18,70,39,000	12,469,300	18,69,81,000	12,465,500	18,72,48,000	12,483,200

* The figures under heads 2 and 12 (a) balance each other.

† Head 10 represents expenditure defrayed by reduction of Provincial balances.

‡ The figures shown under head 13 differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

239. In the Budget Estimate of 1910-11, the cash balance in Indian Treasuries on 1st April 1910 was taken at 17,85 lakhs. It was estimated (1) that the net Imperial revenue in India would amount to 29,15 lakhs, (2) that the

net deposits in Savings Banks and Provident Institutions would increase during the year by 168 lakhs, (3) that a sum of 75 lakhs would be available from the Famine Insurance grant for the avoidance of debt, (4) that the remittance transactions of Railway Companies would result in a net credit in India of 443 lakhs, (5) that repayments of loans granted to cultivators, municipalities, etc., in previous years would exceed the net amount of such loans to be issued during the year by 20 lakhs, and (6) that miscellaneous deposit and remittance transactions would yield a net receipt of 73 lakhs. On the other hand, provision was made (1) for a net expenditure of 93 lakhs from Provincial balances, (2) for capital expenditure in India on railways (inclusive of outlay by companies) and canals to the extent of 13,21 lakhs, (3) for the discharge of 19 lakhs of the permanent debt, and (4) for the payment of Council Bills to the extent of 23,26 lakhs. The total payments aggregated 37,59 lakhs against a total receipt of 36,94 lakhs; and as the net disbursement of 65 lakhs would have reduced the cash balances at the end of the year to the inconveniently low figure of 17,20 lakhs, it was proposed to raise a loan of $1\frac{1}{2}$ crores.

1910-11.

Main features of
Revised Estimates.

240. The results according to the Revised estimates show considerable variations from this forecast. The year opened with a balance which was only 59 lakhs higher than the Budget forecast, and the full amount of the contemplated rupee loan of $1\frac{1}{2}$ crores was raised in July. The very considerable improvement which has taken place in our revenue returns and the heavy lapses in the capital grants will, however, enable us to remit to the Secretary of State in aid of the Home Treasury £8 millions more than we budgeted, and still to close the year with a balance of 18,70 lakhs. Taking India as a whole, there will be an improvement of 763 lakhs over the Budget in the combined revenue account of the Imperial and Provincial Governments; three-fourths of this increase occurs in the yield of the wholly Imperial heads—Opium and Railways; but as a result of the large assignments from Imperial to Provincial described in paragraphs 12 and 13, 398 lakhs of the gain will appear in the Imperial section of the accounts and 365 lakhs as an addition to the Provincial balances. The increase in the net deposits in Savings Banks will be 4 lakhs more than was allowed for; the amount available from the Famine Insurance grant for the avoidance of debt will exceed the Budget by 10 lakhs; and the net receipts in connection with *takavi* and other loans will be more by 101 lakhs. A large saving of 402 lakhs is also expected in the Budget provision for capital expenditure on railways (inclusive of outlay by companies) and on canals. The total improvement from all these sources, including the increase in the opening balance of the year, amounts to 13,39 lakhs. But this will be exactly counterbalanced by (1) a reduction of 119 lakhs in the net credits from remittances of Railway Companies; (2) a decrease of 49 lakhs in the net receipts from miscellaneous deposit and remittance transactions, caused by large payments on account of foreign money orders; (3) an increase of 11,66 lakhs in the payment of Council Bills from treasury balances; and (4) a small increase of 5 lakhs in the amount of permanent debt discharged.

1910-11.

Rupee loan.

241. It was announced last year, subject to the usual reservations, that a new $3\frac{1}{2}$ per cent. rupee loan of $1\frac{1}{2}$ crores would be raised in 1910-11. Tenders for this loan were opened on the 20th July, and the result was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
₹	₹.	₹ a. p.	₹ a. p.
6,94,45,600	1,50,00,000	96 1 3·857	95 15 0

1911-12.

Main features of
Budget Estimate.

242. In 1911-12, the net Imperial revenue in India is estimated at 29,89 lakhs; Savings Banks and similar deposits are expected to yield a net receipt of 169 lakhs; a sum of 75 lakhs will be available from the Famine Insurance grant for the avoidance of debt; and the remittance and capital transactions of Railway Companies are likely to result in a net credit in India of 436 lakhs. On the other hand provision has been made: (1) for an expenditure of 257½ lakhs from Provincial balances, (2) for payments of 16, 12 and 58 lakhs respectively in connection with the discharge of permanent debt, Imperial and Provincial loans and miscellaneous deposit and remittance transactions; (3) for capital expenditure of 11,49 lakhs in India on railways and

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12. 267

canals; and (4) for payment of Council Bills to the extent of 23,74 lakhs. The total amount of funds required by the Government of India next year therefore aggregates 38,66½ lakhs, while the receipts at its disposal amount to only 36,69 lakhs.

243. It will not be possible to provide any portion of the additional funds required from the cash balances which are expected to stand at the beginning of the year at 18,70 lakhs. It is accordingly intended to raise a new rupee loan of 2 crores in 1911-12. With a loan of this amount it will be possible to close the year, according to the present estimate, with a balance of about 18,72½ lakhs. The announcement now made regarding the rupee loan is in accordance with present intentions; but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

244. The following table gives details of the transactions of Savings Banks and Provident funds during a series of years, and the estimated transactions for 1910-11 and 1911-12 :—

YEAR.	Net additions to deposits, cash.	Interest.	Total addition.
	₹	₹	₹
1900-1901	19,44,000	34,80,000	54,24,000
1901-1902	31,04,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904	66,99,000	42,15,000	1,09,14,000
1904-1905	78,94,000	45,87,000	1,24,81,000
1905-1906	31,49,000	46,80,000	78,29,000
1906-1907	50,94,000	52,25,000	1,03,19,000
1907-1908	14,86,000	53,50,000	68,36,000
1908-1909	—26,22,000	54,63,000	28,41,000
1909-1910	51,82,000	57,20,000	1,09,02,000
1910-1911 (Revised)	99,48,000	61,44,000	1,60,92,000
1911-1912 (Budget)	91,51,000	66,13,000	1,57,64,000

245. The net deposits in the Postal Savings Banks in 1910-11 are now expected to amount to 50 lakhs, apart from interest, against a Budget estimate of 40 lakhs. For next year, the estimate of deposits in these banks is again taken at 40 lakhs, while the deposits in the various Provident Funds for Government servants are expected to grow by 51 lakhs.

J. S. MESTON.

The 24th March 1911.

APPENDIX.

APPEN
COMMERCIAL AND

TABLE I.—MIS

	1902-1903.	1903-1904.	1904-1905.
Recorded Revenue compared with recorded expenditure excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus	£ 3,069,549	£ 2,996,400	£ 3,456,066
Deficit	£ 5,128,192	£ 5,043,003	£ 6,258,195
Capital Expenditure on Public Works not charged against Revenue*	£ 1,039,655	£ 2,146,825	£ 3,413,480
Ditto charge involved in Redemption of Liabilities	£ 1,414,781	£ 225,540	£ 4,488,109
Net Public Debt incurred			
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies			
Value of commodities exported, excluding Gold and Silver	R 1,29,39,60,000	1,53,51,70,000	1,57,72,20,000
Ditto imported, ditto ditto	R 85,81,90,000	92,59,20,000	1,04,41,30,000
Excess of Exports over Imports, excluding Gold and Silver	R 43,57,70,000	60,92,50,000	53,30,90,000
Net Imports of Gold	R 8,76,40,000	9,93,20,000	9,70,60,000
Ditto of Silver	R 6,95,70,000	13,65,30,000	13,26,10,000
TOTAL NET IMPORTS OF GOLD AND SILVER	R 15,72,10,000	23,58,50,000	22,96,70,000
Excess of Exports over Imports including Gold and Silver	R 27,85,60,000	37,34,00,000	30,34,20,000
Grand Total value of Imports and Exports of all kinds	R 2,50,25,20,000	2,99,57,70,000	3,18,18,40,000
Secretary of State's Bills sold (Rupees)	₹ 27,74,67,265	₹ 35,67,94,845	₹ 36,53,57,364
Sterling Equivalent received	₹ 18,499,947	₹ 23,859,303	₹ 24,425,558
Silver coined at the Indian Mints	₹ 11,38,94,848	16,53,11,541	11,37,04,366
Maximum price in pence of an oz. troy, standard Silver in London	27½ (Apl.)	28½ (Oct.)	28½ (Dec.)
Minimum ditto ditto	21½ (Nov. & Jar.)	22½ (Apl.)	24½ (Apl.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 4'0018d.	1s. 4'049d.	1s. 4'045d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 4d.	1s. 4d.	1s. 4d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	8 (Feb. 19 to Mar. 25).	7 (from Jan. 21 to Mar. 9).	8 (from Mar. 9 to 22).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	3 (July 10 to Oct. 14).	3 (Aug. 27 to Dec. 9).	3 (June 23 to Oct. 5).
Maximum rate of discount at the Bank of England	4 (Oct. 2 to Mar. 31).	4 (Apl. 1 to May 20 and Sept. 3 to Mar.).	4 (Apl. 5 to 13)
Minimum ditto ditto	3 (Apl. 1 to Oct. 1).	3 (June 18 to Sept. 2).	2½ (from Mar. 9).
Maximum Government balances at the three Presidency Banks	R 3,60,28,000 (Dec.)	3,52,12,000 (Apl.)	3,84,32,000 (Sept.)
Minimum ditto ditto	R 3,06,74,000 (Oct.)	3,03,54,000 (Feb.)	3,00,53,000 (Jan.)
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	99—9 (May 17)	99—7 (Apl. 27 & 28).	99—9 (Aug. 16, Mar. 2 & 3).
Minimum ditto ditto	96—12 (Apl. 2 & 3)	94—10 (Jan. 9)	96—11 (Nov. 11)
Maximum price in Calcutta of 3 per cent Rupee Securities	87—8 (Mar. 30)	87—8 (Apl. 1)	87—4 (from Mar. 3).
Minimum ditto ditto	82—12 (Apl. 1 & 2)	85—4 (Feb. 8 to Mar. 31).	85—4 (Apl. 5 to May 3).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	R 20,28,92,000 (Apl.)	18,61,10,000 (Apl.)	17,02,89,000 (Apl.)
Minimum ditto ditto	R 18,63,35,000 (Mar.)	17,05,01,000 (Jan.)	16,50,97,000 (Feb.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold . . . . .	...	...	...
Minimum ditto ditto . . . . .	...	...	...
Maximum price in London of 3½ per cent (Rupee) Securities in Gold	66½ (Feb. & Mar.)	66½ (Sept.)	66½ (Feb. & Mar.)
Minimum ditto ditto	64½ (Apl. & June)	64 (Jan. & Feb.)	65 (July)
Maximum price in London of India 3½ per cent Stock	110½ (June)	108½ (July)	109 (Feb.)
Minimum ditto ditto	105½ (Mar.)	102 (Jan.)	103 (Apl.)
Maximum price in London of India 3 per cent Stock	102½ (June)	100½ (May)	99½ (Feb.)
Minimum ditto ditto	98½ (Mar.)	93½ (Mar.)	93½ (Aug.)
Maximum price in London of India 2½ per cent Stock	90½ (June)	85½ (Apl.)	85½ (Feb.)
Minimum ditto ditto	84½ (Mar.)	78½ (Mar.)	79½ (Apl.)
Maximum Government Paper Currency outstanding	R 35,72,36,000 (Mar.)	38,21,16,000 (Mar.)	42,51,61,000 (July)
Minimum ditto ditto	R 31,24,79,000 (Apl.)	33,94,09,000 (Apl.)	36,11,06,000 (Apl.)
Number of Post Office Savings Banks	7,075	7,372	7,855
Number of accounts in Post Office Savings Banks	922,353	987,635	1,058,813
Amount deposited in Savings Banks	R 11,42,15,534	12,33,36,717	13,40,70,130
Average of each deposit	R 123'83	124'88	126'62
Net addition to deposits	R 73,94,301	91,21,183	1,07,33,414

* Excludes capital charge involved in redemption
Include remittances of the Gold Standard †

DIX.

FINANCIAL STATISTICS.

CELLANEOUS.

1905-1906.	1906-1907.	1907-1908.	1908-1909.	1909-1910.	1910-1911, Revised.	1911-1912, Budget.
£ 2,091,854	£ 1,589,340	£ 300,615	£ ...	£ 606,641	£ 3,390,500	£ 819,200
£ 9,966,393	£ 8,712,668	£ 11,412,767	£ 3,737,710	£ 7,373,966	£ 8,937,300	£ 9,369,900
£ 12,980,960	£ ...	£ 2,144,800	£ 10,471,657	£ ...	£ 5,904,100	£ ...
£ 16,752,546	£ 4,166,102	£ 10,725,963	£ 5,633,956	£ 10,408,347	£ 8,612,800	£ 2,088,900
£ 18,567,395	£ 2,144,709	£ 13,311,920	£ 10,370,196	£ 10,747,575	£ 10,683,400	£ 2,148,900
1,61,83,50,000	1,77,03,00,000	1,77,48,50,000	1,53,14,30,000	1,87,96,80,000	1,68,24,70,000(b)	
1,12,11,40,000	1,17,24,20,000	1,36,53,80,000	1,28,77,80,000	1,22,64,80,000	1,09,98,60,000(b)	
49,72,10,000	59,78,80,000	40,94,70,000	24,36,50,000	65,32,00,000	58,26,10,000(b)	
45,80,000	14,85,60,000	17,36,80,000	4,35,60,000	21,67,90,000	16,23,00,000(b)	
15,72,30,000	24,00,60,000	19,46,80,000	12,06,80,000	9,44,50,000	6,73,80,000(b)	
16,18,10,000	38,86,20,000	36,83,60,000	16,42,40,000	31,12,40,000	22,96,80,000(b)	
33,54,00,000	20,92,60,000	4,11,10,000	7,94,10,000	34,19,60,000	35,29,30,000(o)	
3,21,07,00,000	3,44,57,00,000	3,61,75,60,000	3,10,98,50,000	3,54,53,90,000	3,13,56,50,000(b)	
\$46,62,43,256(a)	49,09,99,935	\$24,30,65,151	\$20,96,37,188	0,54,12,663(a)	\$39,96,75,000	25,73,75,000
\$31,166,973(a)	32,907,196	\$16,232,061	\$13,915,426	\$27,090,586(a)	\$26,645,000(a)	17,158,300(a)
20,00,14,452	26,08,57,405	18,11,56,540	2,85,35,914	2,17,56,166		
30 $\frac{1}{2}$ (Feb.)	33 $\frac{1}{2}$ (Nov.)	32 $\frac{1}{8}$ (Aug.)	25 $\frac{1}{2}$ (Apl.)	24 $\frac{1}{2}$ (May)	26 $\frac{1}{2}$ (October)	...
25 $\frac{1}{8}$ (Apl.)	29 $\frac{1}{2}$ (Apl. & June)	24 (Dec.)	22 (Dec.)	23 $\frac{1}{8}$ (October)	23 $\frac{1}{8}$ (February)	
1s. 4 ^o 42d.	1s. 4 ^o 83d.	1s. 4 ^o 29d.	1s. 3 ^o 64d.	1s. 4 ^o 41d.	1s. 4 ^o 58d.	
1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	
9 (from Feb. 1 to Mar. 14).	9 (from Dec. 6 to Mar. 31).	9 (from Apl. 1 to 17 and Jan. 16 to Mar. 4).	8 (from Jan. 28 to March 17).	7 (from 1 to 28 Apl. & 3 to 31 March).	8 (from 23 Feb. to 10th March.)	
3 (July 20 to Aug. 16).	3 (from July 19 to Aug. 8).	3 (from July 25 to Sept. 11).	3 (from July 16 to Sep. 2).	3 (from 1 July to 29 Sep.).	3 (from 1 July to 21 Sep.).	
4 (Sept. 28 to Mar.).	6 (Oct. 19 to Jan. 16).	7 (Nov. 7 to Dec. 31).	3 (Apl. 1 to May 27 & Jan. 14 to Mar.).	5 (October 21st to Dec. 8th).	5 (October 6th to November 30th)	
2 $\frac{1}{2}$ (Apl. 1 to Sept. 7).	3 $\frac{1}{2}$ (Apl. 5 to May 2, June 21 to Sept. 12).	3 $\frac{1}{2}$ (Mar.)	2 $\frac{1}{2}$ (May 27 to Jan. 13).	2 $\frac{1}{2}$ (Apl. 1st to October 6th).	3 (June 9th to September 28th)	
3,82,91,000 (May)	3,68,28,000 (Aug.)	4,10,83,000 (Mar.)	4,19,82,000 (July)	4,58,77,000 (July)	4,10,08,000 (Sep.)	
2,84,08,000 (Nov.)	2,95,11,000 (Oct.)	2,86,56,000 (Apl.)	3,04,47,000 (Jan.)	3,07,61,000 (Apl.)	3,53,92,000 (June)	
100-4 (Aug. 4)	99-11 (Apl. 1 & 2).	98-6 (May 4 to 7)	96-15 (Apl. 7)	95-5 (24 Aug.)	96-10 (2 Aug.)	
97-8 (Jan. 9 & 10).	94-13 (Dec. 17 & 18).	95-8 (Jan. 14 and 15).	93-2 (Mar. 16)	92-12 (4 to 7 Dec.)	93-6 (7 Nov.)	
88-12 (Aug. 10 to 16).	87-2 (Apl. 1 to 19 & Apl. 24 to May 14).	82-8 (Apl. 1 to May 14).	81-0 (July 18 to Mar. 31).	82-0 (31 Aug. to 11 Nov.).	82-0 (from 12 July to 19 Aug. and 15th Feb. 11 to 10 March 11.)	
87-0 (Dec. 21 and Mar. 19 to 22).	82-8 (Feb. 23 to 26 & Mar. 28).	79-0 (Feb. 5 to Mar. 31).	79-0 (Apl. 1 to May 3).	79-12 (27 Nov.)	80-4 (5th Dec.)	
17,01,09,000 (May)	16,92,17,000 (Dec.)	16,44,30,000 (Apl.)	15,29,69,000 (Apl.)	16,06,73,000 (Oct.)	15,07,31,000 (Apl.)	
16,21,03,000 (Dec.)	16,30,80,000 (July)	15,23,22,000 (Mar.)	14,43,66,000 (Mar.)	14,81,15,000 (Apl.)	13,59,26,000 (Jan)	
...	
66 $\frac{1}{2}$ (Aug.)	66 $\frac{1}{2}$ (Apl.)	65 $\frac{1}{2}$ (Apl. & May)	63 $\frac{1}{2}$ (Apl.)	63 $\frac{1}{2}$ (Oct.)	64 $\frac{1}{2}$ (February)	
65 $\frac{1}{2}$ (June)	64 $\frac{1}{2}$ (Dec.)	62 $\frac{1}{2}$ (Nov.)	61 $\frac{1}{2}$ (Mar.)	61 $\frac{1}{2}$ (Apl.)	62 $\frac{1}{2}$ (November)	
107 $\frac{1}{2}$ (Apl.)	106 (Apl.)	103 (Feb.)	102 $\frac{1}{2}$ (June)	100 $\frac{1}{2}$ (May)	97 (May)	
103 $\frac{1}{2}$ (Oct.)	99 $\frac{1}{2}$ (Mar.)	96 $\frac{1}{2}$ (Aug.)	95 $\frac{1}{2}$ (Mar.)	95 (March)	92 $\frac{1}{2}$ (September)	
98 $\frac{1}{2}$ (Apl.)	97 $\frac{1}{2}$ (Apl.)	93 (Feb.)	92 $\frac{1}{2}$ (Apl.)	90 $\frac{1}{2}$ (April)	84 $\frac{1}{2}$ (May)	
94 $\frac{1}{2}$ (Oct.)	88 $\frac{1}{2}$ (Mar.)	84 $\frac{1}{2}$ (Sept.)	84 $\frac{1}{2}$ (Mar.)	81 $\frac{1}{2}$ (March)	79 $\frac{1}{2}$ (September)	
84 $\frac{1}{2}$ (Apl.)	82 (Apl.)	79 $\frac{1}{2}$ (Feb.)	78 $\frac{1}{2}$ (Apl.)	76 (April)	70 (May)	
79 $\frac{1}{2}$ (Oct.)	75 (Mar.)	70 $\frac{1}{2}$ (Aug.)	70 (Jan.)	69 (March)	66 (September)	
44,65,66,000 (Mar.)	47,30,20,000 (July)	52,74,34,000 (Sept.)	48,09,87,000 (July)	43,64,99,000 (Apl.)	59,16,45,000 (July)	
39,63,12,000 (Nov.)	42,89,24,000 (May)	41,81,65,000 (Jan.)	42,07,01,000 (Dec.)	54,40,84,000 (Mar.)	49,67,01,000 (Dec.)	
8,071	8,049	8,328	8,501	8,767		
1,115,758	1,190,220	1,262,763	1,318,632	1,378,916		
13,99,26,260	14,76,69,789	15,18,14,343	15,23,41,514	15,86,71,786		
130 ^o 83	133 ^o 93	12	115 ^o 53	115 ^o 07		
58,56,130	77,43,529	41,44	5,27,171	63,30,272		

liabilities.

(a) Include remittance of the Currency Department.

(b) Figures for imports and exports for 1910-11 are for months ending January 1911.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12.

APPENDIX—continued.

Commercial and Financial Statistics.

Table II.—Statement showing the true financial results to the Revenues of India of the guarantee of interest upon the Capital of Guaranteed Railway Companies.

(Omitting 000 in rupee figures and 00 in sterling figures, except in accounts.)

	ACCOUNTS.					Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912
	1905-1906.	1906-1907.	1907-1908.	1908-1909.	1909-1910.		
	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>
Open mileage at end of official year .	904	904	(b)905	...	...	...	...
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Gross traffic receipts	2,81,37,181	1,52,03,434	1,17,53,343	(c)3,675	...	...	...
Working expenses	1,43,07,550	92,21,417	83,24,119	18,094	724	...	...
Percentage of working expenses on receipts	50·85	60·65	70·82	...	...	...	...
Net Revenue	1,38,29,631	59,82,017	34,29,224	—14,419	—724	...	...
Guaranteed Interest paid in England £	*1,052,955	584,751	576,576	...	...	...	...
Ditto converted at Rs. 15 = £1 from 1898-99	1,57,94,325	87,71,265	86,48,641	...	...	...	...
Guaranteed interest paid in India plus interest on overdrawn Capital .	40,318	...	56,878	...	...	...	...
Surplus paid to Railway Companies .	17,73,467	9,05,248	1,29,476	1,82,642	...	...	...
Land and Supervision	1,19,911	—2,79,713	46,612	8,508	—26,456	—13	...
Net loss on receipts and disbursements of Capital in India at the contract rates of exchange instead of at the average yearly rates obtained for the Secretary of State's bills	5,66,282	6,62,552	59,349	4,456	...	...	...
Total Expenditure	1,82,94,303	1,00,59,352	89,40,956	1,95,606	—26,456	—13	...
Net Expenditure from the Public Treasury	44,64,672	40,77,335	55,11,732	2,10,025	—25,732	—13	...

* The Accounts for 1905-1906 include £14,335 on account of "Interest on advances" to Guaranteed Railway Companies (B. B. C. I. Railway).

(b) The Madras Railway was purchased by Government with effect from 1st January 1908 and ceased to be a Guaranteed Railway on that date.
(c) The figures represent adjustments carried out to close accounts.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on State Railways in 1909-1910, and Estimated Expenditure on such works in 1910-1911 and 1911-1912, and to end of 1911-1912.

RAILWAYS.	To end of 1908-1909.	Accounts, 1909-1910.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.	To end of 1911-1912.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
OPEN LINES.								
Agra-Delhi Chord	1,28,57,594	4,03,960	3,68,000	4,10,000	1,40,39,554	1,40,39,554	...	
Ahmedabad-Dholka (earthwork, etc.)	59,900	...	...	...	59,900	59,900	...	
Assam-Bengal (Construction)	8,02,15,409	40,79,385	27,24,000	31,54,000	9,01,72,794	9,01,72,794	...	
Ditto (Land)	41,94,289	87,859	35,000	4,55,000	47,72,148	47,72,148	...	
Balamau-Sitapur and Rosa-Sitapur	7,62,795 (a)	27,17,140	26,00,000	...	60,79,935	60,79,935	...	
Baran-Kotah	44,27,909	1,39,386	...	...	45,67,295	45,67,295	...	(a) Includes Survey outlay amounting to Rs. 18,880.
Bellary-Royadrug	7,81,463	...	...	...	7,81,463	7,81,463	...	
Bezwada Extension	11,83,796	22,565	14,000	2,000	12,22,361	12,22,361	...	
Bhopal	35,58,633	1,14,550	89,000	1,00,000	38,62,183	38,62,183	...	
Bombay, Baroda and Central India	21,31,54,065	71,74,899	38,63,000	71,00,000	23,12,91,964	23,12,91,964	...	
Burma	9,74,12,324	...	...	...	9,74,12,324	9,74,12,324	...	
Burma, Railway Extensions	2,06,57,778	6,32,391	3,20,000	2,86,000	2,18,96,169	2,18,96,169	...	
Coonoor-Ootacamund	31,06,637	4,79,080	1,30,000	2,00,000	39,15,717	39,15,717	...	
Dhone-Kurnool	8,60,373	93,023	40,000	40,000	10,33,396	10,33,396	...	
East Indian	43,52,66,203	1,46,55,571	81,70,000	1,56,57,000	47,37,48,774	47,37,48,774	...	
Eastern Bengal	20,96,07,310	1,11,46,194	71,31,000	84,66,000	23,63,50,504	23,63,50,504	...	
Carried over	108,81,06,478	4,17,46,003	2,54,84,000	3,58,70,000	1,19,12,06,481	1,19,12,06,481	...	

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12.

APPENDIX—continued.

RAILWAYS.	To end of 1908-1909.	Accounts, 1909-1910.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.	To end of 1911-1912.	Sanctioned outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	1,08,81,06,478	4,174,6,003	2,54,84,000	3,58,70,000	1,19,12,06,481	1,19,12,06,481	...	
OPEN LINES.								
East Coast—Northern Section	3,09,29,430	...	...	...	3,09,29,430	3,09,29,430	...	
Frontier Railway Reserve Material	43,95,403	—3,214	...	...	43,92,189	43,92,189	...	
Golakganj-Gauhati	1,11,30,560	10,28,665	7,28,000	...	1,28,87,225	1,28,87,225	...	
Great Indian Peninsula System	17,72,60,959	—1,67,746	1,09,71,000	1,02,14,000	19,82,78,213	19,82,78,213	...	
Hospet-Kottur	15,15,105	...	...	...	15,15,105	15,15,105	...	
Indian Midland	...	...	10,73,80,000	31,68,000	11,05,48,000	11,05,48,000	...	
Jodhpur-Hyderabad (British Section)	42,23,716	91,019	—33,000	3,000	42,84,735	42,84,735	...	
Jorhat	9,36,527	18,671	20,000	15,000	9,90,198	9,90,198	...	
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...	
Madras and Southern Mahratta Railway (Madras Section)	15,07,83,172	4,87,552	...	...	15,12,70,724	15,12,70,724	...	
Nagda-Muttra	3,70,87,657	21,47,711	14,24,000	31,00,000	4,37,59,368	4,37,59,368	...	
North-Western	(c) 64,45,41,694	2,45,42,056	2,07,44,000	2,56,86,000	71,55,13,750	71,55,13,750	...	(c) Includes Survey outlay amounting to Rs. 5,193.
Oudh and Rohilkhand	23,35,18,665	46,01,403	33,00,000	25,35,000	24,39,55,068	24,39,55,068	...	
Palanpur-Deesa	2,47,221	—1,522	...	...	2,45,699	2,45,699	...	
Petroleum Operations Baluchistan	1,19,187	...	...	...	1,19,187	1,19,187	...	
Rajputana-Malwa System	17,59,28,032	47,36,640	27,70,000	31,30,000	18,65,64,672	18,65,64,672	...	
Rohilkund and Kumaon Railway (Kachhaghat bridge)	76,416	...	...	...	76,416	76,416	...	
Carried over	2,56,59,21,361	7,92,27,238	17,27,88,000	8,37,21,000	2,90,16,57,599	2,90,16,57,599	...	

APPENDIX—continued.

RAILWAYS.	To end of 1908-1909.	Accounts, 1909-1910.	Revised Esti- mate, 1910-1911.	Budget Esti- mate, 1911-1912.	To end of 1911-1912.	Sanctioned Outlay.	Balance re- maining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	2,56,59,21,361	7,92,27,238	17,27,88,000	8,37,21,000	2,90,16,57,599	2,90,16,57,599	...	
South Indian	13,39,23,678	49,15,216	36,65,000	48,00,000	14,73,03,894	14,73,03,894	...	
Tinnevely Quilon (British Section)	43,89,856	6,522	40,000	19,000	44,55,378	44,55,378	...	
Ditto (Native State Section)	1,17,99,744	-878	29,000	18,000	1,18,45,926	1,18,45,926	...	
Tirhoot and Extensions	7,35,87,316	9,82,152	5,51,000	10,60,000	7,61,80,468	7,61,80,468	...	
Warora Colliery	11,10,032	...	...	...	11,10,032	11,10,032	...	(b) Survey outlay brought on to Capital Accounts.
TOTAL OPEN LINES	2,79,07,31,987	8,51,30,310	17,70,73,000	8,96,18,000	3,14,25,53,297	3,14,25,53,297	...	
LINES UNDER CONSTRUCTION.								
Allahabad Rai Bareli-Cawnpur	(b) 70,467	6,69,571	61,00,000	44,75,000	1,13,15,038	1,34,71,367	21,56,329	* Revised estimate, amounting to Rs. 25,94,913, is under consideration.
Dharmapuri Hosur Extension	(b) 16,965	1,76,478	6,75,000	15,00,000	23,68,443	*22,56,367	-1,12,076	
Itarsi-Nagpur	9,79,262	20,82,198	50,69,000	60,00,000	1,41,30,460	† 4,10,00,000	2,68,69,540	† Approximate figures entered in programmes.
Lower Ganges Bridge Project	1,30,402	34,75,245	73,38,000	55,00,000	1,64,43,647	† 3,00,00,000	1,35,56,353	
Rangiya Tangla	...	...	5,05,000	8,00,000	13,05,000	12,11,096	-93,904	
Samastipur-Roserah	...	...	3,50,000	3,57,000	7,07,000	8,56,976	1,49,976	
Gajroula Chandpur	...	...	7,05,000	38,000	7,43,000	7,48,988	5,988	
Akbarpur Tanda	...	...	60,000	4,17,000	4,77,000	4,79,660	2,660	
Dhakia Sambhal	...	...	40,000	4,00,000	4,40,000	6,53,518	2,13,518	
Broach Jambusar	...	...	...	5,00,000	5,00,000	16,00,000	11,00,000	
Bayana Agra	...	...	50,000	14,00,000	14,50,000	49,45,800	34,95,800	
Cawnpur Banda with branch from Sumerpur to Belatal	...	...	50,000	14,00,000	14,50,000	1,35,09,920	1,20,59,920	
Jakhal-Hissar	...	...	1,00,000	14,00,000	15,00,000	36,76,986	21,76,986	
Khagaria Roserah	...	...	...	10,00,000	10,00,000	26,30,145	16,30,145	
Sarai Kala Havelian	...	...	1,25,000	15,00,000	16,25,000	41,00,000	24,75,000	
Singhiani Fulchari	...	...	85,000	10,00,000	10,85,000	15,50,325	4,65,325	
Carried over	11,97,096	64,03,492	2,12,52,000	2,76,87,000	5,65,39,588	12,26,91,148	6,61,51,560	
TOTAL OPEN LINES, carried over	2,79,07,31,987	8,51,30,310	17,70,73,000	8,96,18,000	3,14,25,53,297	3,14,25,53,297	...	

APPENDIX—continued.

RAILWAYS.	To end of 1908-1909.	Accounts, 1909-1910.	Revised Esti- mate, 1910-1911.	Budget Es- timate, 1911-1912.	To end of 1911-1912.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
TOTAL OPEN LINES, brought forward	2,79,07,31,987	8,51,30,310	17,70,73,000	8,96,18,000	3,14,25,53,297	3,14,25,53,297	...	
Brought forward	11,97,096	64,03,492	2,12,52,000	2,76,87,000	5,65,39,588	12,26,91,148	6,61,51,560	
Shorkot Road Chichoki	28,40,628	18,59,889	28,64,000	7,57,000	83,21,517	89,50,630	6,29,113	
Southern Shan States	(e) 4,46,653	2,61,612	25,29,000	25,00,000	57,37,265	1,60,00,000	1,02,62,735	(e) Survey outlay brought on to Capital account.
Trans-Indus (Kalabagh Bannu with ferry and coal siding).	...	1,01,943	14,00,000	25,00,000	40,01,943	*63,05,814	23,03,871	* Includes Rs. 5,38,402 on account of a coal siding to Mokalwal, the construction of which has now been abandoned.
TOTAL LINES UNDER CONSTRUCTION	44,84,377	86,26,936	2,80,45,000	3,34,44,000	7,46,00,313	15,39,47,592	7,93,47,279	
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES, ETC.								
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416	1,65,78,416	...	
Bilaspur-Etawah	75,132	...	...	...	75,132	75,132	...	
Jullundur-Hoshiarpur	14,531	...	...	...	14,531	14,531	...	
Ludhiana-Ferozepur	28,311	...	...	...	28,311	28,311	...	
Nagpur-Chhattisgarh Depreciation Account	6,57,038	...	...	...	6,57,038	6,57,038	...	
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450	3,02,450	...	
Southern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071	5,27,071	...	
Thal-Parachinar Railway and Kohat-Thal Conversion	(d) 9,23,285	—5,77,084	...	...	3,46,201	3,46,201	...	(d) Includes Survey outlay amounting to Rs. —1,04,112.
Umaria Colliery	1,82,672	...	...	...	1,82,672	1,82,672	...	
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035	2,45,035	...	
TOTAL LINES IN ABEYANCE, ETC.	1,95,33,941	—5,77,084	...	...	1,89,56,857	1,89,56,857	...	
.....	—16,14,355	18,42,995	...	...	2,28,640	2,28,640	...	
GRAND TOTAL, carried over	2,81,31,35,950	9,50,23,157	20,51,18,000	12,30,62,000	3,23,63,39,107	3,31,56,86,386	7,93,47,279	

APPENDIX—concluded.

RAILWAYS.	To end of 1908-1909.	Accounts, 1909-1910.	Revised Esti- mate, 1910-1911.	Budget Esti- mate, 1911-1912.	To end of 1911-1912.	Sanctioned Outlay.	Balance remaining unspent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
GRAND TOTAL, brought forward	2,81,31,35,950	9,50,23,157	20,51,18,000	12,30,62,000	3,23,63,39,107	3,31,56,86,386	7,93,47,279
<i>Distributed as under—</i>							
CAPITAL EXPENDITURE ON RAILWAYS (not charged to Revenue)—							
State Railways—Construction*	1,84,03,12,089	9,48,24,260	11,58,61,000	12,15,47,000	2,17,25,44,349		
Redemption of Liabilities†	81,89,70,043	...	8,85,62,000	...	90,75,32,043		
FAMINE RELIEF AND INSURANCE—							
Protective Railways	7,66,03,746	1,80,226	6,75,000	15,00,000	7,89,58,972		
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that, under Famine In- surance).	5,45,35,712	...	...	...	5,45,35,712		
CONSTRUCTION OF RAILWAYS (charged to Provin- cial Revenues).	73,35,773	18,671	20,000	15,000	73,89,444		
OTHER EXPENDITURE charged against Revenue	1,53,78,587	...	...	...	1,53,78,587		
TOTAL AS ABOVE	2,81,31,35,950	9,50,23,157	20,51,18,000	12,30,62,000	3,23,63,39,107	3,31,56,86,386	7,93,47,279

• INCLUDES DEBENTURES RAISED BY COMPANIES—

Bombay, Baroda and Central India Railway	1,43,90,464	...	...	...	1,43,90,464
East Indian Railway	18,19,17,624	3,68,91,391	...	2,03,63,000	23,91,72,015
Great Indian Peninsula Railway	1,43,83,199	...	3,44,15,000	...	4,87,98,199
South Indian Railway	2,27,07,237	...	...	...	2,27,07,237
TOTAL	<u>23,33,98,524</u>	<u>3,68,91,391</u>	<u>3,44,15,000</u>	<u>2,03,63,000</u>	<u>32,50,67,915</u>

	Rs.
† Bombay, Baroda and Central India Railway	18,72,06,696
East Indian Railway	18,05,98,220
Eastern Bengal Railway	3,10,54,458
Great Indian Peninsula Railway	8,88,35,250
Madras and Southern Mahratta Railway	3,21,72,000
North Western Railway	7,36,74,320
Oudh and Rohilkhand Railway	15,50,40,735
South Indian Railway	7,03,88,355
TOTAL	<u>81,89,70,043</u>
Indian Midland Railway	8,85,62,000
	<u>90,75,32,043</u>

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12.

APPENDIX—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV—Capital Expenditure on Irrigation Major Works in 1909-1910, and estimated expenditure on such works in 1910-1911 and 1911-1912, and to the end of 1911-1912.

	Actual outlay to end of 1908-1909.	Accounts, 1909-1910.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.	Total actual and estimated outlay to end of 1911-1912.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
IRRIGATION WORKS. CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<i>Burma.</i>							
Mandalay Canal	50,68,098	1,17,018	29,000	7,000	52,21,116	...	...
Shwebo Canal	51,54,613	2,72,158	2,01,000	2,13,000	58,40,771	53,70,532	...
Mon Canals	32,88,843	7,38,058	7,77,000	5,12,000	53,15,901	42,63,836	...
Ye-u Canal	6,27,533	59,866	4,07,000	5,18,000	16,12,399	48,04,988	31,92,581
<i>Bengal.</i>							
Orissa Canals	2,61,14,676	58,856	35,000	60,000	2,62,68,532	...	...
Midnapur Canal	83,08,449	1,707	2,000	2,000	83,14,156	...	...
Hijili Tidal Canal	25,51,641	...	...	...	25,51,641	...	...
Sone Canal	2,58,14,000	3,334	9,000	48,000	2,58,74,334	...	...
<i>United Provinces.</i>							
Ganges Canal, including Mat and Hathras Branches	3,09,81,809	2,53,332	6,19,000	6,43,000	3,24,97,141	...	...
Lower Ganges Canal	3,49,86,109	1,26,477	1,59,000	59,000	3,53,30,586	...	...
Ditto, Fatehpur Branch	33,88,794	34,448	10,000	6,000	34,39,242	...	...
Agra Canal	1,07,44,505	1,01,536	1,44,000	87,000	1,10,77,041	...	...
Eastern Jumna Canal	46,78,680	23,835	54,000	21,000	47,77,515	...	...
Dun Canal*	11,05,759	47,415	49,000	72,000	12,74,174	...	...
Bijnor Canal*	2,50,176	1,296	15,000	12,000	2,78,472	...	...
<i>Punjab.</i>							
Western Jumna Canal	1,65,59,590	10,450	40,000	30,000	1,66,40,040	...	...
Upper Bari Doab Canal	2,00,19,804	50,734	2,62,000	3,70,000	2,07,02,538	...	...
Sirhind Canal (State outlay)	2,37,89,975	39,756	72,000	1,40,000	2,40,41,731	...	...
Lower Chenab Canal	2,76,31,697	1,65,819	5,00,000	4,50,000	2,87,47,516	...	...
Lower Jhelum Canal	1,56,08,460	1,57,506	71,000	3,00,000	1,61,36,966	1,83,95,782	22,58,816
Indus Inundation Canals	22,80,796	73,394	2,00,000	1,30,000	26,84,190	...	...
Upper Jhelum Canal	1,02,79,369	37,95,110	40,44,000	45,00,000	2,26,18,479	2,00,70,397	64,51,911
Upper Chenab Canal	1,45,94,854	41,96,519	43,65,000	38,00,000	2,69,56,373	2,89,29,792	19,73,411
Lower Bari Doab Canal	23,55,987	25,70,006	29,40,000	37,68,000	1,16,33,993	1,78,11,841	61,77,848
<i>North-West Frontier Province.</i>							
Paharpur Inundation Canal	8,81,666	33,517	1,000	1,75,000	10,91,183	9,71,448	...
Upper Swat River Canal	15,74,257	16,27,647	21,92,000	23,75,000	77,68,904	1,77,64,752	99,95,848
Lower Ditto	40,96,986	8,170	6,000	75,000	41,86,156	...	...
Kabul River Canal*	10,19,443	11,864	,000	...	10,34,307	...	...
<i>Madras.</i>							
Godavari Delta System	1,21,68,982	41,994	62,000	1,03,000	1,23,75,976	...	...
Kistna Delta System	1,48,05,744	1,77,102	60,000	60,000	1,51,02,846	...	...
Pennér River Canals System	55,68,114	6,548	28,000	10,000	56,12,662	...	...
Periyar Project	99,07,695	1,38,584	85,000	37,000	1,01,68,279	...	...
Cauvery Delta system	35,60,601	1,40,253	1,05,000	75,000	38,80,854	...	...
Nagavalli River Project	11,13,843	1,51,075	1,06,000	74,000	14,44,918	10,26,606	...
Divi Island Project	16,43,188	92,337	73,000	65,000	18,73,525	19,50,000	76,475
Lower Coleroon Anicut*	16,56,424	59,972	80,000	39,000	18,35,396	...	...
Shatiatepe Anicut*	6,39,847	91,248	70,000	1,37,000	9,38,095	...	...
<i>Bombay.</i>							
Desert Canal	26,22,235	...	16,000	12,000	26,50,235	...	...
Begari Canal	20,54,323	84,008	—34,000	79,000	21,83,331	...	...
Eastern Nara Works	65,21,576	26,792	14,000	12,000	65,74,368	...	...
Jamrao Canal	79,33,813	79,326	67,000	93,000	81,73,139	...	...
Mutha Canals	72,77,825	54,620	74,000	75,000	74,81,445	...	...
<i>Other projects</i>	3,88,12,699	2,34,051	3,08,000	—59,000	3,92,95,750	...	...
<i>Deduct—Outlay incurred from Ordinary Revenues</i>	42,00,43,478	1,59,57,738	1,83,20,000	1,91,85,000	47,35,06,216	...	...
	6,95,69,543	1,72,497	1,20,000	1,85,000	7,00,47,040	...	...
Carried over	35,04,73,935	1,57,85,241	1,82,00,000	1,90,00,000	40,34,59,176	...	...

APPENDIX—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation Major Works in 1909-1910, and estimated expenditure on such works in 1910-1911 and 1911-1912, and to the end of 1911-1912.

	Actual outlay to end of 1908-1909.	Accounts, 1909-1910.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.	Total actual and estimated outlay to end of 1911-1912.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	35,04,73,935	1,57,85,241	1,82,00,000	1,90,00,000	40,34,59,176	...	...
PROTECTIVE IRRIGATION WORKS.							
<i>Central Provinces.</i>							
Tank Projects	48,67,501	12,19,270	11,03,000	26,41,000	98,30,771	...	...
<i>Bengal.</i>							
Tribeni Canal	37,58,515	8,89,978	7,45,000	9,45,000	63,38,493	50,20,251	...
<i>United Provinces.</i>							
Betwa Canal (including Dukwa weir)	73,35,288	2,95,915	1,47,000	53,000	78,31,203	...	...
Ken Canal	38,71,866	1,62,376	57,000	31,000	41,22,242	54,15,124	12,92,882
Dassan Canal	27,11,365	6,85,618	4,60,000	3,73,000	42,35,983	43,86,319	1,50,336
<i>Madras.</i>							
Rushikulya Project	46,20,757	7,430	6,000	5,000	46,39,187	...	...
Mopad Project	5,20,268	—1,159	—3,000	...	5,16,109	11,36,000	6,19,891
<i>Bombay.</i>							
Godaveri Canal	20,70,551	19,41,623	17,18,000	14,74,000	72,04,174	88,34,597	16,30,423
Chankapur Tank	13,66,671	1,49,564	89,000	1,02,000	17,07,235	16,99,056	...
Nira Canal (including Shetphal tank)	60,70,183	...	3,000	4,000	60,77,183	...	...
Budhihal Tank	4,88,915	233	...	...	4,89,148	13,98,529	9,09,381
Pravara River Project	1,02,291	2,80,301	5,23,000	8,87,000	17,92,592	81,36,368	63,43,776
Other projects	59,23,036	2,87,917	5,31,000	8,10,000	75,51,953	...	...
Deduct—Outlay incurred from Ordinary Revenues	4,37,07,207	59,19,066	53,85,000	73,25,000	6,23,36,273	...	...
	22,34,832	...	...	...	22,34,832	...	...
TOTAL	4,14,72,375	59,19,066	53,85,000	73,25,000	6,01,01,441	..	...
GRAND TOTAL	39,19,46,310	2,17,04,307	2,35,85,000	2,63,25,000	46,35,60,617	...	...

APPENDIX—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation Major Works in 1909-1910, and estimated expenditure on such works in 1910-1911 and 1911-1912, and to the end of 1911-1912.

	Actual outlay to end of 1908-1909.	Accounts, 1909-1910.	Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.	Total actual and estimated outlay to end of 1911-1912.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	35,04,73,935	1,57,85,241	1,82,00,000	1,90,00,000	40,34,59,176	...	...
PROTECTIVE IRRIGATION WORKS.							
<i>Central Provinces.</i>							
Tank Projects	48,67,501	12,19,270	11,03,000	26,41,000	98,30,771	...	...
<i>Bengal.</i>							
Tribeni Canal	37,58,515	8,89,978	7,45,000	9,45,000	63,38,493	50,20,251	...
<i>United Provinces.</i>							
Betwa Canal (including Dukwa weir)	73,35,288	2,95,915	1,47,000	53,000	78,31,203	...	...
Ken Canal	38,71,866	1,62,376	57,000	31,000	41,22,242	54,15,124	12,92,882
Dassan Canal	27,11,365	6,85,618	4,66,000	3,73,000	42,35,983	43,86,319	1,50,336
<i>Madras.</i>							
Rushikulya Project	46,20,757	7,430	6,000	5,000	46,39,187	...	...
Mopad Project	5,20,268	—1,159	—3,000	...	5,16,109	11,36,000	6,19,891
<i>Bombay.</i>							
Godaveri Canal	20,70,551	19,41,623	17,18,000	14,74,000	72,04,174	88,34,597	16,30,423
Chankapur Tank	13,66,671	1,49,564	89,000	1,02,000	17,07,235	16,99,056	...
Nira Canal (including Shetphal tank)	60,70,183	...	3,000	4,000	60,77,183	...	...
Budhihal Tank	4,88,915	233	...	...	4,89,148	13,98,529	9,09,381
Pravara River Project	1,02,291	2,80,301	5,23,000	8,87,000	17,92,592	81,36,368	63,43,776
Other projects	59,23,036	2,87,917	5,31,000	8,10,000	75,51,953	...	...
	4,37,07,207	59,19,066	53,85,000	73,25,000	6,23,36,273	...	...
Deduct—Outlay incurred from Ordinary Revenues	22,34,832	...	...	...	22,34,832	...	...
TOTAL	4,14,72,375	59,19,066	53,85,000	73,25,000	6,01,01,441	..	...
GRAND TOTAL	39,19,46,310	2,17,04,307	2,35,85,000	2,63,25,000	46,35,60,617	...	...

APPENDIX—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1909-1910, with Revised Estimates for 1910-1911 and Budget Estimates for 1911-1912.

(Omitting 000, except in accounts.)

	ACCOUNTS.					Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.
	1905-1906.	1906-1907.	1907-1908.	1908-1909.	1909-1910.		
	M.	M.	M.	M.	M.	M.	M.
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	1,408	904	905	...	...	...	...
<i>Gross Traffic Receipts.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Madras	1,39,56,526	1,46,73,214	1,14,90,803	3,675	...	...	...
Ditto Extensions	3,62,742	3,22,004	2,63,597	...	...	...	...
Bombay, Baroda and Central India	1,38,17,913	2,08,216	—1,057	...	...	...	...
TOTAL	2,81,37,181	1,52,03,434	1,17,53,343	3,675	...	...	...
<i>Working Expenses.</i>							
Madras	71,38,956	90,22,859	81,49,333	18,094	724	...	...
Ditto Extensions	1,96,999	1,97,465	1,84,629	...	...	...	...
Bombay, Baroda and Central India	63,71,595	1,093	—9,843	...	...	...	...
TOTAL	1,43,07,550	92,21,417	83,24,119	18,094	724	...	...
<i>Net Traffic Receipts.</i>							
Madras	62,17,570	56,50,355	33,41,470	—14,419	—724	...	...
Ditto Extensions	1,65,743	1,24,539	78,968	...	...	...	...
Bombay, Baroda and Central India	74,46,318	2,07,123	8,786	...	...	...	...
TOTAL	1,38,29,631	59,82,017	34,29,224	—14,419	—724	...	...

APPENDIX—continued.

	ACCOUNTS.					Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.
	1905-1906.	1906-1907.	1907-1908.	1908-1909.	1909-1910.		
<i>Working Expenses.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
East Indian	2,70,22,684	3,13,27,086	3,37,69,955	3,77,78,791	3,15,30,260	3,52,00	3,78,00
Rajputana-Malwa System	1,24,80,664	1,33,31,287	1,49,37,369	1,50,13,374	1,37,65,315	1,41,00	1,48,30
Bhopal	1,58,332	1,81,533	2,56,517	2,66,974	2,70,261	3,28	3,25
Palanpur-Deesa	14,052	20,325	20,097	27,175	27,833	28	26
Warora Colliery	3,57,688	57,231	...	...	...	...	...
Bengal-Nagpur	1,14,17,032	1,29,89,459	1,45,62,960	1,58,66,049	1,54,92,894	1,64,60	1,72,20
Burma Railways	96,68,947	1,00,28,892	1,06,50,234	1,07,64,252	1,17,45,957	1,20,00	1,18,91
Burma Railway Extensions . . . . .	...	...	1,75,579	5,06,998	7,46,331	8,00	8,50
Assam-Bengal	32,73,619	39,82,185	43,23,165	46,61,697	44,68,125	44,50	45,75
Jorhat	73,246	89,102	90,157	80,960	96,184	85	85
Eastern Bengal	1,19,53,967	1,43,98,746	1,75,61,827	1,89,57,924	1,80,87,197	1,67,00	1,82,00
Bengal and North-Western, and Tirhoot	25,79,047	27,35,890	31,97,268	38,72,926	35,91,829	36,00	36,20
Bengal Central	3,46,036	...	...	...	...	...	...
Oudh and Rohilkhand	90,12,591	95,62,330	1,24,02,628	1,19,18,752	96,19,432	97,00	1,00,00
Indian Midland	40,72,743	51,07,946	64,82,492	56,98,660	53,36,129	41,24	...
Lucknow-Bareilly	6,85,474	7,89,911	8,08,758	8,35,010	9,08,190	8,40	8,00
Hardwar-Dehra	1,59,619	1,72,787	1,95,164	1,88,030	1,89,675	2,00	2,00
North Western	3,04,35,792	3,34,90,646	3,77,39,277	4,87,04,721	5,17,91,335	4,40,00	4,60,77
South Indian	65,44,483	69,14,141	75,02,146	1,15,81,369	1,15,05,566	1,21,50	1,30,50
Mysore State lines	11,17,411	11,19,760	13,78,810	19,32,434	16,87,667	18,50	18,94
Dhone Kurnool . . . . .	...	...	...	19,797	78,554	72	88
Nilgiri	2,66,520	2,84,137	2,82,952	...	...	...	...
Agra Delhi Chord	3,85,030	8,30,957	8,70,411	9,47,681	8,52,669	10,10	9,25
Bezwada Extension	1,43,251	1,57,468	1,31,493	1,46,999	1,59,599	1,75	2,00
North East Line, Madras Railway (East Coast, Southern Section)	38,46,491	37,45,786	...	...	...	...	...
Guntakal-Mysore Frontier	4,73,857	5,25,198	...	...	...	...	...
Tinnevely Quilon	2,45,343	2,55,736	3,00,932	3,66,487	3,53,520	3,80	3,85
Mayavaram-Mutupet	3,37,457	3,42,249	3,55,157	...	...	...	...
Southern Mahratta	49,26,716	47,13,799	...	...	...	...	...
Jodhpur-Hyderabad (British Section)	3,81,481	4,41,882	4,75,202	4,18,681	4,80,101	5,25	4,50
Great Indian Peninsula	2,50,58,635	2,53,05,913	2,91,29,505	2,92,33,579	3,07,25,634	3,53,43	3,95,00
Bombay, Baroda and Central India	19,20,153	95,24,142	98,14,996	1,03,38,207	1,04,17,841	1,21,50	1,34,80
Hospet-Kottur	46,144	47,994	...	...	...	...	...
Bezwada-Masulipatam . . . . .	...	...	21,438	...	...	...	...
Bellary-Rayadrug	27,133	34,016	...	...	...	...	...
Tirruppur-Krishnagiri	25,329	48,101	36,932	...	...	...	...
Morappur-Dharmapuri	6,619	34,851	26,966	...	...	...	...
Kalka-Simla	52,877	4,74,351	4,50,581	...	...	...	...
Azikkhal-Mangalore . . . . .	...	25,578	87,005	...	...	...	...
Nagda-Muttra . . . . .	...	...	1,05,729	3,95,679	8,69,705	11,50	14,39
Madras and Southern Mahratta Railway . . . . .	...	...	1,19,61,808	1,83,57,779	1,83,91,688	1,89,30	1,92,40
Baran-Kotah . . . . .	...	...	...	1,955	24,971	50	50
TOTAL	16,95,16,463	19,31,81,415	22,01,05,510	24,88,83,000	24,32,14,762	24,64,00	25,7200

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12.

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APPENDIX—concluded.

	ACCOUNTS.					Revised Estimate, 1910-1911.	Budget Estimate, 1911-1912.
	1905-1906.	1906-1907.	1907-1908.	1908-1909.	1909-1910.		
	Rs.	Rs.	Rs.	Rs.	Rs.		
<i>Net Traffic Receipts.</i>							
East Indian	5,01,10,883	4,85,31,213	4,80,63,414	4,44,29,692	4,93,33,957	5,23,03	4,97,03
Rajputana-Malwa System	1,56,32,801	1,45,28,894	1,31,42,393	92,15,159	1,21,97,583	1,36,00	1,28,70
Bhopal	1,67,305	1,78,761	2,27,071	1,62,302	1,98,456	2,22	2,15
Palanpur-Deesa	23,446	18,492	24,340	18,791	26,620	27	26
Warora Colliery	2,09,958	—64,119	...	...	...	...	...
Bengal-Nagpur	1,40,53,311	1,43,98,791	1,38,17,969	1,17,50,775	1,36,47,536	1,48,40	1,54,80
Burma Railways	61,67,960	58,42,710	68,38,513	71,34,763	64,68,423	68,00	73,09
Burma Railway Extensions . . . . .	...	...	2,44,266	4,67,071	4,37,263	5,00	5,80
Assam-Bengal	2,46,482	5,91,802	4,71,792	79,222	4,94,350	7,50	7,25
Jorhat	12,579	—2,906	8,717	18,632	—289	15	15
Eastern Bengal	95,44,704	1,09,84,357	90,42,581	86,66,817	97,46,010	1,18,00	1,18,00
Bengal and North-Western, and Tirhoot	36,22,296	40,15,808	45,42,807	42,84,072	41,55,194	48,00	49,80
Bengal Central	8,003	...	...	...	...	...	...
Oudh and Rohilkhand	71,68,152	68,93,626	57,42,240	40,21,952	64,46,386	93,00	92,00
Indian Midland	43,05,366	55,15,361	43,85,794	36,09,640	43,94,777	28,61	...
Lucknow-Bareilly	9,25,040	8,28,873	8,29,324	8,99,725	7,01,574	10,10	10,50
Hardwar-Dehra	1,59,620	1,72,787	1,95,165	1,88,089	1,89,676	2,00	2,00
North Western	2,68,75,734	3,01,18,744	3,09,20,810	77,72,864	1,95,14,073	2,97,00	3,24,23
South Indian	64,40,779	64,86,162	81,09,485	90,94,520	1,03,68,773	1,07,00	1,06,50
Mysore State lines	7,44,495	7,38,005	9,03,494	11,36,250	11,77,386	11,00	11,06
Dhone Kurnool . . . . .	...	...	...	17,486	41,800	28	17
Nilgiri	48,971	36,105	51,141	...	...	...	...
Agra Delhi Chord	4,19,625	8,15,363	7,45,489	5,70,112	6,22,197	7,30	8,15
Bezwada Extension	2,04,239	1,91,738	1,83,882	1,91,624	1,52,555	1,75	1,75
North East line, Madras Railway (East Coast, Southern Section).	26,97,669	22,21,619	...	...	...	...	...
Guntakal-Mysore Frontier	3,38,252	3,77,244	...	...	...	...	...
Tinnevelly-Quilon	2,46,715	2,42,849	3,17,028	2,88,342	2,92,219	3,20	3,23
Mayavaram-Mutupet	2,62,026	2,61,056	2,93,748	...	...	...	...
Southern Mahratta	31,02,231	33,96,862	...	...	...	...	...
Jodhpur-Hyderabad (British Section)	4,54,217	4,99,379	3,61,146	2,47,637	3,57,984	4,00	4,50
Great Indian Peninsula	2,78,63,904	2,54,46,682	2,22,23,520	1,82,07,195	2,53,45,194	2,43,02	2,78,00
Bombay, Baroda and Central India	28,11,241	1,05,52,740	1,13,06,240	1,02,89,205	1,26,95,547	1,20,50	1,15,20
Hospet-Kottar	—2,717	—366	...	...	...	...	...
Bezwada Masulipatam . . . . .	...	...	26,202	...	...	...	...
Bellary-Rayadrug	—3,124	5,631	...	...	...	...	...
Tirrupattur-Krishnagiri	—2,379	12	6,241	...	...	...	...
Morappur-Dharmapuri	—852	—447	3,187	...	...	...	...
Kalka-Simla	67,772	2,83,434	3,61,286	...	...	...	...
Azikhhal-Mangalore . . . . .	...	30,800	54,885	...	...	...	...
Nagda-Muttra . . . . .	...	...	39,451	—91,865	31,257	7,50	15,61
Madras and Southern Mahratta Railway . . . . .	...	...	65,61,577	1,04,43,662	1,15,84,523	1,20,70	1,32,60
Baran-Kotah . . . . .	...	...	...	1,581	23,181	50	50
TOTAL	18,49,26,704	19,41,38,062	19,00,45,198	15,31,15,315	19,06,44,205	21,14,03	21,43,03

APPENDIX--continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI—Gross receipts, working expenses, and net earnings of Irrigation—Major Works for five years ending 1908-09, with Revised Estimates for 1909-10, and Budget Estimate for 1910-11.

	ACTUALS.					Revised Estimate, 1910-11.	Budget Estimate, 1911-12.
	1905-05.	1906-07.	1907-08.	1908-09.	1909-10.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
DIRECT RECEIPTS—							
Mandalay canal	2,03,313	2,59,342	3,91,658	2,76,217	2,91,443	2,92,000	3,00,000
Shwebo canal . . . . .	...	99,464	2,68,091	3,15,471	5,19,267	6,08,000	7,00,000
Orissa canals	4,61,355	5,01,729	4,87,689	5,14,772	5,27,884	5,16,000	5,16,000
Midnapur canal	2,10,623	1,56,521	1,53,330	1,74,734	2,02,123	1,94,000	1,90,000
Hijili Tidal canal	70,448	71,515	58,703	46,055	63,742	57,000	57,000
Sone canals	13,96,628	15,64,819	16,63,360	18,71,088	18,95,202	17,47,000	17,65,000
Ganges canal	30,14,166	45,41,080	40,27,680	40,65,922	37,41,594	36,34,000	36,77,000
Lower Ganges canal	21,49,299	28,92,380	28,24,929	26,94,110	23,85,462	22,10,000	22,72,000
Ditto, Fatehpur Branch	1,62,015	2,68,441	3,01,590	3,64,066	3,45,349	3,00,000	2,40,000
Agra canal	5,20,088	11,19,818	8,28,606	8,17,525	8,02,427	7,58,000	6,13,000
Eastern Jumna canal	10,69,416	16,15,213	15,27,883	13,84,614	14,53,383	12,53,000	13,46,000
† Dun canal . . . . .	...	...	98,696	1,18,886	1,16,223	1,14,000	1,14,000
† Bijnor canal . . . . .	...	...	18,760	26,778	30,111	30,000	26,000
Betwa canal	1,94,969	2,63,612	2,11,431	1,19,447	2,86,365	1,89,000	2,10,000
Western Jumna canal	27,58,415	31,38,384	30,70,580	24,11,139	21,64,690	17,69,000	26,10,000
Lower Chenab canal	65,97,316	76,84,112	60,71,272	71,18,579	84,95,508	76,94,000	76,00,000
Upper Bari Doab canal	31,84,267	35,69,867	33,86,707	35,16,300	35,33,808	35,61,000	35,00,000
Sirhind canal	27,06,842	32,20,358	31,05,728	30,19,407	21,04,786	20,10,000	24,07,500
Lower Jhelum canal	7,78,837	13,56,667	13,62,674	19,34,822	21,04,205	23,10,000	21,00,000
Indus Inundation canals	1,62,950	1,62,445	1,20,276	1,44,057	1,78,155	2,25,000	1,50,000
Lower Swat River canal	4,39,630	5,12,330	5,32,841	5,43,658	5,67,754	5,79,000	5,80,000
Kabul River canal . . . . .	...	...	1,25,644	1,56,585	1,63,762	1,90,000	2,00,000
Godavari Delta System	1,12,357	1,08,822	1,17,722	1,24,262	1,27,098	1,30,000	1,35,000
Kistna " "	70,866	83,765	81,657	83,697	88,683	87,000	95,000
Pennér River canals "	2,586	2,525	2,727	5,798	2,074	3,000	3,000
Periyar Project	3,926	2,179	3,375	3,956	10,241	12,000	5,000
Cauvery Delta System	1,325	1,995	3,373	2,407	4,549	6,000	5,000
Rushikulya Project	785	1,036	2,457	2,637	2,777	4,000	3,000
Lower Coleroon anicut system . . . . .	...	...	2,591	1,679	2,320	4,000	2,000
Shatiatepe anicut " . . . . .	...	...	866	744	815	1,000	1,000
Desert canal	1,07,205	1,11,170	75,284	66,755	1,01,774	83,000	84,000
Begari " "	42,861	40,217	41,325	44,222	43,131	47,000	43,000
Eastern Nara Works	45,229	37,473	49,406	31,654	23,572	31,000	19,000
Mutha canals	3,70,380	3,28,532	3,43,020	3,66,300	3,54,618	3,52,000	3,62,000
Nira canal	1,66,203	2,27,150	4,60,671	2,95,164	4,01,109	3,08,000	3,89,000
Jamrao canal	1,25,359	16,940	16,488	16,101	20,238	30,000	16,000
Other projects	9,07,673	11,73,575	12,81,125	10,34,748	14,49,919	14,04,000	15,26,000
TOTAL	2,80,37,332	3,51,33,476	3,31,20,215	3,37,14,356	3,46,06,161	3,27,42,000	3,38,61,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal	16,944	30,596	5,505	53,345	53,618	57,000	60,000
Shwebo canal . . . . .	...	14,595	24,076	26,791	42,934	93,000	1,26,000
Ganges canal	9,10,288	9,19,139	9,22,411	9,23,276	9,29,409	9,29,000	9,29,000
Lower Ganges canal	3,73,152	3,88,669	4,16,669	4,16,669	4,29,702	4,30,000	4,30,000
Ditto Fatehpur Branch . . . . .	...	...	388	388	388	...	...
Eastern Jumna " "	2,53,952	2,53,952	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
† Dun canal . . . . .	...	...	24,980	24,980	24,980	25,000	25,000
† Bijnor canal . . . . .	...	...	14,984	14,984	14,984	15,000	15,000
Carried over	15,54,336	16,06,951	16,62,965	17,14,385	17,49,997	18,03,000	18,39,000

*Excluding Civil Officer's figures as under :—

	Revised.	Budget.
	Rs.	Rs.
United Provinces	1,60,000	1,70,000
Punjab	15,60,000	6,48,000
Total	17,20,000	8,18,000

† Transferred to 49, from 1st April 1907.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12.

APPENDIX — continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1908-09, with Revised Estimates for 1909-10, and Budget Estimates for 1910-11—continued

	ACTUALS.					Revised Estimate, 1910-11.	Budget Estimate, 1911-12.
	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	15,54,336	16,06,951	16,62,965	17,14,385	17,49,997	18,03,000	18,39,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—contd.							
Lower Chenab canal	11,28,751	10,95,882	10,51,332	13,34,580	16,99,083	16,32,000	27,12,000
Upper Bari Doab canal	2,99,249	3,00,639	3,13,004	3,19,853	3,25,331	3,65,000	3,46,000
Lower Jhelum „	81,613	2,69,721	3,19,280	3,78,515	4,03,369	4,56,000	4,55,000
Indus Inundation canals	2,73,536	2,74,872	3,16,389	2,44,200	2,74,563	2,65,000	2,60,000
Lower Swat River canal	48,672	50,420	50,393	50,451	50,376	50,000	50,000
† Kabul River canal . . . . .	...	...	2,175	39,879	5,436	10,000	10,000
Godavari Delta System	34,27,101	33,02,168	34,23,425	35,14,232	34,04,419	34,19,000	34,19,000
Kistna „ „	29,64,950	30,24,604	31,27,650	32,07,665	32,62,547	33,41,000	33,41,000
Pennér River canals „	4,24,710	5,06,271	5,30,680	5,74,297	4,08,308	5,75,000	5,75,000
Periyar Project.	4,85,029	4,93,493	5,19,689	5,20,865	5,34,958	5,15,000	5,25,000
Cauvery Delta System	9,29,106	9,15,939	9,32,393	9,32,380	9,37,519	9,81,000	9,82,000
Rushikulya Project	1,05,745	1,04,874	1,04,557	1,09,070	1,16,318	1,65,000	1,66,000
† Lower Coleroon anicut system . . . . .	...	...	2,77,144	2,78,952	2,81,959	2,96,000	2,96,000
† Shatiatope anicut „ „ . . . . .	...	...	1,04,152	1,06,654	1,00,733	1,01,000	1,01,000
Desert canal	2,67,663	2,56,319	1,32,387	2,68,678	2,29,577	2,45,000	2,58,000
Begari „	4,41,417	4,69,903	5,27,973	5,49,748	4,80,083	4,90,000	4,56,000
Eastern Nara Works	6,31,933	6,82,701	4,62,019	5,53,773	5,28,887	5,15,000	5,54,000
Mutha canal	-11,391	-7,562	-9,208	-10,899	-10,117	...	...
Nira canal	-8,104	-11,148	-22,407	-14,214	-19,764	...	...
Jamrao canal	7,80,961	6,52,546	6,24,200	4,59,024	5,57,629	6,22,000	5,91,000
Other projects	7,06,410	11,16,117	11,57,797	12,33,580	14,39,609	21,44,000	20,68,000
TOTAL	1,45,31,687	1,51,04,710	1,56,07,989	1,63,65,668	1,67,60,820	1,79,90,000	1,90,04,000
TOTAL REVENUE—							
Mandalay canal	2,20,257	2,89,938	3,97,163	3,29,562	3,45,091	3,49,000	3,60,000
Shwebo canal . . . . .	...	1,14,059	2,92,167	3,42,262	5,62,201	7,01,000	8,26,000
Orissa canals	4,61,355	5,01,729	4,87,689	5,14,772	5,27,884	5,16,000	5,16,000
Midnapur canal	2,10,623	1,56,521	1,53,330	1,74,734	2,02,123	1,94,000	1,90,000
Hijili Tidal canal	70,448	71,515	58,703	46,055	63,742	57,000	57,000
Sone canals	13,96,628	15,64,819	16,63,360	18,71,088	18,95,202	17,47,000	17,65,000
Ganges canal	39,24,454	54,60,219	49,50,091	49,89,198	46,71,003	45,63,000	46,06,000
Lower Ganges canal	25,22,451	32,81,049	32,41,598	31,10,779	28,15,164	26,40,000	27,02,000
Ditto Fatehpur Branch	1,62,015	2,68,441	3,01,978	3,64,454	3,45,737	3,00,000	2,40,000
Agra canal	5,20,088	11,19,818	8,28,606	8,17,525	8,02,427	7,58,000	6,13,000
Eastern Jumna canal	13,23,368	18,69,165	17,81,835	16,38,566	17,07,335	15,07,000	16,00,000
Betwa canal	1,94,969	2,63,612	2,11,431	1,19,447	2,86,365	1,89,000	2,10,000
† Dun canal . . . . .	...	...	1,23,676	1,43,866	1,41,203	1,39,000	1,39,000
† Bijnor canal . . . . .	...	...	33,744	41,762	45,095	45,000	41,000
Western Jumna canal	27,58,415	31,38,384	30,70,580	24,11,139	21,64,690	17,69,000	26,10,000
Lower Chenab canal	77,26,067	87,79,994	71,22,604	84,53,159	1,01,94,591	93,26,000	1,03,12,000
Upper Bari Doab canal	34,83,516	38,70,506	36,99,711	38,36,153	38,59,139	39,26,000	38,46,000
Sirhind canal	27,06,842	32,20,358	31,05,728	30,19,407	21,04,786	20,10,000	24,07,000
Lower Jhelum canal	8,60,450	16,26,388	16,81,954	23,13,337	25,07,574	27,66,000	25,55,000
Indus Inundation canals	4,36,486	4,37,317	4,36,665	3,88,257	4,52,718	4,90,000	4,10,000
Lower Swat River canal	4,88,302	5,62,750	5,83,234	5,94,109	6,18,130	6,29,000	6,30,000
† Kabul River canal . . . . .	...	...	1,27,819	1,96,464	1,69,198	2,00,000	2,10,000
Godavari Delta System	35,39,458	34,10,990	35,41,147	36,38,494	35,31,517	35,49,000	35,54,000
Kistna „ „	30,35,816	31,08,369	32,09,307	32,91,362	33,51,230	34,28,000	34,36,000
Carried over	3,60,42,008	4,31,15,941	4,11,04,120	4,26,45,951	4,33,64,145	4,17,98,000	4,38,35,000

† Transferred to 49, from 1st April 1907.

APPENDIX—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1908-09, with Revised Estimates for 1909-10, and Budget Estimates for 1910-11—continued.

	ACTUALS.					Revised Estimate, 1910-11.	Budget Estimate, 1911-12.
	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	3,60,42,008	4,31,15,941	4,11,04,120	4,26,45,951	4,33,64,145	4,17,98,000	4,38,35,000
TOTAL REVENUE—concl'd.							
Pennér River canals	4,27,296	5,08,796	5,33,407	5,80,095	4,10,382	5,78,000	5,78,000
Periyar Project	4,88,955	4,95,672	5,23,064	5,24,821	5,45,199	5,27,000	5,30,000
Cauvery Delta System	9,30,431	9,17,934	9,35,766	9,34,787	9,42,068	9,87,000	9,87,000
Rushikulya Project	1,06,530	1,05,910	1,07,014	1,11,707	1,19,095	1,69,000	1,69,000
†Lower Coleroon anicut system	..	..	2,79,735	2,80,631	2,84,279	3,00,000	2,98,000
†Shatiatope anicut ..	..	..	1,05,018	1,07,398	1,01,548	1,02,000	1,02,000
Desert canal	3,74,868	3,67,489	2,07,671	3,35,433	3,31,351	3,28,000	3,42,000
Begari ..	4,84,278	5,10,120	5,09,298	5,93,970	5,23,214	5,37,000	4,99,000
Eastern Nara Works	6,77,162	7,20,174	5,11,425	5,85,427	5,52,459	5,46,000	5,73,000
Mutha canals	3,58,989	3,20,970	3,33,812	3,55,401	3,44,501	3,52,000	3,62,000
Nira canal	1,58,099	2,16,002	4,38,264	2,80,950	3,81,345	3,08,000	3,89,000
Jamrao canal	9,06,320	6,69,486	6,40,688	4,75,125	5,77,867	6,52,000	6,07,000
Other projects	16,14,083	22,89,692	24,38,922	22,68,328	28,89,528	35,48,000	35,94,000
TOTAL	4,25,69,019	5,02,38,186	4,87,28,204	5,00,80,024	5,13,66,981	5,07,32,000	5,28,65,000
WORKING EXPENSES—							
Mandalay canal	99,165	85,898	81,472	82,392	81,457	85,000	93,000
Shwebo canal . . . . .	..	47,241	1,19,394	1,19,591	1,37,721	1,65,000	1,77,000
Orissa canals	3,53,817	3,99,092	4,30,009	4,19,057	4,44,664	4,54,000	4,54,000
Midnapur canal	1,42,981	1,61,123	1,84,291	2,12,361	2,21,375	2,18,000	2,16,000
Hijili Tidal canal	45,518	51,493	40,783	46,676	55,740	71,000	51,000
Sone canals	4,75,823	5,73,895	7,51,790	6,98,982	7,04,989	7,28,000	6,96,000
Ganges canal	12,48,973	13,16,804	12,22,219	12,56,713	12,97,630	12,64,000	12,22,000
Lower Ganges canal	9,38,717	10,46,866	10,43,099	10,36,765	10,08,748	9,96,000	9,94,000
Ditto Fatehpur Branch	1,28,022	1,22,204	1,33,344	1,37,413	1,34,651	1,25,000	1,16,000
Agra canal	2,88,274	3,32,366	3,16,712	3,35,275	3,83,954	3,24,000	3,38,000
Eastern Jumna canal	3,99,569	4,46,771	4,18,193	4,11,535	4,83,584	4,18,000	3,86,000
Betwa canal	1,33,784	1,08,053	1,23,490	1,33,140	1,17,460	1,47,000	1,45,000
†Dun canal . . . . .	..	..	81,194	1,09,600	1,33,133	1,09,000	1,01,000
†Bijnor canal . . . . .	..	..	16,589	16,765	21,395	15,000	18,000
Western Jumna canal	10,32,192	10,64,403	9,89,606	9,92,668	10,61,811	10,50,000	10,00,000
Lower Chenab canal	17,37,856	18,48,265	18,65,256	19,28,633	23,37,425	22,75,000	21,50,000
Upper Bari Doab canal	11,62,570	11,88,489	14,86,234	13,44,928	13,24,386	13,00,000	12,75,000
Sirhind canal	8,68,842	10,34,695	9,20,563	8,99,546	8,28,628	8,50,000	8,50,000
Lower Jhelum canal	6,61,147	7,45,058	7,23,559	8,26,808	8,00,166	8,25,000	8,00,000
Indus Inundation canals	3,21,049	3,18,987	3,69,311	4,47,559	6,88,949	7,00,000	4,00,000
Lower Swat River canal	83,924	1,13,839	1,18,842	1,36,679	1,40,726	1,40,000	1,20,000
†Kabul River canal . . . . .	..	..	96,616	60,122	72,283	1,00,000	80,000
Godavari Delta System	7,52,964	6,30,672	7,11,456	7,69,866	8,32,095	7,90,000	8,69,000
Kistna ..	6,80,810	6,39,218	5,33,036	5,67,852	5,58,559	7,82,000	6,23,000
Pennér River canals ..	87,180	79,445	67,953	70,682	68,934	80,000	66,000
Periyar Project	98,514	69,971	1,65,530	1,61,144	1,35,374	1,05,000	1,12,000
Cauvery Delta System	67,864	94,707	81,303	1,54,028	1,17,419	1,75,000	1,46,000
Rushikulya Project	47,713	73,554	41,387	47,355	48,383	38,000	42,000
†Lower Coleroon anicut system	..	..	75,771	59,902	60,021	60,000	85,000
†Shatiatope anicut ..	..	..	23,784	22,218	20,343	25,000	30,000
Desert canal	1,38,793	1,39,328	1,79,374	1,26,153	1,13,096	1,27,000	1,36,000
Carried over	1,19,96,061	1,27,32,437	1,34,12,220	1,36,32,408	1,44,35,099	1,45,41,000	1,37,91,000

† Transferred to 49, from 1st April 1907

BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12.

APPENDIX—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1908-09, with Revised Estimates for 1909-10, and Budget Estimates for 1910-11—continued.

	ACTUALS.					Revised Estimate, 1910-11.	Budget, Estimate 1911-12.
	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	1,19,96,061	1,27,32,437	1,34,12,220	1,36,32,408	1,44,35,099	1,45,41,000	1,37,91,000
WORKING EXPENSES—concl'd.							
Begari canal	1,01,404	54,553	56,636	1,00,364	79,377	1,79,000	1,01,000
Eastern Nara Works	1,02,972	1,13,835	1,65,291	2,19,669	1,64,741	1,75,000	2,11,000
Mutha canals	89,636	93,618	94,580	1,01,410	1,04,492	99,000	94,000
Nira canal	65,782	70,419	74,710	74,026	70,048	73,000	74,000
Jamrao canal	2,95,237	2,67,529	2,92,478	3,42,833	2,70,771	2,84,000	2,92,000
Other projects	8,16,255	8,37,096	9,64,222	10,78,116	12,88,638	13,57,000	18,99,000
TOTAL	1,34,67,347	1,41,69,487	1,50,60,137	1,55,48,826	1,64,13,166	1,67,08,000	1,64,62,000
						*	*
NET REVENUE—							
Mandalay canal	1,21,092	2,04,040	3,15,691	2,47,170	2,63,634	2,64,000	2,67,000
Shwebo canal . . . . .	...	66,818	1,72,773	2,22,671	4,24,480	5,36,000	6,49,000
Orissa canals	1,07,538	1,02,637	57,620	95,715	83,220	62,000	62,000
Midnapur canal	67,642	—4,602	—30,961	—37,627	—19,252	—24,000	—26,000
Hijili Tidal canal	24,930	20,022	17,920	—621	8,002	—14,000	6,000
Sone canals	9,20,805	9,90,924	9,11,570	11,72,106	11,90,213	10,19,000	10,69,000
Ganges canal	26,75,481	41,43,415	37,27,872	37,32,485	33,73,373	32,99,000	33,84,000
Lower Ganges canal	15,83,734	22,34,183	21,98,499	20,74,014	18,06,416	16,44,000	17,08,000
Ditto, Fatehpur Branch	33,993	1,46,237	1,68,634	2,27,041	2,11,086	1,75,000	1,24,000
Agra canal	2,31,814	7,87,452	5,11,894	4,82,250	4,18,473	4,34,000	2,75,000
Eastern Jumna canal	9,23,799	14,22,394	13,63,642	12,27,031	12,23,751	10,89,000	12,14,000
Betwa canal	61,185	1,55,559	87,941	—13,693	1,68,905	42,000	65,000
Dun canal . . . . .	...	...	42,482	34,266	8,070	30,000	38,000
Bijnor canal . . . . .	...	...	17,155	24,997	23,700	30,000	23,000
Western Jumna canal	17,26,223	20,73,981	20,80,974	14,18,471	11,02,879	7,19,000	16,10,000
Lower Chenab canal	59,88,211	69,31,729	52,57,348	65,24,526	78,57,166	70,51,000	81,62,000
Upper Bari Doab canal	23,20,946	26,82,017	22,13,477	24,91,225	25,34,753	26,26,000	25,71,000
Sirhind canal	18,38,000	21,85,663	21,85,165	21,19,861	12,76,158	11,60,000	15,57,000
Lower Jhelum canal	1,99,303	8,81,330	9,58,395	14,86,529	17,07,408	19,41,000	17,55,000
Indus Inundation canals	1,15,437	1,18,330	67,354	—59,302	—2,36,231	—2,10,000	10,000
Lower Swat River canal	4,04,378	4,48,911	4,64,392	4,57,430	4,77,404	4,89,000	5,10,000
Kabul River canal . . . . .	...	...	31,203	1,36,342	96,915	1,00,000	1,30,000
Godavari Delta system	27,86,494	27,80,318	28,29,691	28,68,628	26,99,422	27,59,000	26,85,000
Kistna " "	23,55,006	24,69,151	26,76,271	27,23,510	27,92,671	26,46,000	28,13,000
Pennér River canals " "	3,40,116	4,29,351	4,65,454	5,09,413	3,41,448	4,98,000	5,12,000
Periyar Project	3,90,441	4,25,701	3,57,534	3,63,677	4,09,825	4,22,000	4,18,000
Cauvery Delta system	8,62,567	8,23,227	8,54,463	7,80,759	8,24,649	8,12,000	8,41,000
Rushikulya project	58,817	32,356	65,627	64,352	70,712	1,31,000	1,27,000
Lower Coleroon anicut system . . . . .	...	...	2,03,964	2,20,729	2,24,258	2,40,000	2,13,000
Shatiatope anicut " " . . . . .	...	...	81,234	85,180	81,205	77,000	72,000
Desert canal	2,36,075	2,28,161	28,297	2,09,280	2,18,255	2,01,000	2,06,000
Begari " "	3,82,874	4,55,567	5,12,662	4,93,606	4,43,837	3,58,000	3,98,000
Eastern Nara Works	5,74,190	6,05,339	3,46,134	3,65,758	3,87,718	3,71,000	3,62,000
Mutha canals	2,69,353	2,27,352	2,39,232	2,53,991	2,40,009	2,53,000	2,68,000
Nira canal	92,317	1,45,583	3,63,554	2,06,924	3,11,297	2,35,000	3,15,000
Jamrao canal	6,11,083	4,01,957	3,48,210	1,32,292	3,07,096	3,68,000	3,15,000
Other projects	7,97,828	14,52,596	14,74,700	11,90,212	16,00,890	21,91,000	16,95,000
TOTAL	2,91,01,672	3,60,68,699	3,36,68,067	3,45,31,198	3,49,53,815	3,40,24,000	3,64,03,000

* Excluding Civil Officers' figures as under:—

	Revised. Rs.	Budget. Rs.
United Provinces	18,000	19,000
Punjab	7,000	1,000
	25,000	20,000

APPENDIX—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAY
Actuals, 1909-1910.

RAILWAYS.		Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15= 1.	Exchange.
GUARANTEED RAILWAYS.		R	£	R	R
RECEIPTS.					
Madras		88,529	8,115	1,21,725	—33,196
ADVANCES.					
Madras		88,003	8,067	1,21,005	—33,002
NET RECEIPTS.					
Madras		526	48	720	—194
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Capital received in India.	Idar Road Brahmakhed	86,000	5,733	86,000	...
	Abmedabad-Dholka	7,760	518	7,760	...
	Ahmedabad-Parantij	46,610	3,107	46,610	...
	Hardwar-Dehra	22,099	1,473	22,099	...
	Mymensingh-Jamalpur-Jagannathganj	16,000	1,067	16,000	...
	Tapti Valley	16,130	1,075	16,130	...
	Patti-Kasur	5,90,904	39,394	5,90,904	...
	TOTAL RECEIPTS	7,85,503	52,367	7,85,503	...
WITHDRAWALS IN INDIA.					
	Assam Bengal	—20,65,665	—1,37,711	—20,65,665	...
	Bengal Nagpur	—14,00,703	—97,380	—14,00,703	...
	Ditto Extensions	90,27,684	601,845	90,27,684	...
	Burma	18,17,443	121,163	18,17,443	...
	Indian Midland	50,81,211	338,748	50,81,211	...
	Ditto Saugor-Katni	9,701	646	9,701	...
	Lucknow-Bareilly	—5,98,846	—39,923	—5,98,846	...
	Madras and Southern Mahratta	—14,17,182	—94,478	—14,17,182	...
		1,03,93,643	692,910	1,03,93,643	...
	Idar Road Brahmakhed	20,665	1,378	20,665	...
	Amritsar-Patti	57,715	3,848	57,715	...
	Ahmedabad-Dholka	17,793	1,186	17,793	...
	Ahmedabad-Parantij	47,838	3,189	47,838	...
	Hardwar-Dehra	35,945	2,396	35,945	...
	Mymensingh-Jamalpur-Jagannathganj	49,305	3,287	49,305	...
	Tapti Valley	18,471	1,231	18,471	...
	Patti-Kasur	6,11,784	40,786	6,11,784	...
		1,12,53,159	750,211	1,12,53,159	...
	TOTAL WITHDRAWALS	1,12,53,159	750,211	1,12,53,159	...
	Net Withdrawals	1,04,67,656	697,844	1,04,67,656	...
GUARANTEED AND SUBSIDIZED RAILWAYS.					
	Net Withdrawals	1,04,67,130	697,796	1,04,66,936	—194

APPENDIX—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—continued.

Revised Estimate, 1910-1911.

RAILWAYS.		Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£ 1. (Omitting 000.)	Exchange. (Omitting 000.)
		R	£	R	R
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Capital received in India.	Idar Road Bramakhed	10,85	72,3	10,85	...
	Amritsar-Patti	42	2,8	42	...
	Ahmedabad-Dholka	1	1	1	...
	Ahmedabad-Parantij	25	1,7	25	...
	Patti-Kasur	2,47	16,5	2,47	...
	Hardwar-Dehra	37	2,5	37	...
	Mymensingh-Jamalpur-Jagannathganj	68	4,5	68	...
	Tapti Valley	11	7	11	...
	TOTAL RECEIPTS	15,16	101,1	15,16	...
WITHDRAWALS IN INDIA.					
Assam Bengal	-11,24	-74,9	-11,24	...	
Bengal Nagpur	4,82	32,1	4,82	...	
Ditto Extensions	39,26	261,7	39,26	...	
Burma	19,92	132,9	19,92	...	
Indian Midland	-1,69,73	-1,131,5	-1,69,73	...	
Ditto Extensions . . . . .	...	...	...	...
Lucknow-Bareilly	-1,12	-7,5	-1,12	...	
Madras and Southern Mahratta	-19,53	-130,2	-19,53	...	
	-1,37,62	-917,4	-1,37,62	...	
Amritsar-Patti	66	4,4	66	...	
Ahmedabad-Dholka	5	3	5	...	
Ahmedabad-Parantij	18	1,2	18	...	
Idar Road Bramakhed	11,50	76,7	11,50	...	
Hardwar-Dehra	20	1,3	20	...	
Mymensingh-Jamalpur-Jagannathganj	66	4,4	66	...	
Patti-Kasur	2,50	16,7	2,50	...	
Tapti Valley	15	1,0	15	...	
	15,90	106,0	15,90	...	
TOTAL WITHDRAWALS	-1,21,72	-811,4	-1,21,72	...	
Net Withdrawals	-1,36,88	-912,5	-1,36,88	...	

APPENDIX—concluded.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—concluded.

Budget Estimate, 1911-1912.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
	R	£	R	R
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
CAPITAL RECEIVED IN INDIA.				
Ahmedabad-Dholka	10	7	10	...
Ahmedabad-Parantij	16	1,1	16	...
Amritsar-Patti	66	4,4	66	...
Hardwar-Dehra	30	2,0	30	...
Idar-Road-Brahmakhed	2,27	15,1	2,27	...
Mymensingh-Jamalpur-Jagannathganj	54	3,6	54	...
Patti-Kasur	1,10	7,3	1,10	...
Tapti Valley	35	2,4	35	...
TOTAL RECEIPTS	5,48	36,6	5,48	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	-10,97	-73,1	-10,97	...
Bengal-Nagpur	9,37	62,5	9,37	...
Ditto Extensions	69,98	466,5	69,98	...
Burma	20,90	139,3	20,90	...
Lucknow-Bareilly	-1,71	-11,4	-1,71	...
Madras and Southern Mahratta	-16,24	-108,3	-16,24	...
	71,33	475,5	71,33	...
Ahmedabad-Dholka	10	7	10	...
Ahmedabad-Parantij	25	1,7	25	...
Amritsar-Patti	66	4,4	66	...
Hardwar-Dehra	30	2,0	30	...
Idar Road Brahmakhed	2,27	15,1	2,27	...
Mymensingh-Jamalpur-Jagannathganj	54	3,6	54	...
Patti-Kasur	1,10	7,3	1,10	...
Tapti Valley	35	2,4	35	...
	5,57	37,2	5,57	...
TOTAL WITHDRAWALS	76,90	512,7	76,90	...
Net Withdrawals	71,42	476,1	71,42	...

GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO
1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Monday, the 27th March
1911.

PRESENT:

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G., G.C.V.O.,
G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,

and 60 Members, of whom 53 were Additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble Raja of Dighapatia asked:—

“1. Has the attention of the Government been drawn to the following observations made by Mr. Valentine Chirol in his book on “Indian Unrest”:

“Before the Commission (Indian Public Service) sat, Indians and Europeans used to work side by side in the superior graded service of the Education Department, and until quite recently they had drawn the same pay. The Commission abolished this equality and comradeship, and put the Europeans and the Indians into separate pens. The European pen was named the Indian Educational Service, and the Native pen was named the Provincial Educational Service. Into the Provincial Service were put Indians holding lower posts than any held by Europeans, and with no prospect of ever rising to the maximum salaries hitherto within their reach. To pretend that equality was maintained under the new scheme is idle, and the grievance thus created has caused a bitterness which is not allayed by the fact that the Commission created analogous grievances in other branches of the Public Service.”

“2. Are the statements of facts contained in the above extract correct? If so, will the Government state the steps taken, or which it intends to take, to remove the grievances mentioned above? Will the Government also state in what other branches of the Public Service the Indian and the Provincial system of Service has been introduced?

“3. Will the Government be pleased to state the number of appointments made in the Indian Educational Service since 1900 and state the proportion of Indians and Europeans holding those appointments Province by Province?

“4. Has any member of the Provincial Educational Service in any province in India been promoted to the Indian Educational Service since 1900? If so, how many, when and where?

[*Raja of Dighapatia ; Mr. Butler ; Mr. Sachchidananda Sinha ; the Commander-in-Chief.*] [27TH MARCH 1911.]

"5. If not, will the Government kindly state the reasons why no such promotions have been made and if there are any circulars or rules, either Provincial or Imperial, which stand in the way of such promotions ?

"6. Is the Government aware that there are some members in the Provincial Educational Services of India to-day whose researches and works in their special lines have been recognised and warmly appreciated by several European savants, Academies, Learned Societies and Scientific Institutions ?

"7. If so, will the Government state if their claims have been considered by the Secretary of State for India or pressed by the Government of India when filling up vacancies or new posts in the Indian Educational Service ?"

The Hon'ble Mr. Butler replied :—

"The attention of the Government has been drawn to the observations of Mr. Valentine Chirol. As I stated the other day, the position and prospects of the Provincial Educational Service are now under the consideration of the Government of India. Provincial Services exist in several departments. The whole matter was discussed thoroughly in connection with the resolution moved by the Hon'ble Mr. Subba Rao.

"A statement has already been laid on the table giving the information asked for in paragraph 3 of the question.

"Only two appointments have been made from the Provincial Educational Service to the Indian Educational Service. They were made in the years 1902 and 1903 in the Punjab and United Provinces, respectively.

"The reason against such appointments is the policy laid down by the Public Service Commission and accepted by His Majesty's Government. The Government are aware that there are distinguished members of the Provincial Educational Service. As already stated, the position and prospects of that service are now under consideration. The Government of India can give no information as to the correspondence which has passed between them and the Secretary of State in regard to the general question or to particular recommendations."

The Hon'ble Mr. Sachchidananda Sinha asked :—

"(a) Will the Government be pleased to state the procedure which is adopted in the case of expulsions under sections 210 and 211 of the Cantonment Code and the methods by means of which such expulsions are brought about ?

"(b) Are the Government aware that the system of expulsion operates harshly on the civil population of the cantonments ? If so, do the Government propose to modify it ?"

His Excellency the Commander-in-Chief replied :—

"(a) The procedure is laid down in sections 210 and 211 of the Cantonment Code, 1899, and this is followed in such cases.

"(b) Government are not aware that the system operates harshly. The persons expelled are either criminals or disorderly persons whose removal does not operate harshly on respectable members of the civil population. It is considered that sufficient provision for meeting any possible hardship lies in the right of appeal to the District Magistrate as regards cases under section 210 of the Code, and to the General Officer Commanding the Division in respect of cases under section 211. The Government of India do not propose to make any modification in the existing procedure."

The Hon'ble Mr. Sachchidananda Sinha asked :—

"(a) Is it not a fact that the civil Indian populations of the cantonments constitute by far the largest body of tax-payers within the municipal areas of the cantonments ?

"(b) Do they at present possess the right of electing their representatives on the Cantonment Committees ?

"(c) If not, do the Government propose to confer such rights on them ?"

His Excellency the Commander-in-Chief replied :—

"(a) Yes.

[27TH MARCH 1911.] [*The Commander-in-Chief; Mr. Dadabhoy; Mr. Clark; Raja of Partabgarh; Mr. Jenkins; Sir Sassoon David; Sir Guy Fleetwood Wilson.*]

“(b) No, but under rule 4 of the Cantonment Code, 1899, the General Officer Commanding a Division may, by order, appoint any residents of a cantonment, whether officials or non-officials, to be additional members of the Cantonment Committee for specified periods. This is done in many cantonments.

“(c) The question of electing non-officials is under the consideration of the Government of India.”

The Hon'ble Mr. Dadabhoy asked :—

“(a) With reference to the Government reply of 29th March 1910, to my question regarding proposals for the amendment of the Indian law relating to life assurance, will the Government be pleased to state if any decision has been come to ?

“(b) Is the Government now in a position to lay on the table the correspondence on the subject with the Secretary of State ?”

The Hon'ble Mr. Clark replied :—

“The Government of India have decided to undertake legislation and have prepared a Bill for the better control of Life Assurance Companies operating in India. The draft Bill has been submitted for the approval of the Secretary of State and his orders are awaited.

“In the circumstances the Government of India are not in a position to lay on the table the correspondence with the Secretary of State.”

The Hon'ble Raja of Partabgarh asked :—

“(a) Is the Government aware that there is a strong feeling in Oudh that an Indian should be appointed as a Judicial Commissioner of Oudh ?

“(b) Will the Government be pleased to state if it contemplates appointing an Indian to the vacancy caused in the Bench of the Judicial Commissioner by the translation of E. M. DesChamier, Esq., to the Bench of the Allahabad High Court ?”

The Hon'ble Mr. Jenkins replied :—

“(a) The Government of India are aware that there is a strong feeling in Oudh that an Indian should be appointed as a Judicial Commissioner in Oudh.

“(b) The appointments of Judicial Commissioner and of Additional Judicial Commissioners, Oudh, are made by the Local Government with the previous sanction of the Governor General in Council. The Government of India have received the Local Government's proposals for filling the vacancy in the Oudh Court which will be caused by the appointment of Mr. Chamier to be a Puisne Judge of the High Court at Allahabad, and these are under their consideration.”

The Hon'ble Sir Sassoon David asked :—

“In view of the disparity shown by the percentages allowed in different Provinces, as also in the method of estimating the capital cost, for assessment for income-tax purposes for depreciation of machinery and buildings, in the statement placed on the table on the 20th instant, will Government be pleased to say whether they propose to issue orders for the adoption of a uniform system in order to place factories in all Provinces on an equal footing ?”

The Hon'ble Sir Guy Fleetwood Wilson replied :—

“The matter will receive consideration.”

The Hon'ble Raja of Partabgarh asked :—

“Will the Government of India be pleased to state whether the amount of £940,000 (141 lakhs) provided in next year's Budget for the Royal visit includes the cost of the Provincial camps at Delhi ?”

The Hon'ble Sir Guy Fleetwood Wilson replied :—

“No. The estimate of Provincial expenditure is separate.”

[*Pandit Madan Mohan Malaviya ; Mr. Butler ; Mr. Mazharul Haque.*] [27TH MARCH 1911.]

The Hon'ble Pandit Madan Mohan Malaviya asked :—

“ Will the Government be pleased to lay on the table information concerning the fee rates, or, in the absence of such rates, the general average of fees levied in arts and law colleges and in general schools, whether Government, municipal, board, or aided, in the several Provinces of British India in the year 1910 ; and the same as levied in the year 1904 ?

“ Will the Government be pleased to say if it has been decided or is contemplated to raise the existing scale of fees in any of the Provinces ?”

The Hon'ble Mr. Butler replied :—

“ Statements showing the average fee per month per pupil collected in various classes of boys' institutions in the several Provinces are laid on the table.* The Government of India are collecting information as to the rates of fees actually in force. They are not aware whether it is proposed to raise the fee rates in any Province, but the United Provinces Government has recently appointed a Committee to examine the question of the adequacy or otherwise of the present fees in secondary schools.”

BUDGET.

The Hon'ble MR. MAZHARUL HAQUE : “ My Lord, the details of the Budget have been so thoroughly discussed that not much remains to be said to-day. However, I should like to make a few observations on some points which are of extreme interest to the country. But before I proceed to do so I desire to offer my hearty congratulations to my Hon'ble friend the Finance Member for the very able and satisfactory Budget that he has placed before the Council. He has been exceedingly lucky in having a large windfall from Opium receipts, and most of the other heads of revenue have shown considerable improvements. The very elements have been in league with him in preparing a Budget which may truly be called a prosperity Budget. But the genius of a Finance Member does not disclose itself so much in the realisation of revenue as in the apportionment of expenditure. The two most gratifying features of the present Budget are an anxiety for economy in several departments of State and a willingness to spend more on objects of general utility. No doubt much has not been effected in the current year, but a beginning has been made in the right direction, and that is a very great thing. I find that the preachings of my Hon'ble friend have not fallen on deaf ears, and that two such departments as the Army and the Railways, whose proclivities for heavy expenditure are well known, have at last fallen to his constant attacks and are trying to practise much-needed lessons in economy. These are welcome signs of a happy future, and my Hon'ble friend is entitled to the thanks of the whole country.

“ My Lord, another obvious criticism which strikes one regarding the annual discussions on the Financial Statements and the Budgets is that they are of a purely academical character and that in spite of strong and earnest representations of the non-official Members no modification or alteration is possible either in principle or important details. Cut and dry proposals are placed before us in this Council and have to be accepted as such and in their entirety. Our representations may be of some help and guidance to the Finance Department in the preparation of the Budget for the coming year ; but by that time new circumstances have arisen, new forces have come into play, money is wanted for some unforeseen project, and the one-year old criticisms lose their forces entirely. There is a good deal of truth in these views. Of course, the proposals of the Government by their very nature have to be kept secret to the very last moment ; but if by any arrangement the non-official opinion could be ascertained and as far as possible given effect to, much of the time of this Council which is now wasted in fruitless and desultory discussions would be saved and an altogether happy impression regarding the accessibility of the officials to popular opinion will be produced in the country.

“ My Lord, I should like to say a few words about two items of expenditure in the Budget. My Hon'ble friend Sir Guy Fleetwood Wilson, in his

* *Vide* Appendix A.

[27TH MARCH 1911.] [*Mr. Mazharul Haque ; Mr. Sachchidananda Sinha.*]

speech when introducing the Financial Statement, expressed a hope that the provision of £940,000 for the Durbar expenses of His Majesty the King-Emperor will not be considered by the Council as higher than the people of India would wish to provide for the becoming celebration of a great historic event. My Lord, permit me to assure my Hon'ble friend and through him the whole British nation that we do not consider the sum to be high at all. No, most emphatically no. Indeed, we would have cheerfully borne the expenditure of a much larger amount, even of the whole surplus of the present year if necessary, for a grand and befitting reception of our beloved King-Emperor. This is the first time in the history of British connection with India that a ruling Sovereign is coming to this country, and it stirs our hearts to the very depth when we think that we, the Indian subjects of His Gracious Majesty, are so dear to him that he has taken the trouble of coming all these thousands of miles simply with the object of giving us an opportunity of seeing him. My Lord, we are an Oriental and therefore an imaginative people. Other nations of the world can hardly realise our feelings and sentiments of loyalty and love to our Sovereign Lord. When the electric wires flashed the news that His Majesty had expressed his desire to hold a Durbar at Delhi, there was universal joy in the country at the prospect of seeing our King-Emperor in our midst. The celebration of such an important event should be on such a scale of grandeur and magnitude that it may captivate the hearts and appeal to the imaginations of His Majesty's Indian subjects. My Lord, as a Musalman Member of this Council I consider it my duty to offer the humble and loyal thanks of my community to His Majesty for the kind consideration which His Majesty has shown towards the religious feelings of the followers of Islam in India. At great inconvenience to himself, His Majesty changed the dates of the Durbar so that they may not clash with the Mohurrum celebrations. Such kindness goes far to strengthen and enhance the feeling of loyalty which is inherent in the Indian people. My Lord, I also expect great political results from the coming Royal visit. It will bind the people of India more firmly than ever to the British throne and teach the ruling class to treat the people with sympathy and kindness.

"My Lord, the other item of expenditure upon which I should like to touch briefly is the generous grant of my Hon'ble friend for the initial or capital expenditure on schemes of Educational and Sanitary progress. This he has been able to do because of the windfall in the Opium receipts. The grants are non-recurring. I wish that he had seen his way to begin with recurring grants, however small in amount, which would have been spent upon a definite policy of extension in Education and Sanitation. My own Province has received the handsome amount of £230,000 for these useful and much-needed reforms. As the money has been chiefly contributed by my own Province of Behar, which is the great centre of poppy cultivation in India, I express the hope that His Honour the Lieutenant-Governor of Bengal will keep the claims of Behar before his eyes and give us our fair and due share. I also hope that the major portion of the Educational grant will be spent on capital expenditure on extension of primary education and not on bricks and mortar. I am afraid that there is a tendency in these days to spend more money in constructing costly school-houses than on actual educational work. What is required is to go back to the old indigenous system of Vernacular education when every village and hamlet had a few makhtabs and patshalas of its own to boast.

"My Lord, I have done. Your Excellency has commenced the administration of the country with every desire to put your trust in the people and sympathise with their natural and legitimate aspirations; the Members of your Excellency's Executive Council, among whom there is an exceptionally able and patriotic Indian, have shown a laudable anxiety to meet us half way in accepting our several representations; while we non-official Members and the public outside are ready to respond to Your Excellency's call to co-operate with the Government. These, my Lord, are happy signs which augur well for the future of India, and I am optimistic enough to fully believe in them."

The Hon'ble MR. SACHCHIDANANDA SINHA: "My Lord, it is a matter for sincere gratification that the first Budget presented to this Council during Your

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Excellency's administration should have been a 'prosperity Budget' in the best sense of the term, and I offer my respectful congratulations to the Hon'ble the Finance Member on the good luck that has befallen him. I must also gratefully acknowledge the disposition he has made of the surplus for the current year, and I assure him that the large allotments given by him to the various Provinces for furthering the cause of Education and Sanitation—two of the most crying needs of the country—have been much appreciated by the public.

"Coming to the alteration in the tax on tobacco, I cannot help expressing my regret that, when the occasion presented itself for any reduction, the Hon'ble the Finance Member did not see his way to reduce the tax on petroleum, which was so strongly opposed last year by most of the non-official Members of this Council, as one which hits hard the poorest classes in the country.

"The Hon'ble the Finance Member tells me I am out of order in alluding to a duty which has been settled."

His Excellency THE PRESIDENT: "I am afraid you are out of order in alluding to a duty which has already been settled by a vote of this Council."

The Hon'ble MR. SACHCHIDANANDA SINHA: "I was not discussing what has been already done, but simply indicating the policy of the Government of India in regard to fiscal matters."

His Excellency THE PRESIDENT: "I would rather you omitted any further reference to that. You have had plenty of opportunities of discussing the policy of the Government of India in regard to the question of the tobacco-duties. It is a matter which has now already been settled. Therefore, I should be much obliged if you would omit any further reference to that subject."

The Hon'ble MR. SACHCHIDANANDA SINHA: "Certainly, my Lord. This time last year, rumours were so persistent that a countervailing duty would be levied on indigenous tobacco, under pressure from the Home Government, acting under the influence of British manufacturers, that I thought it my duty in the course of the Budget debate to enter my protest against the suggestion. I am glad that our apprehensions on this point have not come true; but the reduction in the duty on tobacco—which no one wanted—in place of on petroleum, which was badly needed, is significant.

The Hon'ble SIR GUY FLEETWOOD WILSON: "May I presume to rise to a point of order? I submit that, as the rates both for petroleum and for tobacco are laid down by Statute and a vote has been taken on that Statute this year, I think the Hon'ble Member does not quite realise that he is out of order in discussing them at the present moment."

His Excellency THE PRESIDENT: "I have to emphasise the exactness of what the Hon'ble the Finance Member has just said, and I would ask the Hon'ble Member to omit any further reference to these two duties."

The Hon'ble MR. SACHCHIDANANDA SINHA: "My Lord, one of the most notable reforms connected with the present Budget is the inauguration of the system of permanent financial settlement with the eight major Provinces. Last year, in the course of the Budget debate, I pointed out that the percentage of revenue appropriated by the Imperial Government ranged from 30 per cent. in the Central Provinces to 45 per cent. in Madras; and I suggested the adjustment on more uniform lines and also such as will enable the Provinces to retain at least two-thirds of the revenue raised in them. The system now inaugurated, though it does not conform to the standard of two-thirds and one-third, is certainly a great improvement on the old settlements, and to that extent it will be conducive to the interests of the people. But I regret to notice that in the arrangements made the United Provinces have not fared as well as the other Provinces and as they might have been expected to, considering their large contributions in the past to the Imperial exchequer. Though the Hon'ble the Finance Member did not see his way to accept the Hon'ble Mr. Malaviya's resolution about the United Provinces being allotted—like the other Provinces—half and not three-eighths of their land-revenue, I am glad to find that Sir John Hewett has spoken out his mind freely and frankly on the subject. Presiding at the last meeting of the Provincial Council, he said that he had

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'great sympathy with the resolution' moved in this Council, and that the financial arrangements made 'do not appear to be such as will satisfy the legitimate claims' of the United Provinces. He announced that he proposed 'to make a full but dispassionate representation to the Government of India.' Regard being had to the very high opinion which Your Excellency's Government rightly entertain of the work and worth of Sir John Hewett—and which, in fact, was the main ground urged by the Hon'ble the Home Member for refusing to accept my proposal for an Executive Council for that Province, I hope Sir John's representation will receive the careful attention of the Government of India.

"My Lord, Your Excellency is no doubt aware of the keen interest which is now being taken by all interested by the welfare of India in furthering the cause of Education—especially Primary Education—in the country. The public have therefore welcomed the creation of a separate Department for Education and allied subjects, and they have been all the more gratified to find the new portfolio entrusted to so capable and sympathetic an administrator as my Hon'ble friend Mr. Butler, whose generous enthusiasm for the spread of education has left a deep impress on the educational progress of the United Provinces. It is to us a matter of genuine satisfaction that the Government have been paying of late much greater attention to the educational needs and requirements of the country than they did before; nevertheless the fact remains that educationally India is yet perhaps the most backward country of those that have any pretensions to a civilized system of administration. The data supporting this view have been placed before this Council very recently by the Hon'ble Mr. Gokhale. A comparison between the expenditure incurred during the last twelve years on the Army, Police and Education respectively brings into strong relief the comparative indifference shown to the cause of educational progress.

Year.	IN CRORES.			
	Army.	Police.	Total.	Education.
1898-1899	24.01	3.56	27.57	.77
1899-1900	22.34	3.82	26.16	.79
1900-1901	22.62	3.91	26.53	.78
1901-1902	23.64	3.96	27.60	.83
1902-1903	26.02	4.04	30.06	.96
1903-1904	26.80	4.11	30.91	1.00
1904-1905	30.26	4.20	34.46	1.11
1905-1906	28.90	4.51	33.41	1.25
1906-1907	29.48	5.21	34.69	1.43
1907-1908	27.97	6.62	33.59	1.43
1908-1909	30.97	6.16	37.13	2.19
1909-1910	30.37	6.20	36.57	2.23

"It appears that during the twelve years from 1898-1899 to 1909-1910—the last year up to which complete figures are available—the expenditure on the Army went up by over $6\frac{1}{2}$ crores and that on the Police by nearly $2\frac{3}{4}$ crores or 9 crores on both. Now, the growth of expenditure on Education during the same period—after deducting the income from fees—seems to have risen only by a little less than $1\frac{1}{2}$ crores! A great part of this relatively small increase has taken place during the last six years. From 1903-1904 to 1907-1908 it was a period of unbroken surpluses, and the claims of Education therefore received some attention at the hands of the Central Government and but for which Education would have been starved as before, and left to be taken care of by the Local Governments, whose unaided resources, as has so often been urged, are totally inadequate to meet the educational requirements of the territories under their control. I thankfully acknowledge the recognition which Education has now been receiving at the hands of the Government of India. But what I urge is that in future the pace of educational progress should be quicker.

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Even if the very high expenditure on Police—in 1909-1910 nearly three times of that on Education—be said to be justified, in view of the improvements being introduced in that service and the rise of political crime in some parts of the country, there is no doubt that there is little justification now for a steady rise in our Military expenditure, such as has been the case during the last twelve years. If it be impossible to reduce the number of British troops stationed in India, it should not be impossible for Your Excellency's Government to secure an equitable apportionment of the charges incurred on them between the Home Government and the Indian Government. A good deal of evidence of experts like General Brackenbury was given before the Welby Commission in support of this view, which is in entire agreement with Indian opinion. It was no Indian politician but the Government of India who expressed the opinion that—

'The Imperial Government keeps in India and quarters upon the revenues of that country as large a portion of its army as it thinks can possibly be required to maintain its dominion there; that it habitually treats that army as a reserve force available for Imperial purposes, that it has uniformly detached European regiments from the garrison of India to take part in Imperial wars whenever it has been found necessary or convenient to do so; and, more than this, that it has drawn not less freely upon the Native army of India, towards the maintenance of which it contributes nothing, to aid in contests outside of India with which the Indian Government has had little or no concern.

"Here is a strong case made out by the Government of India for a just apportionment of the charges on the British troops stationed in this country between the Home and the Indian Governments. However that may be, it is time that expenditure on the Army were cut down so far as possible—and we are grateful to His Excellency the Commander-in-Chief for his resolve to overhaul and examine the whole Army expenditure, with a view to greater economy—and that the amount so liberated were devoted to Education. As things stand at present, it is in my humble opinion a serious blot on our system that the Army and the Police should receive so much more attention than Education as to have absorbed between them during the last twelve years no less than 25 times the money spent on the latter—379 crores as against 15 crores. The first decade of the century has been with us, under the impetus given by Lord Curzon's Government, an era of improvements in the Army and Police. We hope that the second decade, under the impetus imparted by Your Lordship's Government, will be an era of educational progress.

"Your Lordship has assumed the reins of Government at a time when the conditions of the country are favourable for the inauguration of large measures of educational and economic reforms, and I may venture to express the hope that it will fall to the lot of Your Excellency's Government to so administer this country as will be conducive to its prosperity by the expansion of its industries and trade, the spread of Education amongst its people and the improvement in their sanitary surroundings. Fiscal Autonomy, Education and Sanitation are thus the three greatest needs of the country, and I hope Your Excellency's Government will do all that is possible to further their cause."

The Hon'ble MR. DADABHOJ: "My Lord, a prosperity Budget does not call for much comment. To us the fact that it synchronises with Your Excellency's assumption of office is a happy augury for the future. The occasion is one for congratulations to the Finance Minister. Luck has been propitious to him, and the measures he took last year for maintaining equilibrium in the face of a vanishing source of revenue have proved productive beyond his expectations. That is the main feature of the Budget under discussion. I cordially wish Sir Guy Fleetwood Wilson equal good luck next year.

"But the Opium revenue and the revenue from the enhanced Silver Duty—two of the most productive sources—have been so purely accidental and so abnormal that it would be unwise to count upon a continuity of similar conditions in the future. According to the Finance Minister himself, the future of the Opium revenue is uncertain, and dependent upon circumstances beyond the control of this Government. We all wish Sir Alexander Hosie's mission would lead to a more satisfactory settlement of the Opium question; but the scope of the inquiry does not induce much hope. Sir Alexander Hosie is engaged in an examination of details, leaving the principle untouched. The result is not likely

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to afford any permanent relief to the Indian Exchequer. The high prices realised in the current year are exceptional, and it will be by the merest fluke that they should attend our transactions in the future. Already there is a weak feeling in the market. The system of 'earmarking' this Government has of its own motion initiated is the least likely to prove financially advantageous. However much one might admire the motives of Government, the position is full of doubt, difficulty and anxiety; and, sooner or later, this source of revenue will disappear. It will be sound finance as much as equity to cover the loss by a proportionate, or at least a substantial, grant from the Imperial Exchequer. The action of the British Government in stopping the Indian Opium trade is unquestionably sound from an ethical standpoint, but its merit is largely discounted by the fact that it involves great injustice to a helpless dependency, and throws an additional financial burden upon a poor and overtaxed people. My Lord, we do not object to Britain being generous to China, but we expect that she will be just to India as well. We claim financial help from her at this crisis.

"My Lord, the Hon'ble Finance Minister in his speech has referred to the enhanced Silver Duty with evident satisfaction. Our prediction of a fall in the price of the metal has been falsified by the events of the current year. I am glad this has been so. But, unlike Sir Guy Fleetwood Wilson, I cannot feel sure of the future. An examination of the history of the year reveals the fact that the conditions have been abnormal, and cannot continue long. The Finance Minister has fuller knowledge of the subject than anybody here, and I presume he will admit that the phenomenal speculative purchases of silver during the year alone have given tone to the market. There is an accumulation of silver in London and Bombay unique in history. A stock of silver in London worth two million pounds sterling and 25,000 bars in Bombay have been unheard-of in the past. An accumulation in Bombay of 6,000 bars a few years ago as the result of speculation brought about a crisis in the silver market. The next few months are pregnant with possibilities alarming to a degree. Apart from the question of the ability of the speculators to furnish further margin or to pay the interest due,—powerful factors in such transactions,—the normal accumulations of the metal between April and July are likely to cause an undue strain upon the market. A heavy decline is a matter of legitimate calculation in such circumstances. The experience of Sacriston of the Copper Syndicate may any time be repeated in the case of the bulls operating in silver. The Finance Minister himself says the Government of India has been spared the necessity of making large additions to the coinage from new silver. This can only accentuate the difficulties of the situation. If the Government does not come forward as a buyer on a large scale, there is little chance a slump, with consequential ruin to operators, can be averted. I have more than once referred to the effect which the enhanced duty has upon the cotton market in the Far East, and have submitted that it works as a bounty to China and Japan. The situation is not, therefore, free from difficulty, and I am sorry I cannot find in it the same cause for gratulation as the Finance Minister.

"My Lord, the warmest felicitations are due to the Hon'ble Sir Guy Fleetwood Wilson and the Government of India on the sound system of Provincial Settlement that has been inaugurated. The present satisfactory settlement of this vexed question should prove beneficial to the Local Governments while it relieves the Supreme Government of much trouble and anxiety.

"My Lord, the thanks of the community are due to Government for the decision to increase the annual allotment for Protective Irrigation Works by a supplementary maximum grant of 25 lakhs of rupees from sources other than the Famine Insurance Grant. I feel especially grateful because it has enabled Government to allot next year for the Tendula project about 18½ lakhs in addition to the 2½ lakhs spent in the current year. Speaking of irrigation, I, as a representative of the Central Provinces, beg to press upon the attention of Government the claims of the other two important schemes—the Wain-ganga and the Mahanadi. They have been before Government a fairly long time, and the people expect that the execution will be taken in hand at an early date.

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“My Lord, the appropriation of one-third of this year's large surplus revenue from Opium to the Educational and Sanitary needs of the country has the approval of the public. But the principle of the apportionment eludes examination. The Central Provinces have a just grievance in this matter. The people there are perhaps as backward as the people of any other Province, if not more, and the Province has suffered from plague even more than all the other provinces, the United Provinces excepted. But the special grant for sanitary improvement in the Central Provinces is 20 per cent. of that for Bengal and less than half of that for Madras as also of that for Bombay. The extraordinary Education grant for the Central Provinces is similarly illiberal as compared to the allotments for the other Provinces. The total grant for the Central Provinces is the smallest.

“My Lord, dealing with Provincial interests, I beg to invite Your Excellency's attention to two reforms that advanced public opinion demands for the Central Provinces. It is time there should be created a local Legislative Council for the proper discussion of Provincial matters. There could not be any serious objection to the reform. That is the only large administrative unit which is without a Provincial Legislative Council.

“The other necessary reform is connected with the administration of justice, a subject far more important from an administrative point of view than even a Legislative Council. The good-will of the people depends in a large measure upon the purity of the justice administered and the expedition with which it is administered. We have now in the Central Provinces, in consequence of the recent amendment of the Civil Courts Act, to a limited extent, in case of appeals valued above Rs. 10,000, the system, prevalent in High Courts and Chief Courts, of two Judges sitting together to hear appeals. There is congestion of work in the Judicial Commissioner's Court as can be easily imagined. The appointment of a fourth Judge has thus become necessary, and I have every hope the subject will receive at the hands of Government the consideration which its importance deserves.

“Closely connected with this is the question of improving the status of the final tribunal in the Central Provinces. A Chief Court is far better than the Courts of Judicial Commissioners. It commands greater confidence among the people, and this of itself is recommendation enough to deserve favourable consideration at the hands of Government.

“Speaking of reform in the administration of justice in the Central Provinces, I am led to discuss the larger question of the appointment of practising lawyers as District and Sessions Judges throughout India. My Lord, the Government attitude with regard to this subject appears to be inexplicable. In reply to my question of 24th January last, Government said they were ‘not prepared to take the action indicated’. It would have been well if the Government reply had been more illuminative. Trained lawyers, barristers and vakils, have been appointed by Government to fill the highest judicial posts; the experiment has proved eminently successful. It is now a settled principle with Government that a certain percentage of High Court and Chief Court Judges should be Indian lawyers of experience. The principle has received its legitimate extension in the appointment of Additional Judicial Commissioners. Sir Herbert Risley, in reply to a question of mine, laid down the Government policy in terms which could only induce the hope that, sooner or later, this principle of the appointment of capable Indian lawyers as Judges would receive a further development, and a number of District and Sessions Judges would be recruited from them. People wonder what objection there could be to the course. My Lord, may we look to Your Excellency for the initiation of the reform as the first instalment of that sympathetic administration which it is Your Excellency's desire should mark your *régime*?

“My Lord, Viscount Haldane's announcement in Parliament that the Indian Army may have to be reinforced before long has filled the country with alarm. It comes as a surprise to the people at a time when they are fondly hoping for a reduction in expenditure, both Civil and Military, as the result of the economies the Hon'ble Sir Guy Fleetwood Wilson has promised to enforce. We confidently hope Government will resist all attempt on the part of the Imperial Government to throw additional burdens on India.

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"My Lord, on two matters connected with the industrial development of the country the people feel strongly. There is a growing feeling among educated Indians that India needs protection, and that not only against foreign countries, but against England as well. It behoves Government to take note of this sentiment of an Eastern nation. I do not here enter into an elaborate examination of the perennial controversy of Free Trade and Protection. Discussion of abstract principles does not help much. But facts, the commercial history of advanced countries, all point to the conclusion that protection at a certain stage encourages development, and does not necessarily increase the price of the article taxed. A large body of Anglo-Indian opinion favours protection, and practical and responsible statesmen like Lord Minto and Sir Edward Baker, according to newspaper report, are distinctly of opinion that protection is necessary for the industrial development of India. Sir Edward Baker is reported to have said:

'I would give them a protective tariff. I would encourage the establishment of factories and favour them in every way as to the making of goods for India in competition with those of Europe, Japan and other parts of the world. What India needs is industrial development, and a protective tariff would bring that about. As it is, we are tied up by the manufacturing industries of Great Britain. We can levy no duties to speak of upon our own imports of cottons. We once had a tariff of 5 per cent., but the Manchester mill men objected, saying that it ruined their trade. They demanded that an excise-duty be added to equalise our competition, and the result was that the duty was reduced to 3½ per cent., that amount being levied on all goods made in India. Do you wonder that the Natives object? A protective tariff would foster our industries, and we could in time build up a mighty industrial empire.'

"It is not thus a visionary ideal for which the people clamour. Is it too much for us to expect Government to move in the matter with spirit? It will be impossible to thoroughly conciliate the people until a proper and adequate system of protective tariff is introduced.

"My Lord, the people are equally keen on the subject of fiscal autonomy for India. We want this Government to have a free hand in the determination of the fiscal policy. The feeling is that, in the existing state of things, Indian interests are subordinated to those of England, and past experience shews that so long as our special interests do not receive independent treatment at the hands of the Government of India, there is small chance of any large industrial development. Fiscal autonomy is as much of a necessity as protection, and inasmuch as we cannot have a tariff of our own without Government having perfect freedom of action, it is more imperative than any measure of tariff reform. My Lord, we implore Government to concentrate their energies upon this important reform.

"My Lord, the Government decision on the subject of pioneering of industries by the State has been received with disappointment by the people. It is difficult to understand why this Government should not take measures which have yielded excellent results in advanced countries like Japan. Here, again, the action of the Secretary of State is liable to misconstruction. The impression that a fond regard for English mercantile interests has prevented that statesman from taking an independent and unprejudiced view, should be removed, and that as early as possible.

"My Lord, the most pleasing item of expenditure in the whole Budget is the provision made next year for the reception of Their Imperial Majesties the Emperor and Empress of India for their Coronation on the sacred soil of Hindustan. I can conceive of no expenditure which will prove more remunerative in the long run. The Coronation will be a great historical event, binding more firmly than ever to their beloved Sovereign a people, highly emotional and deeply religious, to whom the Ruler is God's vicegerent on earth. My Lord, it is a great thing for them to realise that their Sovereign feels such an abiding interest in this distant dependency that, at great personal sacrifice, he comes this long way to receive the homage which is his just due. The country has been stirred to its inmost depths at the happy news.

"My Lord, before I close I must refer to another subject, though of a sad character—I mean the serious accident which has befallen Earl Crewe. His Lordship's appointment as Secretary of State for India in succession to Lord Morley was received in India with a genuine sense of pleasure and hope. We

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expected much from him. Acting in perfect harmony with Your Excellency, he would have exerted a benevolent influence upon the administration, would have developed the reforms initiated by his illustrious predecessor, and would have given Your Excellency ample scope and adequate facilities for that work of conciliation which Your Excellency has so much at heart. My Lord, with Lord Crewe as Secretary of State for India and Your Excellency as Viceroy, we looked forward, with the liveliest feelings of hopefulness and confidence, to a continuity of that happy combination to which, on a memorable occasion, Lord Morley attributed all the success of the last five years' administration. But, alas, our calculations have, for the time being, been upset. Now the united prayer of the nation goes up to the Almighty Father for Lord Crewe's early restoration to his former vigour and a successful career in the India Office."

The Hon'ble MAUNG BAH TOO: "My Lord, since the present Provincial Settlement came into force in 1907-1908 it has gradually become evident that the results of it were not those anticipated by the Government of India at the time the settlement was framed. Partly owing to over-estimates of the receipts at that time and partly owing to the growth of the revenue since proving to be less than was assumed, the Province of Burma has not had at its disposal the funds which it was expected would be available. On the other hand, it was a Province so ill-equipped as compared with other Provinces of the Indian Empire that a large amount of expenditure was imperatively called for to provide it with the most ordinary communications and accommodation. Instead, however, of being in a position to undertake such works, owing to the miscalculations of the settlement figures, Burma has in fact been engaged for the last three years in strenuous efforts to meet the most necessary demands by forcibly restricting its expenditure in almost every direction. It seemed likely that this would continue during the year 1911-1912, for at the time the Budget was first sent up the allotments had again been unduly reduced, and even with that the provision for public works was considerably below the sum taken as the standard figure at the time of settlement. But fortunately the Government of India has now admitted the seriousness of the situation and recognised that the cause of it was not extravagance on the part of the Burma Government, but simply the miscalculations which had resulted in foreing on the Province an inequitable settlement which allowed us insufficient funds for administration. Being also in a position this year to come to the assistance of Provincial Governments with subventions from Imperial funds, the Government of India has been pleased to contribute forty lakhs to aid the Provincial balances of Burma and to enable more provision to be made for expenditure on Education and Sanitation. For this contribution I desire to express the thanks of the Province. As a measure of immediate relief it is most welcome and has alleviated for a time a situation that had become impossible. But I trust that I am correct in saying that the Government of India do not themselves regard it as a solution of our difficulties. The Lieutenant-Governor had represented that an expenditure of forty lakhs a year for five years in addition to the funds already at his disposal under the settlement was necessary as the immediate measure of relief, to be followed or accompanied by a generous revision of the terms of the settlement. In so far as the grant of forty lakhs may be taken as the first instalment of such a contribution, I have nothing to complain about it, although the Lieutenant-Governor might well have been left a freer hand as to the objects on which it was to be expended. But no guarantee has yet been given that the contribution will be repeated in the coming years. I do not expect that such a pledge could be given without reference to the circumstances of the future, but I think that it is not unreasonable to ask that, in view of the ample demonstration which has been given of the crying needs of Burma, a promise should be made that, if the Imperial Government finds itself in a favourable financial position in the coming years, a like contribution will be made annually to Burma until the sum named by the Lieutenant-Governor has been granted. Perhaps the Imperial Government has refrained from giving such an undertaking from a belief that certain variations in the terms of the Provincial Settlement

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which are to take effect from the beginning of the new financial year will provide the necessary permanent addition to our funds. If so, I venture to express an opinion that the result of these alterations of the settlement will fall very short of what is required. In future we are to get five-eighths of the land-revenue receipts instead of one-half and the whole of the forest-revenue in lieu of one-half of it. On the other hand, we are to defray the whole of the forest expenditure instead of one-half of it as previously. Inasmuch as the effect of this arrangement was calculated out on the figures of the year 1909-1910, and the amount by which the Province of Burma would gain was subtracted from the Imperial assignment to Provincial funds under the head of Land-revenue Adjustment, a mere equilibrium resulted as regards the present. But it is suggested that we shall gain largely by the growth of our revenues in the future as we shall get the additional fractions of such increases. It has, however, been our complaint throughout that our revenues have not increased as expected, and it is particularly under the heads Land-revenue and Forest that we have been disappointed. Further, we do not really obtain a full five-eighths of our legitimate land-revenue. The export-duty levied on rice exported to ports other than British Indian ones is in fact part of our land-revenue and should be credited to that head instead of to Customs. This amounted, I am informed, to sums varying between fifty-seven and a half lakhs in 1908-1909 and ninety lakhs according to the estimate for the year 1911-1912. In 1904-1905 it realized ninety-eight and a half lakhs. All this is now taken by the Imperial Government as part of the Customs. If it were credited, as it should be, to the Land-revenue, the land-revenue receipts which we are to have in future would be substantially augmented. I would commend this suggestion to the serious consideration of the Hon'ble Finance Member, if he desires to take a step towards a real revision of the terms of the settlement. I do so the more earnestly because the forest receipts of which Burma is in future to obtain the whole are increasing so slowly that a substantial benefit from this concession is hardly to be looked for. On the other hand, our forest expenditure is rising. It is expected to rise by three lakhs in the coming year, while the expected rise in receipts is only two and a half lakhs. In so far, therefore, as our new contract is concerned with forest receipts and expenditure, we have little cause for congratulation.

"Possibly I may appear somewhat ungracious if I suggest that we have been accorded an additional fraction of the land-revenue receipts only when it is admitted that these receipts are not increasing at the rate expected and when therefore it would appear that our boon becomes of less value. Though I gladly acknowledge the assistance given by the contribution of the forty lakhs subvention, I regret that I am unable to express gratitude for the alterations in the terms of the Provincial Settlement if they are meant to be put forward as an adequate revision of that agreement and if the settlement is intended to be made permanent on these lines. We should like a still larger share of growing revenues, and if we got that, we would gladly give a fixed assignment from Provincial to Imperial in order to reduce our income to a reasonable figure. As the Hon'ble Pandit Malaviya does not like such an arrangement for his Province, perhaps the Hon'ble Finance Member will let us have it instead of him.

"I am much interested in the development of Education and am glad to see that something has been given us for the extension of the Rangoon College, for the building of hostels and for some other purposes. But we have enormous arrears to make up in the provision of facilities for legal, medical, engineering and other forms of technical education, as well as for university courses in general knowledge. I look with much jealousy at the large grants to Bengal which has had so much already. We do not want our Province to be overrun by Bengalis. Much greater facilities ought to be given to Burmans for entering the professions and for qualifying for the higher branches of the public service. I hope that the scheme for a university in Burma will soon come into effect and be generously supported by the Government of India.

"I am glad to say that something has been done towards employing more Burmans in the Post Office. I am much obliged to the Director General for

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the practical sympathy which he has given to my representations on this matter. I do not want more Indians from other Provinces in the Post Office in Burma. Such men are always anxious to get men of their own caste into vacancies—even as postmasters, clerks and such like, so that the Burman is kept out of work in his own Province and the Post Office is looked on with suspicion. Many of these Indian postmasters cannot read the addresses on Burmese letters; and they cannot write money order receipts in Burmese, so that the sender does not know whether he has got a proper receipt or not. It is not wonderful therefore that my people, though primary education is widespread, use the Post Office so little.”

The Hon'ble SIR VITHALDAS D. THACKERSEY: “My Lord, the Hon'ble Sir Guy Fleetwood Wilson is entitled to our hearty congratulations on the very satisfactory Financial Statement that he has presented to us. I say so in no mere conventional sense. I mean no disrespect to the other Departments when I say that we all feel that the Finance Department of Your Excellency's Government has, in an especial manner, identified itself with our true national interests. My Lord, we are glad that the Hon'ble the Finance Member has been blessed with a large surplus in the current year, and that the coming year also presents so far no cause for anxiety. But it is not a very difficult thing to budget for a surplus, and I am sure that the Hon'ble Member will forgive me for holding that the manner in which the surplus has been raised is not altogether unexceptionable. But, my Lord, this is a question of the past. And I feel that apart from the 2 millions devoted to the reduction of debt, about which I have already expressed my opinion, the way in which the surplus has been allocated shows great judgment and discrimination. I wish to thank the Government of India and the Hon'ble Member for doing justice at last to Bombay City by giving it a grant of 50 lakhs and thus making up the Secretary of State's contribution as originally intended when the Bombay Improvement Trust Act was passed.

“My Lord, the Government are aware that this grant does not meet all the needs of the Bombay Improvement Trust, and that it does not remove all cause for complaints of differential treatment between Bombay and Calcutta. But we are willing to accept this act of Government as an earnest of their good intentions, and I offer our sincere thanks to Your Excellency's Government for lending a ready ear to the representations of the Local Government and people of Bombay, whose claims to be called the first city in India and the second city in the Empire have been placed beyond any possibility of doubt by the returns of the last Census. I sincerely hope that our representation regarding the much-needed enlargement of the resources of the Bombay Improvement Trust will receive equally favourable consideration.

“These are all the remarks which I propose to make on the general features of the Budget. My remaining observations will be devoted to certain important considerations suggested by the Hon'ble Sir Guy Fleetwood Wilson's exposition of the behaviour of our currency system during the current year.

“My Lord, I was greatly impressed, as no doubt others also have been, by some remarkable features of the current year to which the Hon'ble the Finance Member has called attention in the section devoted to ‘Exchange and Currency’ in his able and lucid Financial Statement. He told us of the striking economy in the use of rupees, as illustrated by the fact that during April to December of last year there was actually a net return of rupees from circulation, instead of, as in previous years, a large absorption of rupees from our currency reserve. He further told us that in addition to the close on 17 millions of gold bullion, the greater part of the 3 millions in sovereigns, imported during the nine months of the year, had passed straight into consumption. He seemed to infer from this fact that the people were beginning to keep their savings in gold instead of as hitherto mostly in silver, and that probably sovereigns were also working their way into active circulation. Concurrently with these features, there was, as he pointed out, a noteworthy increase in the use of currency notes, justifying an increase in the fiduciary reserve. These, my Lord, are truly significant phenomena and they show to my mind that the time has come when we may take a further step in the

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direction of the measures needed to place our currency system on a permanent and stable footing. From the very first, it has been fully recognised that a gold standard with a gold currency must be the final goal of our currency policy. As this has been doubted, I would trouble the Council with a few quotations.

“The Indian Currency Committee of 1898, presided over by the late Lord Wolverhampton, then Sir Henry Fowler, whose recent death we all deplore, after pointing out that the Government of India favoured a gold standard with a gold currency, observed: ‘We are in favour of making the British sovereign a legal tender and a current coin in India. We also consider that, at the same time, the Indian Mints should be thrown open to the unrestricted coinage of gold on terms and conditions such as govern the three Australian Branches of the Royal Mint.’ The Finance Member of the Government of India, the Hon’ble Mr. Clinton Dawkins, in his Finance Statement for 1900-01, concluded an exposition of the change effected in the currency policy a few months previously, with an important announcement. ‘It has been decided,’ he declared, ‘to constitute a branch of the Royal Mint at the Bombay Mint for the coinage of gold. The terms of the proclamation to be issued under the Imperial Coinage Act have been settled, and we are merely waiting now until the Royal Mint has satisfied itself as regards the Mint premises and appliances in Bombay. A representative of the Royal Mint is starting this week for Bombay to report. The gold from the Mysore mines is indeed already reaching us in anticipation of coinage, and we count upon receiving an annual increment to our stock of gold of from $1\frac{1}{2}$ to 2 millions from this source.’ The whole scheme would seem to have fallen through and not a single sovereign has been coined all these years. And indeed I doubt if sovereigns and half-sovereigns are the most suitable coins for India. I believe that if a ten-rupee gold coin were minted it would rapidly become popular in the country. The nett receipts of gold into the country during the ten years ending 1904-05 amounted to nearly 57 crores of rupees. In the last six years they amounted to over 70 crores. The average nett imports of gold during the last ten years has been to the value of over 10 crores. If the Secretary of State had confined his drawings to his own requirements on revenue account, the amount and the value of gold that would have come to India would have been considerably larger. A defence of this policy of selling Council bills to meet trade requirements was attempted by the then Finance Member, His Honour Sir Edward Baker, in the Financial Statement for 1906-1907. ‘Since the closing of the Mints and the establishment of the gold standard,’ said the Finance Member, ‘the only means of obtaining currency that was open to trade, apart from the purchase of Council drafts and transfers, was to bring out gold to India. When, as is now the case, a sufficient stock of gold has been accumulated in the currency reserve to make the standard effective, and so long as gold is not to any large extent in active circulation, this method is wasteful; for it involves the eventual reshipment of the imports of that metal to Europe for the purchase of silver for coinage. To avoid this result the policy of Government has been to sell Council drafts freely so as to supply the trade demand to the fullest extent up to the limit of our capacity to meet them. A recent development of this policy has taken the form of selling telegraphic transfers against shipments of gold from Australia, which are thus diverted from India to London.’ I may say here that the gold standard reserve fund at that time stood at $12\frac{1}{4}$ million pounds, whereas now it is nearly twenty millions.

“It will thus be seen that every effort has been made to prevent gold from coming to India on the plea that there is no use for it here. Every pound over and above the actual requirements of the Home charges which the Secretary of State has drawn through Council bills is so much gold intercepted from coming to India. The official apology which I have quoted above does not convey the whole truth. It is well known that the main reason why gold is not allowed to come to India is the pressure from the London money market, whose interest it is to retain as much gold as they can in London. The Hon’ble Sir Guy Fleetwood Wilson told us last year that it is not to the interest of India to allow the London money market to be disturbed. But I submit, my

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Lord, the circulation of gold in India is much more important from our point of view and, after all, the London market is sufficiently strong to take care of itself. Moreover, London is not able to prevent the export of gold to countries other than India when the trade conditions demand.

“ My Lord, I submit that no serious attempt has been made to put gold into active circulation in this country. In spite of the strenuous endeavours to intercept gold which would have otherwise come to India, the country has insisted on absorbing an increasing quantity of the precious metal and, as the Hon'ble the Finance Member has said, during the current year even sovereigns have been directly absorbed. My Lord, it is not my idea that Government should undertake at once to give gold coins in exchange for rupees. Such an obligation, to use the words of the Indian Finance Committee of 1898 with reference to the gold reserve, would impose on Government a liability to find gold at a moment's notice to an amount which cannot be defined before-hand, particularly as we know that India has at present in circulation about 200 crores of rupees. What I suggest is that, without making any other change whatever in the present arrangements, the Mints should be opened to the free coinage of gold in ten-rupee pieces. This coin must be stamped with an Indian design and indicate its value in the vernacular languages on the reverse as in the nickel anna piece. If this is done, I am quite confident that within a few years a considerable quantity of gold will pass into circulation. I may point out that this year in Bombay a considerable amount of revenue was paid into a district treasury in sovereigns, as was mentioned by His Excellency the Governor of Bombay in a recent speech. In my personal experience, the Banks in the Bombay Presidency, in order to save freight, took over sovereigns from Bombay instead of rupees for part of their currency requirements, and sovereigns were rapidly taken up by the up-country people. It may be argued that, owing to the Indian habit of hoarding, the gold coins will pass out of circulation. I do not believe that there is any hoarding strictly speaking in these days, and even Indian Princes who used to hoard on a large scale are freely resorting to investments. But even if the habit has not altogether disappeared, the hoarding of a current coin is a source of greater strength than the hoarding of uncoined metal. Whenever the balance of trade goes against us and the value of gold touches export point, then the gold hoards will come out just as hoarded rupees have been coming out in recent years. Thus, whether the gold remains in circulation or in hoarding, it will form our first line of defence in case of any emergency, and the gold standard reserve will not be touched until the coins in circulation or hoards are exhausted. I may call the attention of the Council to the fact that I do not propose to touch the gold standard reserve, which must remain as it is as the ultimate guarantee of our currency policy. In fact my proposal does not interfere with the existing arrangements in any way but is supplementary to them. Such a policy will immensely strengthen the position of our currency. I strongly believe that this policy, if successful, and if a large quantity of gold goes into circulation as I think it will, will naturally lead to the Indian currency system being established on an automatic gold basis. I may add that if Government, instead of remaining a passive spectator, would actively interest itself in the matter and assist the circulation of gold coins by studying the tastes and habits of the people and the requirements of trade, they will greatly accelerate this desirable consummation. My Lord, I submit that this is the most convenient opportunity, if Government accept the views put forward by me, to give effect to them. In the fifteen years previous to the closing of the Mint to silver, the nett addition to currency was 105 crores. From 1893-1900 there was no addition to the coinage. From 1900 to 1907, 84½ crores were added to the currency. Since 1908 there has been no new coinage. The balance of trade in the year 1909 went against us, necessitating our parting with some portion of our gold reserve in exchange for rupees, and in the current year all the rupees accumulated in the gold standard reserve in the previous two years have been absorbed by the country and gold has come back. If the season happens, as we all hope it will, to be favourable, the country is sure to require additional currency at no distant date, and this is the most opportune moment to open the Mints for the coinage of gold. I may observe in passing that until we have a substantial

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amount of gold circulating in the country, there will be much to be said in favour of the argument of the commercial communities against the present policy of Government of holding practically the whole of our gold in London. They rightly fear that in time of emergency it may be difficult for the London market to part with the gold.

“Another suggestion that I should like to make for strengthening our position is to make the hundred-rupee note universal. I am glad to notice from the Financial Statement that the Government are satisfied that the introduction of our new universal notes up to fifty rupees have contributed materially to the growing popularity of our Paper Currency. When the Bill to legalise this proposal was brought forward, the Indian commercial communities strongly advocated the making of the notes universal up to 100 rupees. But Government were naturally cautious. I find it stated that Government are carefully considering the further extension of this principle, and I hope that they will come to the conclusion that they may safely make the one hundred rupee note universal. Notes of this denomination are, as Government are aware, very popular and largely used by the commercial community. I strongly believe that the circulation of our currency notes will largely increase if this suggestion is adopted. It will not only be a great facility to trade, but it will also in my opinion indirectly strengthen our currency position. With a larger amount of note circulation we can safely hold a larger proportion of gold in the currency reserve.

“In conclusion, my Lord, I may be permitted to point out that if we are successful in introducing gold into our currency through the policy indicated above, and if we are successful in placing a larger amount of gold into our currency reserve owing to increased circulation of currency notes, the chances of any demand on our gold standard reserve will become remote, and when such circumstances have stood the test of time the objections to the investment of our gold standard reserve will cease to have force, and thus it may ultimately become a real asset to be set off against the non-productive debt about which we have heard so much recently. My Lord, I cannot think of a more auspicious occasion for inaugurating a gold currency in India than the Imperial visit to our country for the purpose of personally announcing the accession of Their Majesties the King-Emperor and the Queen-Empress to the throne.”

The Hon'ble Mr. CHITNAVIS : “My Lord, the Budget under discussion is satisfactory beyond dispute, whether the revenue or the expenditure be considered. With the exception of an accidental accession of income from the sales of Bengal opium and the duty on silver, the large revenue of the current year is the result of normal conditions,—industrial, commercial and agricultural,—while the expenditure has been discriminating. The large surplus has been put to the best use. But for the uncertainty hanging over the Opium revenue, the financial position of the Government is fairly strong. I beg to congratulate Government on it, and the Hon'ble Sir Guy Fleetwood Wilson on the success of the measures he took to relieve last year's tension.

“My Lord, the allotments of £40,000 for initial expenditure in the Central Provinces on Education and Sanitation and of Rs. 18,45,000 for the Tendula irrigation project must be thankfully received. It is also gratifying to learn that the Wainganga and the Mahanadi schemes are being considered by Government. It would of course have afforded greater pleasure to the local people if the grant for Education and Sanitation had been larger.

“My Lord, the growing importance of the Central Provinces inspires in the people the desire that Government will be pleased to raise the local Administration to the status of a Lieutenant-Governorship. The Province, I understand, is going to get a Legislative Council. It will be quite in the fitness of things that a Lieutenant-Governor should replace the Chief Commissioner.

“My Lord, the Central Provinces have one grievance, irrespective of the Budget. I am informed that the Government of India have decided to abolish the *octroi* in the Central Provinces. It has already been abolished in the United Provinces. But the abolition will mean a serious curtailment of the resources of the local bodies. People in the Central Provinces have become accustomed to the duty. The *octroi* is our principal source of revenue. If

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the local bodies are all at once deprived of the *octroi*, they will have to make good the loss by additional direct taxation. Now, notwithstanding abstract principles of political economy, direct taxation is extremely unpopular and unsuited to the conditions of the Central Provinces. I have nothing to say about the United Provinces, but, in the Central Provinces, recourse to fresh direct taxation will be attended by serious discontent. As President of the Municipal Committee of Nagpur, I beg to enter an emphatic protest against the proposal.

“My Lord, the threatened loss in the Opium revenue, however, requires more than makeshift methods of recoupment. A sound and satisfactory solution of the difficulty must be found. In 1907, I pleaded in this Council for compensation from the British treasury. We were then assured by the Finance Minister that ‘this aspect of the question has not escaped our attention.’ But up to now we do not know what the Government of India have done to press the claim upon the British Government. An early announcement by Government of their intentions will relieve the people’s anxiety.

“My Lord, scrutiny into one of the contributory causes of the surplus suggests thoughts of grave moment. The four-anna duty on silver has yielded more than the expected revenue, and accounts for 67½ lakhs of rupees of the surplus. The report is that the improvement is the result of heavy speculation in the metal in which certain banks, owned and managed by Indians, have participated. The allegation demands careful enquiry. The outstanding complaint in India is that there is a heavy annual drain upon her, and that the country is being exploited by British capitalists. I do not propose to examine the merits of the complaint. Speaking entirely for myself, I think it is exaggerated and unjust. We owe much of our present development to foreign capital, and we cannot do without imported capital for years to come. But whether necessary or not, it would be folly to ignore the stern realities of the position. It has been calculated that £350,000,000 has been invested by Englishmen in commercial concerns in India, over and above the amount (£130,000,000) lent by England to India for railways and irrigation canals. The annual return upon nearly 500 million pounds sterling of invested capital must in any case be large. The remedy for the drain, in my humble opinion, lies, not in fretting and querulousness, but in the gradual replacement of British capital by indigenous capital. An Anglo-Indian authority calculates that the hoarded wealth of India is about £500,000,000, or exactly the amount invested by British capitalists. Patriotic effort should therefore be directed to the larger and freer employment of Indian capital in industrial concerns. That is the only practical way to prevent the drain, or, in other words, to intercept the profits that now legitimately go to the British capitalist.

“Of late there has been a healthy change in the ideals of the people, followed by a spurt of industrial and commercial activity. Government should not only view the movement with satisfaction, and foster it as they have done in the past by guidance and serious efforts at the organisation of rural capital; but they should closely watch it, with a view to keep it within safe channels and to prevent reckless speculation and gamble. My Lord, in this view of the responsibility of the Government, they would be justified in providing stringent legislative checks upon the operations of such important concerns as banks and insurance companies, and in providing for the periodical examination by official auditors of the accounts of all these Indian concerns. My Lord, the failure of these companies will not only entail present ruin upon many, but, what is far more important, will make Indian capital a hundred times more shy than it is at present, will set back the industrial progress of the country by at least fifty years, and will add to the number of the unemployed. The better mind of India thinks that Government should take action at an early date. I am glad that the Hon’ble Mr. Clark has said this morning that a Bill in connection with Insurance Companies is now before the Secretary of State in Council.

“My Lord, the economic problem stands out prominent and insistent, demanding sympathetic consideration and delicate handling. The reported-

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increase in the total population, notwithstanding epidemics, invests it with additional gravity. In consequence of the impact of Western ideas upon Eastern ideas, the wants of the people are growing. This economic problem must be satisfactorily solved if there is to be lasting quiet in the land. Anything which retards the industrial development of the nation has thus an administrative aspect which must seriously engage the attention of Government. At the same time, Government should devise means for providing new careers for the large population. The Indian 'unemployed' also must be sympathetically treated. I fully believe Government are alive to their responsibilities, and I emphasise the point only in view of the constructive work of reform Your Excellency has undertaken.

"My Lord, the policy of conciliation Your Excellency has enunciated for the administration of India has justly evoked universal applause. Your Excellency's attitude towards students—full of sympathy, benevolence and kindly interest—has been appreciated and admired. But may I take this opportunity to impress upon my countrymen the need for sobriety, moderation and whole-hearted co-operation with Government in such circumstances? I have too great a faith in their intelligence to suspect that they do not realise the impotence of anarchy and violence as instruments in any rational scheme of national regeneration. Let us not rake up the past; let us bury the hatchet. When the Government are so sympathetic and conciliatory, we can only gain by responding to their efforts as behoves good citizens. We have undoubtedly a right to be governed well and in our interests, but we have also a corresponding duty to perform. We must co-operate with Government in the maintenance of law and order, and must, by our good and peaceful conduct, provide facilities for reform and advancement.

"My Lord, the intended visit of Their Imperial Majesties is full of meaning and promise; it is pregnant with possibilities. The people are intensely loyal to the Throne, and the Coronation at Delhi will stir their hearts to their inmost depths. I have fervent hope the voice of sedition, if there is any still, will be drowned for ever in the hosannas of a grateful nation."

The Hon'ble MR. SUBBA RAO: "My Lord, I take this opportunity of congratulating the Hon'ble the Finance Member on the prosperity Budget he has presented to the Council this year with so much ability and lucidity. The Budget, my Lord, is marked by three notable landmarks. The first and the most important is the forthcoming visit of His Majesty the King-Emperor, whose call as the Prince of Wales for greater sympathy in the administration of the country was followed by the inauguration of important changes in the constitution of the Legislative Councils and in the Executive Councils of the country. This is indeed an unique event in the history of India. We regard His Majesty's visit as a happy augury for drawing England and India closer together in bonds of amity and goodwill. We look forward to this auspicious visit to be associated with the inauguration of reforms in the administrative machinery, which is only a complement to the legislative machinery of the Government. The next important landmark is the change introduced and the principles enunciated in regulating the financial relations between the Local Governments and the Government of India, though Madras, I am afraid, is not much of a gainer by the settlement. I congratulate the Hon'ble the Finance Member on the care and ability he has shown in solving this intricate question and securing as far as possible financial independence for Local Governments under certain conditions. The third landmark is the large sum of nearly 147 lakhs placed at the disposal of Local Governments, nearly 90 lakhs for Education and 57 lakhs for Sanitation, besides nearly 1½ crores for some special schemes of different Provincial Governments. We are deeply indebted to the Government of India for these grants, the largest ever made during these years.

"An important question arises with regard to the sums which are placed at the disposal of Local Governments towards the general extension of Education and improvement in Sanitation. On what principles should these sums be utilised? The sums, though they may ostensibly be required to meet urgent claims, relieve the pressure on the Provincial Budget and give a large scope for

the expenditure of Provincial balances. There is thus a temptation to spend money on projects which for the time being may appear to be beneficial but which in the long run do not come up to our expectations. As an instance, I may point out that in the Budget of 1901-1902 a sum of 35 lakhs was placed at the disposal of Provincial Governments to provide buildings for Primary Schools and also to maintain them. I believe it will be found on enquiry that some portion of the money at least went on buildings which were not wanted. Much caution is therefore necessary in laying down definite principles, as to the utilization of monies that may from time to time be placed at the disposal of Local Governments, and it is necessary that they should be subjected to rigorous scrutiny by Legislative Councils where they exist. I find, for instance, that it is proposed by the Madras Government to establish four model High Schools at a cost of 1.20 lakhs; and the whole scheme is to establish nineteen model schools at an extra recurring cost of 4.43 lakhs.

"In this connexion I wish to raise the question as to the attitude of the Government of India with regard to Secondary Education both English and Vernacular. The past policy as laid down in the famous Despatch of 1854 is that—

'No Government colleges or schools shall be founded in future in any district where a sufficient number of institutions exist, capable, with the assistance of the State, of supplying the local demand for education.'

"The Despatch says—

'We look forward to the time when any general system of education entirely provided by Government may be discontinued, with a gradual advance of the system of grants-in-aid, and when many of the existing Government institutions may be safely closed or transferred to the management of local bodies under control of, and aided by, the State.'

"The resolution of the Government of India appointing the Education Commission in 1882 points out that the Government is ready to do all it can to foster a spirit of independence and self-help among the people, and that it is willing to hand over any of its own colleges or schools in suitable cases to bodies of Native gentlemen if they would undertake to manage them satisfactorily as aided institutions. It says :

'It is specially the wish of the Government that municipal bodies should take a large and increasing share in the management of public schools within their own jurisdiction.'

"The Education Commission, after careful consideration of the question, recommended—

'That all Directors of Public Instruction aim at the gradual transfer to local Native management of Government schools of secondary instruction (including schools attached to first and second grade colleges) in every case in which the transfer can be effected without lowering the standard or diminishing the supply of education and without endangering the permanence of the institutions transferred.'

"This policy of 'continuous withdrawal' was given effect to in some Provinces, notably in Madras, and during the last quarter of a century institutions under private bodies have grown up there in efficiency and usefulness. We have in Madras so many as 450 institutions nearly, managed by private bodies, as against four of Government, excluding Europeans schools. It appears that, notwithstanding the previous emphatic declarations of the Secretary of State and the Government of India, there is a change in the policy of Government. It is said that 'to maintain a satisfactory level of efficiency' model secondary schools under direct Government management are needed, one for each district, and accordingly steps are taken to start such schools, even though there are private secondary schools in existence in the locality.

"My Lord, it is necessary to examine the policy of starting model schools whose direct effect is to discourage local effort and the spirit of initiative and self-help among the people. It appears to me that this policy of continuous withdrawal should be steadily kept in view and enforced in all Provinces.

"The experiment now made in this direction is costly as Government has to spend very much more on their schools than what a private body does. No

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doubt, aided institutions in this poor country do not come up to the standard attained in the West and they have not yet developed adequately the modern side of education in the same way as Government schools have done. This is because sufficient funds are not placed at their disposal by the Government, though the Public Service Commission recommended that 'the improvement and extension of institutions under private management' ought to 'be the principal care of the Department.' Steps should therefore be taken, my Lord, to supply them with more funds. Of late some theories have been put forward that young men have got out of hand, because the Government have not a sufficient number of model schools of their own. If you compare Madras, where the number of Government schools is at the lowest and where aided schools have freer play, and Bengal, where you have 38 Government schools, you will find how baseless and unwarranted by facts is this supposition. The manning of Government schools by Europeans will not improve matters, but on the other hand will have, I am afraid, the opposite tendency in view of the isolated position occupied by Europeans in this country. The true remedy lies in other directions.

"Instead of giving room to the suspicion that the old policy is departed from and starting English secondary schools now, it is necessary, my Lord, for the Government to take up the question of Vernacular Secondary Education and examine whether they have done their duty in this matter. It is necessary also to consider how far it is possible to co-ordinate the Vernacular and indigenous systems of education in the country. I need hardly point out that the encouragement of Vernaculars and Vernacular High Schools have not up to date received sufficient attention. The number of Vernacular High Schools in this vast country including Burma can be counted on one's fingers. The Court of Directors in their Despatch of 1854 lay down the principle, which is approved by the Government of India in their resolution of 1904, that 'European knowledge should gradually be brought by means of Indian Vernaculars within the reach of all classes of the people,' and point out that 'it is indispensable therefore that, in any general system of education, the study of them (Vernaculars) should be assiduously attended to. And any acquaintance with improved European knowledge which is to be communicated to the great mass of people can only be conveyed to them through one or other of their Vernacular languages.' 'We look therefore to the English language and to the Vernacular languages of India together as the remedies of the diffusion of European knowledge.' They therefore placed this subject on a level in point of importance with the instruction to be conveyed through the English language as pointed out in the Despatch of 1859. The result of the policy during the last half a century may be summed up in the words of Lord Curzon :

'As a matter of fact we rushed ahead,' he said at the Simla Conference in 1901, 'with our English education, and Vernaculars with their multitudinous clientèle have been left almost standing at the post. They have to make up a good deal of lee-way in the race, before any one can be suspected of showing them undue favour.'

"Speaking again in 1905, he said, 'as regards the Vernaculars, which must for long be the sole instruments for the diffusion of knowledge among all except a small minority of Indian people, we found them in danger of being neglected and degraded in the pursuit of English, and in many cases very bad English, for the sake of its mercantile value.' Thus, notwithstanding the recognition of the claims of the Vernaculars, no steps thus far have been taken to bring the Vernacular secondary education in line with the English secondary education. I submit that the time is come when higher Vernacular education should be given a proper place in the scheme of education in this country correlated on the one hand to indigenous institutions and on the other to English Colleges; for after all it is the basis of all industrial or commercial occupation. But it must be such as to fit our young men to earn their livelihood. No doubt students at present are not attracted to a purely Vernacular school because it is neither adapted to their pursuits in life nor does it offer the prizes of the public service or professional employment. It is therefore necessary that the courses should be so arranged that a student who has gone through a Vernacular secondary school with English

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as a second language may have facilities to appear for the School Final or Matriculation Examination and become eligible for admission to the Public Service or to Arts or Professional Colleges, with a short additional training if necessary. Such schools ought to have a modern side attached to them, so that they may bear directly upon the life of the young men who may not care to join the University.

“ My Lord, English secondary education has been fostered by scholarships and encouraged by the prospects it opens to the youth of the country, and it may take many years before Vernacular secondary education can take its proper place side by side with English secondary education. Under the circumstances it is necessary in the present state of the country that Vernacular secondary schools should be started by the Government, one in each district at least, instead of model English secondary schools, and nursed on the same principles on which English schools were nursed, such as by the grant of scholarships, by making the students eligible for the Government examinations and for the University course, etc. These schools, if properly organised and fostered, will become as good feeders to the Professional and Arts Colleges as the English secondary schools, with this advantage, that the students therein will be trained through their own Vernacular without much waste of their energy and time as is now entailed in the English schools. Further they will provide a good preliminary training for students who wish to join Sanskrit Colleges, Schools of Art, Commerce, Agriculture, etc. In this connection, I venture, my Lord, to commend to the Government the scheme of education adopted in the National College at Calcutta as to the lines on which the studies in Vernacular schools might be arranged. I hope that this important question will receive the attention of the Government and a beginning made in the coming year, as a large amount of surplus is budgetted by the Hon'ble the Finance Member.”

The Hon'ble MR. ANDREW : “ My Lord, last year during the Budget debate vigorous attacks were made by some of my official colleagues from other Presidencies on the Hon'ble the Finance Member, and as he was rather sorely pressed, especially by the Hon'ble Member from the Punjab, I came forward with an expression of sympathy and said that, whatever others may have to say, I had no complaint to make on behalf of Madras. The Hon'ble Member seemed rather grateful for the support I thus rendered him, and he told the Council that of all his flock the gentle lamb of Madras was the only one that had greeted him with a friendly bleat. I thought, my Lord, that I had gained his affections to some extent and that I became, in a sort of way, the Benjamin of his flock, and when the Hon'ble Sir Sassoon David confidently predicted a very large opium surplus this year to be divided amongst the Provinces, I thought that I would receive, if not a double portion, at all events a fair share. Well, my Lord, the Hon'ble Member apparently handed over that surplus to the Hon'ble Member for Education, and I cannot say that I think he has given Madras fair treatment at all. Out of 147 lakhs for Education and Sanitation, he has given Madras only 10 lakhs, less than any other Province in the whole of India, except the Central Provinces, of whose share the Hon'ble Mr. Dadabhoy has just complained.

“ If I look now to the non-recurring grants made from other sources of revenue other than grants made under the terms of the Provincial Settlement, I find that, out of 104 lakhs distributed, Madras does not get a single rupee. The Hon'ble Sir Vithaldas Thackersey has just told us that that surplus has been distributed by the Finance Member with great judgment and that great satisfaction is felt in Bombay, which gets 50 lakhs, though he goes on rather to complain of the differential treatment between Bombay and Calcutta. Well, my Lord, if Sir Vithaldas Thackersey is not satisfied that Bombay, the second city of the Empire, should get 50 lakhs, I think I may, on behalf of my Presidency, say that I cannot be satisfied that Madras, the third city in the Empire, should not get anything at all.

“ The Hon'ble Sir Guy Fleetwood Wilson said that the Hon'ble Member for Education will explain to us the principles on which he has made the distribution. I do not know on what principle the Hon'ble Mr. Butler has made it as regards Madras. Does he consider that Madras is so advanced in Sanitation

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and Education that she needs nothing more? Does he think that Madras has such a substantial surplus that she can effect all the improvements which she needs? Or does he, with the Finance Member, no longer regard Madras as a Benjamin to be fed so much as a step-son to be starved? If he does, I can only say that in Calcutta even a step-son is entitled to the protection of the Society for the Protection of Children. I fear, my Lord, that the real reason is that Madras has during past years accumulated considerable surpluses and that her very virtues are about to turn to her misfortune. Madras, it is true, has husbanded her resources very carefully in past years, but it was with a view to the future benefit of the Presidency. She has not, like another Province of which the Hon'ble Sir Fleetwood Wilson spoke, 'eaten up large balances by hasty and ill-considered increases in recurring expenditure.'

"Attention has, during the past few years, been rather frequently drawn to the accumulated surpluses of Madras. Two years ago the Hon'ble Mr. Meston in his Financial Statement referred to Madras's 'ample balances,' and even then I felt some alarm as to the effect that these balances would have, and I drew attention in the Council to the fact that that ample balance was due to that tradition of careful and economic management which had long characterised Madras administration and which had led to caution in embarking on promising schemes until such arrangements could be made as would ensure in the long run the fullest regard for efficiency and economy. I added that the Madras Government foresaw no lack of works of permanent utility on which to spend their balances, not forgetting that in utilizing them they would have to be careful to select objects which would not entail recurring expenditure beyond their normal resources. But the Hon'ble Finance Member again cast his eyes on these balances and last year remarked on the large balance which Madras had accumulated, greatly to its credit as he said, but, I fear, greatly to our misfortune; and this year the Hon'ble Mr. Meston has again referred to the 'heavy accumulation of balances' acquired by Madras.

"My Lord, this is a very serious matter and I fear that this ungenerous treatment of Madras may be reasonably interpreted as putting a premium on extravagance and waste and a discount on thrift and economy.

"I should like to say a few words about the allotment of 18½ lakhs towards the cost of new buildings required in connection with Sir William Meyer's scheme for the creation of new districts in Madras which comes under the head of 'grants made under the terms of the Provincial Settlements.' My Lord, in speaking of the allotments made to different Provinces under the other items of which I have just spoken, I am quite aware that I can make no claim. I have been standing with others, I may say, at the gate of Mercy, a suppliant for the generous bounty of Government. But, under this head of grants made under the terms of the Provincial Settlement, I rather stand in the porch of Justice to ask, on behalf of Madras, for the full satisfaction of a claim which the Hon'ble the Finance Member at present only in part admits. I always understood, my Lord, that the Government of India had undertaken to meet the whole cost of non-recurring as well as of recurring expenditure in connection with Sir William Meyer's scheme. Last year in the Budget debate I thanked the Hon'ble Finance Member for having promised to finance the scheme, and when I said 'finance the scheme, I, certainly did not mean a portion of the scheme; and the Hon'ble Member in acknowledging that friendly bleat of the gentle lamb expressed his satisfaction and did not, as he would assuredly have done if it had been so, say that the lamb was mistaken in his interpretation of the intention of the Government of India. In 1904 the Government of India promised to make a lump grant for the new buildings, and it was always understood that that promise meant that they would meet the whole of the non-recurring as well as the whole of the recurring charges; and they reiterated that promise four years later when discussing with the Madras Government the terms of the new settlement. This year I am alarmed to find that the Hon'ble Finance Member says that the Government of India have 'promised to assist' in the scheme, and the Hon'ble Mr. Meston has very cautiously worded himself in the Explanatory Memorandum and entered 18.50 lakhs 'towards the cost of new buildings,' evidently meaning that he repudiates any

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responsibility for meeting the whole cost. My Lord, I am authorised by my Government to say that the Government of Madras have all along understood that the Government of India would bear the whole cost of the building portion of the scheme, and that they are not content to assume that the Government of India have fulfilled their obligation to the Madras Presidency in allotting in this year's Budget 18½ lakhs for the purpose. After allowing for the immediate balance of 20 lakhs required by the rules, the remainder is more than covered by the claims registered against it, of which claims the building portion of the scheme is not one; and I have to say, my Lord, that if the Government of Madras must now find a moiety of the cost of the building programme, many desirable schemes will be greatly delayed, including the building programme itself.

"On one subject more I have a few remarks to make, and that is on the financial settlement which has now been revised with effect from next April. The Budget for the coming year has been framed with reference to that settlement and without the views of the Madras Government as to the conditions and terms of the scheme having been previously ascertained. The Government of India have further stated that the entries made in the Budget for next year are only for Budget purposes, and the Government of Madras presume that they will be afforded an opportunity of going into details before the revised settlement of 1908, with the modifications now suggested by the Government of India, is stereotyped. One of the points on which the Government of Madras hope to have something to say is the amount of the fixed assignment of 3½ lakhs from Provincial to Imperial revenue in consequence of the entire provincialisation of forest revenue and expenditure. Owing to the assignment having been calculated on the figures of the Budget of 1910-11, only a very small portion of the recurring cost of several important schemes relating to the Forest Department which have long been awaiting sanction have been allowed for.

"My Lord, while I welcome the entire provincialisation of forest-revenue, I hope that the Hon'ble the Finance Member will on further examination, and after consultation with the Madras Government, come to the conclusion that the fixed assignment of 3½ lakhs should undergo a considerable reduction.

"My Lord, I do not know whether if I had pleaded more vigorously for my Presidency last year I might have obtained a more favourable and, as I think, a fairer distribution of the surplus this year. Had I done so, perhaps the Hon'ble Mr. Butler would have carved that surplus in a different manner and have given Madras a larger share. If I had done so, and if the Hon'ble Mr. Butler had not paid so much heed to the vigorous pleadings of the Hon'ble Mr. Fenton, something more might have gone to Madras, and so much of the lion's share might not have gone to the Punjab."

The Hon'ble MR. MUDHOLKAR: "My Lord, during the discussion on the Financial Statement, I took the opportunity of expressing my appreciation of the cheerful and satisfactory character of this year's Budget and offered my congratulations to the Hon'ble the Finance Member on his good fortune in getting a substantial and unexpected surplus over this year's transactions. Yet it would not be just to ascribe all the pleasing and encouraging features of the Budget to fickle Dame Fortune. The opium windfall and even the improvement in revenue receipts were, it is true, due to the operation of causes which neither he nor the Government of India could influence. But for the substantial reduction in expenditure, of which there is abundant evidence under almost every head, the country is beholden to him for the careful and vigilant watch which he keeps over its finances.

"My Lord, the Government are entitled to our acknowledgments for the great step they have taken in the direction of giving further effect to the principles of decentralisation and the development of Provincial independence. Despite our so-called *quasi*-permanent settlements, the yearly scramble for doles and benevolences from the Government of India has during all these years continued as active as it was before the inauguration of the great reform of Lord Mayo in the seventies. Such a scramble is not only undignified, but involves injustice to those Provinces which pay their way and make their

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proportionate contribution to Imperial expenditure without aid or help from anyone. This injustice is felt all the more because they cannot get their own pressing demands satisfied out of their own revenues, as these are required to contribute to the largesses granted to the more clamant or more fortunate and favoured districts. Out of the one crore and fifty lakhs raised in the small Province of Berar with an area of 17,660 square miles, hardly sixty lakhs are applied to its own needs. More than 4-7ths of this revenue goes to meet the Imperial expenditure or to contribute to the satisfaction of the need of other Provinces or of other districts under the Local Administration. This is a legitimate ground of complaint when the needs of the Province in regard to sanitation, medical relief, education and civil works of general utility remain insufficiently attended to. The Hon'ble the Finance Member justified the specially large grants made to Eastern Bengal and Assam on the ground that till recently that Province was starved. My Lord, the Central Provinces and Berar—and specially Berar—have always occupied and even now occupy the position of Cinderella before the fairy came to her help. They are far more starved than Eastern Bengal and Assam. In the general distribution of favours out of the opium windfall, this Province, representing 1-9th of British India, gets only 6 lakhs out of 147 lakhs, *i.e.*, less than 1-24th. Even when it is a question of doing bare justice, it does not get all that it is entitled to. For efficient working and economy the Chief Commissioner undertook in 1907-08 with respect to famine relief responsibility which rightly lay on the Government of India and depleted his own treasury in doing so. The Provincial treasury was entitled to be reimbursed; but this has been done only partially.

“The discontinuance of the system of assignments which, though called fixed, underwent in fact variations and fluctuations, and the substitution in its stead of permanent transfers of entire heads of revenue or larger shares thereof, will enable self-supporting Provinces to retain the full benefit of the economies they might effect and the improvements they might carry out.

“This important financial reform emphasises the pressing necessity of establishing a Provincial Legislative Council for the combined territories of the Central Provinces and Berar. There is a total revenue of about 3 crores and 57 lakhs raised to meet an expenditure of about 2 crores and 80 lakhs and a contribution to the Imperial Exchequer of about 90 lakhs. The Imperial Legislative Council cannot be burdened with the discussion of a Provincial Budget and is not in a position to deal with it with knowledge.

“The large grants out of this surplus for non-recurring expenditure and the increased grants out of the revenue for education and sanitation and further special grants to large important works are also another pleasant feature of the Budget for which Your Excellency's Government is entitled to the grateful thanks of the country.

“In introducing on the 8th of this month the Budget heads dealing with Railways, the Hon'ble Sir T. R. Wynne told us that we were on the eve of a very considerable increase in the mileage of new lines to be constructed annually. He stated that the work of renewals and improvements on open lines, which during the last five years absorbed over 51 crores of rupees, has been brought up to the standard of our present requirements, and that therefore large amounts for new lines would now be provided. Railway receipts and railway expenditure hold the foremost place in our national finances, the revised estimates showing 45½ crores and 24½ crores, respectively, while the budget estimates show 47½ and 25½ crores, respectively. The capital outlay on State railways will at the end of 1911-12 stand at 323 crores. The military and political value of railways as also their social and commercial advantages are unquestionable. I would therefore make a few observations for the consideration of Government, and in particular of the Hon'ble the President of the Railway Board who wields—and wields justly—such influence in determining the views and acts of Government on this important branch of the administration. At the outset I would assure my Hon'ble friend that it is not in an unfriendly spirit that I approach the subject, and that I fully recognise the need and propriety of a further expansion of our railway system. But I think it would be a great mistake to put it on a wrong ground. It is not

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as a contributor to the Imperial revenue that the value of railways should be defended. It is true that we had this year a net revenue of $2\frac{1}{2}$ crores after paying all the expenses and interest and redemption charges. One year this net revenue was 3 crores and 45 lakhs. These amounts are sufficiently considerable not to permit of this aspect of the question being neglected. But taking the actual outlay, even the $3\frac{1}{2}$ crores represent barely a profit of 1 per cent. a year. The real value of railways to the country is what was stated by the Marquis of Dalhousie in his memorable minute—the military and political advantages and the social and commercial advantages.

“ Guiding ourselves by this standard, it is not clear to persons outside the railway administration on what principle new projects are taken in hand or extension made. It seems to them that the relative importance of the different claims are at times overlooked. In regard to one project, the desirability of constructing the lines and the commercial advantages it would secure have been pressed upon Government for over thirty years. A survey was made as far back as 1884, and in 1899-1900 earthwork was carried out and ballast collected. Since then no progress has been made. The line was one of those mentioned in the Histories of Railway Projects of 1900; but other lines, which do not seem to have been mentioned then or even for some years after this, are advocated, come to the front and are being constructed. Neither the strategic importance of these lines nor their immediate commercial advantages are yet obvious to ordinary men, who are unable to understand why preference was given to them over the lines the paying character of which was more apparent. More than one instance of this kind can be given. It is no use regretting the past. But now, when greater activity in railway extension is in sight, it would be more conducive to the interests of the country to accord precedence to different projects strictly on their relative importance. To facilitate this object it would be desirable to have for each Province a small advisory Committee of qualified and experienced commercial men (European and Indian).

“ Another suggestion which I would make is in regard to certain projects which involve a very large outlay, and which can become self-supporting only when certain other facilities and conditions which do not exist at present, and which also involve further large outlays by the State, are created. In the case of such projects they should not, I submit, be taken in hand until the creation of the facilities and conditions on which their eventual success depends are also sanctioned.

“ In regard to working expenses they seem to be going up more than they should. In 1906-07 they stood at 1,931 lakhs; this year they are 2,464 lakhs; in 1911-12 they are estimated to go up to 2,572 lakhs. Now, the mileage in the first year was 21,544; this year it has reached 24,525; and at the end of next year it will be 24,783. That is, this year's expenditure is more than 27 per cent. in excess of that for 1906-07, though the increase in mileage is a little less than 14 per cent. The amount spent on renewals and improvements in 1906-07 was 34 lakhs more than what was spent this year. The increase in expenditure is thus clearly due to greater working charges. The percentage of working expenses to gross earnings has increased on every line except one. In some the increase is by more than 13 per cent. Here is a matter for enquiry and for the serious consideration of the Hon'ble the President of the Railway Board and of the Hon'ble the Member for Finance. I have excluded from consideration the military section of the North-Western Railway which is more in the nature of a military defence work.

“ Even in regard to such an every-day thing as the working of a ballast train, I find it stated in the *Journal of the Permanent Way Institution of India* that sometimes they were able to work it very economically at a cost of 8 per cent. per cubic foot, at other times it ran to about 22 per cent. per cubic foot, owing to bad arrangements and heavy traffic, and that there was a tremendous amount of money wasted in the running of the ballast trains.

“ We have now come to a stage where it is necessary to consider whether it would not on the whole be more economical to work State lines by State agency rather than through Companies. If the Companies were remunerated by a share of the net profits, that would be a more preferable course to working by State agency. But as was long ago pointed out by Sir Guilford Molesworth

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in regard to the old guaranteed Companies, they are not directly interested in economy or retrenchment. Efficiency has of course to be kept in view, but it can be easily shown how without sacrificing it large reduction in expenditure can be made.

"As the old method of constructing railways through guaranteed Companies had to be given up on account of the serious losses it involved, so also would it be more to the interests of the country to dispense with the agency of the Companies or to have the terms modified so as to give them a direct interest in economical working. We are on the eve of a large extension of our railway system, and it is absolutely necessary to scrutinize the debit side and jealously guard against unnecessary expenditure."

The Hon'ble LIEUTENANT-COLONEL DAVIES: "My Lord, in the debate on the Budget for the current year my predecessor explained at some length the position of the finances of the Punjab and made a strong appeal for more liberal financial treatment. The figures in the Budget for 1911-12 show that great consideration has been given to that appeal and that it has been found possible to meet the claims of the Punjab to a certain extent. But, while fully recognising that the recent changes in the terms of the settlement have benefited the Province, —I allude particularly to the alteration of the Provincial share of Land-revenue from three-eighths to one-half,—I find it difficult to be enthusiastic over the increase of the Provincial share of net Irrigation-revenue from three-eighths to one-half.

"Before, however, dealing with this subject, I desire to invite attention to the terms of the Provincial contract. When these terms were being discussed prior to the contract of 1905, the Punjab Government represented that a larger assignment should be made from those heads of revenue which tend steadily to increase, and that in the Province in which canal irrigation plays so important a part, effect might be given to the suggestion by granting a share of the income under the Budget head—Major Works. The Government of India recognised the justice of the proposal and allowed the Province a three-eighths share in the revenue and the expenditure of this head, the revenue being derived chiefly from owners' rates, occupiers' rates and land-revenue and malikana of the Canal Colonies, the expenditure comprising direct expenditure on the improvement and maintenance of the major canals and also the interest on capital borrowed for the construction of such works.

"In order to provide against abnormal fluctuations of either revenue or expenditure, the Government of India guaranteed a minimum net revenue of 30½ lakhs under Major Works, thus enabling the Provincial Government to frame its Budget with the knowledge that its revenue from this head would not fall below this figure. The settlement of 1905 was sanctioned with the intention and in the belief that the Local Government would be in a position to meet the heavy charges (arising out of colonisation and canal development), from the growing revenues yielded by the water-rates; but in only one year (1906-07) has the guaranteed minimum been equalled or exceeded. The consequence has been that instead of receiving a growing revenue from its canals, the Provincial Government has had to be content with what is virtually a fixed assignment of 30½ lakhs per annum.

"The main object of the new settlement is to reduce the large fixed cash assignments and to replace them by a share in a growing head of revenue. It is in furtherance of this object that the Provincial share of revenue and expenditure of Major Works has been raised to one-half, while at the same time the guaranteed minimum has been raised to 41 lakhs. Let us consider the effect of this change on the finances, as it seems very doubtful whether in the next few years the desired result will be attained. From a calculation which has been made, it appears that for at least five years the Punjab will not derive any benefit whatever from the change, and that instead of receiving, as now, what is practically a fixed assignment of 30½ lakhs, it will receive in the future a fixed assignment of 41 lakhs. The reason for this is to be found in the fact that charges under Major Works include interest on capital borrowed for such works. A sum of 120 lakhs has been entered in the Budget. We are now

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discussing for what is known as the Triple Canal project, and a slightly larger sum was entered in the last year. On all this capital expenditure, which is for the time being unproductive, the Provincial Government has to pay its share of interest, with the consequence that the net revenue from the head Major Works, instead of being a growing revenue, is at present a gradually diminishing one. Under such circumstances it is my duty to urge that the interest charges of new canals should not be thrown upon Provincial finances until the canals commence to earn a revenue sufficient to cover their working expenses and interest, lest the Local Government should find itself crippled under such charges and be unable to carry on the administration satisfactorily. I would at any rate urge that the present system, by which a share of the interest charges are debited to the Provincial Government, should be re-examined. As it stands it saddles the Provincial Government with very heavy expenditure long before the expected revenue can come in, and it is quite conceivable that under the present system a Local Government might hesitate to support a large scheme of irrigation, on the ground that such a scheme would for a considerable term of years block the increase of income which would otherwise accrue to it.

“Attention was drawn last year to the effect of the colonisation schemes on the Provincial finances. I should like to add a few words on this subject, for it seems to be generally accepted that they have brought great prosperity to the people and have largely augmented Provincial resources. As to their effect in the development of the country and in bringing prosperity to the settlers, there can be no two opinions; but this result is not obtained without considerable expenditure and great strain on Provincial resources. There is first the interest on the capital expenditure which has to be met before the works become productive; later on, there is expenditure on the settlements which has to be incurred in order to assist development. Roads of every kind have to be made, revenue and judicial buildings have to be constructed, and the demands of the colonists for schools and hospitals, to which they had been accustomed in their own villages, have to be met. The insistence of these demands necessitates the employment of a large share of the Public Works grant; so much so that, while the colonies are being brought into existence, other public works in the Province have to be starved: repairs are cut down to the utmost and new buildings are indefinitely postponed. When the Triple Canal scheme comes to maturity, a very large initial outlay will be required, and it is hoped that the Government of India will then come to the assistance of the Province, as it may be said with truth that such expenditure is due to a wholly exceptional cause. The adoption of the Provincial policy of the sale of Government lands has practically saved the situation, and it is hoped that under the new contract system the liberty of the Local Government as to disposal of the sale-proceeds will be in no way restricted.

“I will conclude with a few remarks on the allotment of the non-recurring grants which have been announced. The Hon'ble Finance Member told us that a grant of 10 lakhs would be made to the Punjab for sanitation; this sum, compared with the grants made to other Provinces, is liberal but not excessive. The grant is intended mainly for urban sanitation, and it is recognised that the urban population of the great cities of the Punjab is large as compared with that anywhere outside the Presidency-towns, and it is also well known that extensive sanitary works are necessary to cope with malaria which so often assumes an epidemic form. In the Financial Statement it will be found, however, that half this sum has been specially reserved for the Research Institute at Kasauli, an object which is in no sense a Provincial one. Five lakhs only remain for sanitary works, a sum which compares very unfavourably with the allotments made to other Provinces for purely Provincial purposes.

“A sum of 10 lakhs has been granted as a contribution to the Medical College and Hospital at Lahore; this amount, given in a year of large surplus, is only what another Province received when the financial position was bad, and it cannot be said to err on the side of liberality.

“The grant for education is small as compared with that made to similar Provinces, and the Punjab does not appear to have been treated with the

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liberality which has been extended to others. But I have no intention to weary the Council with details; it is so easy to manipulate figures in order to make them produce the result which is wanted, whether it be for or against.

“My object is rather to point out the special difficulties which beset the finances of the Punjab and to express a hope that they may not be overlooked. It is also not too much to hope that from the future unforeseen surplus, which seems almost to be expected, the grants to the Punjab may be given with the liberality which has been extended this year to other Provinces.”

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN: “My Lord, as the final speech on the Budget is considered one in which all questions connected with the welfare of India are discussed, I shall offer a few remarks which are connected directly or indirectly with the Budget.

“In the first place, I must congratulate the Hon'ble Finance Member on this year's Statement, which shows a good surplus.

“The time given us this year for our legislative session was in my opinion too short and has tended to cause hurry in our legislation, which is undesirable. It appears that the main cause of this has been the desire to meet the wishes of some of the Hon'ble gentlemen who want to attend to their private affairs. At a conference held in Simla, I expressed myself somewhat strongly and said that a man who takes upon himself the service of the public and then thinks of his own affairs, which stand in the way of his doing the above duty, is a wrong man in the wrong place. Such a man has no business to be there and had better resign his office in the public interests. And I was glad to find that most of my Hon'ble colleagues were of the same opinion. As being representatives of different Provinces, our work is not only to legislate, but also to bring about a closer union between the rulers and the ruled.

“I shall now touch on some points relating to the Army which seem to me to be worthy of notice. I would at the outset thank the Government for their giving commissions to members of the Imperial Cadet Corps.

“About horse-breeding I am of opinion that the money spent on the present class of stud-horses has not been employed for a very useful purpose. The stock produced is serviceable for working in the plains only, but on active service horses are also required in the hills. A change should, therefore, be made in their breeding so that they may be more adapted for service in such tracts.

“As the internal development of the country in all directions is entirely dependent upon peace and security, which are safeguarded by the Army, I suggest that whenever money is available it should be given to the Army. Funds are urgently needed for the construction of defence works along the North-Eastern frontier in the same way as they were required for the North-Western border. Money is also required for building lines for increasing the garrisons towards the North-East. And it is at the same time essential that India should have its own navy as well as aeroplanes or dirigibles. No real well-wisher of the country can see other nations go ahead without feeling keenly the lagging behind of India. We are no doubt protected by the largest navy in the world, but we should always keep in mind that there may be made simultaneous demands upon it from various quarters and there may be some difficulty in sending a sufficient portion of it here. We cannot, therefore, be useful members of the Empire unless we are self-dependent or, at any rate, so to a large extent.

“I would have said a word about the rise in the price of food-stuffs; but as Government has taken the enquiry already in hand, I will only say that in order to check corruption the case of low-paid servants, like police-constables, patwaris, chaukidars, village-headmen, etc., is deserving of serious considerations. There is no wonder that ill-paid lambardars, chaukidars and police-constables fall victims to temptation and sometimes send up insignificant cases which end in acquittals. The salaries, therefore, should be raised at the bottom and not at the top.

“I think it is also necessary to revise the rates on which contracts are made by the Public Works Department. The same contractors when desiring to enter into contracts with private persons make written applications to the effect that they are willing to supply all building materials as well as to erect buildings at rates so much less than they charge the Government. When my

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Hon'ble friend Mr. Gokhale moved his resolution about Public Expenditure, it was this knowledge which kept me from opposing him. The expenditure on the civil and military and most other departments is absolutely necessary. The public money, my Lord, is not wasted by the Government of India or by the Provincial Governments. It is squandered only at the various construction works where money is actually handed over to contractors or to low-paid Government servants in charge of labourers.

"My Lord, I do not say that big landholders are badly off, but if the prices of their lands be calculated, it will be found that the profit derived from land is far less than could be got by investing an equal sum in some other business. Last year I urged the claims of landholders and I do not hesitate to do so again, it being my particular duty to do so; and I will go on urging them as long as I have the honour to be a representative of that class on this Council. I see no justification nor any logic in the fact that when two men of the same country get the same net profit from their respective occupations, they should be taxed unequally. Why should a man have to pay land-revenue on an income of Rs. 10 or even less, while the other pays nothing for Rs. 999-15-11? A zamindar cannot conceal his land and must pay the revenue, while a non-agriculturist can resort to many dodges to make it appear that his income is half of what it really is.

"There are certain other important matters affecting the agriculturists which I would briefly bring to the notice of this Council. One of these is the twenty years' settlement. Settlements are so unpopular that the Hindustani equivalent for the expression is used to denote ruin. When a tract is fully cultivated and the income of a landholder known, it is absolutely of no use to re-settle it.

"The assessment of kharaba, that is, allowance for failed crops, is made in the first instance by low-paid officials and only nominally checked by higher officials. This causes great inconvenience to landholders, who have often to adopt unfair means in order to obtain justice, as it is a well-known fact that they suffer if they do not resort to such practices. Thus, though he is called the backbone of the country, the agriculturist has to carry the burdens of all on his shoulders without receiving any help from others.

"As the time for moving resolutions is past, I should like only to suggest that the word 'Famine' should be omitted from the expression 'Famine Relief Fund,' for after all this Fund has been created with the object of rescuing people from starvation and thus saving their lives. But if there occurs some other calamity, which is as disastrous or even worse than famine, why should such a fund be not utilised in such emergencies? By way of illustration, one may mention the disastrous Kangra earthquake, the washing away of Dera Ghazi Khan by the river Indus, and many other worse disasters which from time to time overtake one part of India or the other.

"Now I turn to one of the most vital questions of the day, that is, education. I only want to say a word about it in connection with other things, and the subject of education pure and simple I leave to the new Department and my Hon'ble friend Mr. Gokhale and his Bill. What I mean to say is that a general survey should be made of the inhabitants of India and the different walks of life they can follow. We should make a rough estimate of the number of men required in India for—

- (a) agriculture ;
- (b) the factories ;
- (c) the mines ;
- (d) the different trades ;
- (e) the army ;
- (f) well-to-do men who want to get educated for their own accomplishment ;
- (g) educated men required for Government and private service, etc., etc.

"I do not object to merchants, well-to-do men and those seeking Government service being educated properly. But small agriculturists, labourers in mines and factories, recruits for the army, petty traders as well as low-paid servants, either

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Government or private, should not be given higher education. Nor should they be imparted primary education in the manner in which it is now done, which prevents them from doing their ancestral work owing to their time being given up to studies while young. The schools for these people should be either night schools or such as may not interfere with their household work, for which they are urgently wanted every day, and the subjects taught should be only such as may help them in following their own occupations.

"In this connection I would also suggest that the number of men in a district belonging to the various professions should also be limited, so that there may not be overcrowding, as is the case with the legal profession.

"Now as to the law in force in this country, I think it is entirely unsuited to this country, as the foundation on which it was based was a law suited to a different nation in different circumstances, and the members of the Committee that drafted the Indian law, however able they may have been, were mostly ignorant of Indian sentiments. If Government could afford to spend a sum of money to have the Indian Penal and Criminal Procedure Codes revised by a joint Committee of English and Indian lawyers, who are thoroughly acquainted with Indian sentiments, as well as some men who are conversant only with the feelings of the people, there would be a great improvement in the procedure as well as the carrying out of justice.

"Now I touch on a point about which I am very keen, and that relates to matters which adversely affect the good administration of the country, either internal or external. By internal I mean the seditious propaganda. Though the Seditious Meetings Act and the Press Act are through Government's kindness on the Statute-book and are effective to some extent, yet unless the mild-looking mischievous papers are dealt with as they really deserve, the situation will remain unaltered. They say in Persian :

'If the harmless cat had wings to fly, it would exterminate the race of sparrows.'

"Now it is evident that the Press Act was passed with a view to put an end to seditious writing. But every law which is intended to check some particular crime ought to be efficient in itself and effective for the purpose for which it is intended. If it does not fulfil the object, it will make little difference whether we have such a law or not. My Lord, the Act hitherto passed has served the purpose of restraining only the papers which are in the hands of inexperienced editors and proprietors, as they are unable to carry on their work with sufficient cleverness. Such persons can be easily caught and punished and they cannot do much harm. The greatest harm which is to-day being done to the country is by means of papers which are in the hands of clever agitators who calmly, quietly and systematically misconstrue and misrepresent the motives of the Government in such a way as to make the people doubt the sincerity of its purpose. The injury done by these people is more effective than it could be done by the editors of the above-mentioned papers.

"Some of the papers in the hands of clever men, being dailies and having up-to-date Reuter's and other intelligence, are run comparatively cheaply and have got a wide circulation, especially among the educated classes. Generally speaking, the circumstances of these classes do not permit them to buy the expensive but loyal papers which are run efficiently. If they read papers of both kinds, they would be able to draw their own conclusions. But as matters now stand, this is not generally the case and they are carried away by the wrong set of opinions.

"There is a Persian saying that :

'Everything that reaches the ear has its effect.'

"It is these papers, my Lord, that require legislation to check their mischievous propaganda. If a paper on account of one or two articles produces an effect that renders it liable to a criminal prosecution, why should not another paper which prolongs the process over a month or two and creates the same effect, if not worse, be punishable under the same law ?

"My Lord, we happen to have got some papers of this description in our Province. But I am glad to say that most of the people who edit or contribute to them belong to other parts of the country and are not the natives of our loyal Province.

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"Next we come to our external friends. It is a well-known Oriental saying that a wise enemy is better than a foolish friend. Some of our English friends who unfortunately meddle with our affairs either with a view to advertise themselves or with a sincere desire to serve this country do not know what harm they are doing us owing to their defective knowledge of things here. I wish the English Government provided some means for preventing them from working this injury to us. Many of the sedition-mongers in India are encouraged by these gentlemen, and in order to bring such seditionists to book and to repress their activities money has to be paid from the Indian revenues.

"Now, my Lord, there is another thing which I want to deal with, and that is societies and organisations. Though there are so many societies and various organisations in England, most of them do some good to their country. But such is not the case in India. As to suppress some of the mischievous organisations a great deal of money would be required, I mention them in connection with the Budget. Societies in India may be roughly divided into four classes. Some organisations are purely social, which are harmless. Others are political in the garb of social. They are generally apt to do a great deal of harm. Others again are paper organisations which do no work except keeping the list of a certain number of men under the title of some association and giving address to Viceroy, Lieutenant-Governors and other high officers and officials. The fourth is a class of purely political societies.

"I shall only deal here with the last three of them. It is an admitted fact, my Lord, that organisation is a force and that every organisation is as much desirous of increasing its power as individuals. But seeing that the greatest force in the country is the Government, there is every likelihood that such organisations will like to get more and more power into their hands, which must be at the expense of the force now possessed by Government. This may in the long run prove dangerous to the State, as it has already begun to be evident in connection with the so-called national organisations.

"As for the paper organisations, they are generally meant to benefit the president or the secretary, so that they may come into prominence. Lately such societies have been so successful that they have enabled many people to gain what they wanted. Thus things which really ought to be discouraged have been encouraged in such a way that it may prove very troublesome in the end.

"Thus hard-working individuals, who perhaps do more service to the Government than all the members of some of such associations could do while put together, are sometimes lost sight of and get disheartened, while others who may be desirous of working hard see the case of such disappointed men and, instead of being encouraged to work, get discouraged.

"It is generally believed that the best way of getting on with the Government is either by forming organisations and posing as a leader or by strongly criticising all Government measures, whether good or bad. Those who support all reasonable measures of Government are apt to be neglected, for they are regarded as already conciliated, whom it is not so much necessary to appease. But the old Asiatic custom to which the people were accustomed was the reverse.

"The rest of India, my Lord, cannot understand why a place like Calcutta, situated in a corner remote from England and with a bad climate, should have been selected as the capital of India. I think it will be only fair when funds allow to select as the metropolis of this country a city which will be up to some extent at an equal distance from the remotest parts of this vast continent.

"With regard to Government service, from which everybody expects to derive pecuniary benefit, I want to say a word. In countries inhabited by one nation, every individual tries to maintain the honour of the nation to which he belongs. Such however, is not the case in Eastern countries, where family honour takes the place of national pride. It is his family honour that every individual has to keep up, and in my opinion it will pay Government in the long run to secure the services of men of good blood, instead of those who have got no traditions to follow.

"My Lord, I now come to my native Province, whose annexation is associated with the name of your illustrious grandfather, which though one of the

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last to come under British rule is not the least in importance. It is the Province from which the famous diamond Kohinoor, one of the brightest gems in the Crown of England, was taken—a Province which, if not the brightest gem of the whole British Empire, is the brightest gem of India.

“The remarkable speech of the Hon’ble Mr. Fenton, in which he put forward what the requirements of the Punjab were, has not been forgotten by most of us here. In order to avoid unnecessary repetition, I would only mention some of them. They are funds for the Plague, Malaria, Kangra, Derá Ghazi Khan, Colonization, Education, the Police, increasing the number of Magistrates and Judges, increasing the staff for collection of land-revenue and water-rates, Railways, the revision of pay of public servants, etc., etc.

“My Lord, I have carefully gone into the figures relating to the population, area, revenue and expenditure of every Province in India, and found that the new Provincial Settlement will be less unfavourable to the Punjab than has hitherto been the case. Though I have learnt from some of my Hon’ble colleagues that one should never think but go on agitating for more and more, my conscience does not allow me to follow such a policy, and I must thank the Hon’ble Finance Member up to some extent for the terms of the new settlement.

“There is, however, one most serious aspect of the case which I want to put before Your Lordship’s Council. It will be seen from the census figures that we have suffered most of all from plague, malaria, and various other calamities and our population has decreased by 1·8 per cent. during the last decade.

“Justice, therefore, required that we should have been granted the largest sum of money out of the opium windfall for the improvement of our sanitation. But I am sorry to find that our share of the grant for schemes of sanitary progress is much less than that to which we were entitled. Even Bengal, whose population has increased during the last ten years, gets us as much as the Punjab, while the United Provinces, whose census figures do not show such a serious fall in the population as my Province, receive a larger amount.

“Again, it is well-known that the Punjab is very backward in education and that Bengal and the United Provinces are far ahead of it in this respect. Moreover, the expenditure on education and various other urgent items in the newly springing villages in the Punjab colonies is very great and thus we require more money for education, etc., than almost any other Province. But I find that the educational grant made to Bengal is almost three times, and that made to the United Provinces nearly double, the sum granted to the Punjab. This is hardly fair. Our diminishing population and our lagging behind in education demanded that our share of the opium windfall should have been the largest of all. But we get much less than Provinces whose population is increasing and which have outstripped us in the race of educational progress.

“In conclusion, I would urge on Your Lordship’s Government that the Province of the Punjab, as being one of the last to be annexed to the British Empire in India, should be carefully nurtured and all its interests furthered as far as possible by the Government, so that its resources may be developed equally with those of other Provinces and that it may be able to maintain its proud position as the vanguard of this vast Indian Empire.”

The Hon’ble MR. QUIN: “My Lord, if on this occasion I make only a cursory reference to the items in the Budget which relate to special grants to the Provincial Governments, this is due only to my desire not to trespass unduly on the time of the Council and should not be ascribed to any dissatisfaction on the part of the Government of Bombay with the share which has been allotted to them from the surplus revenues of the Imperial Government. We have received a substantial contribution for non-recurring expenditure on Education and Sanitation, and a very welcome recurring grant towards Police Reorganization. With these we are quite satisfied, and it is an additional source of gratification to the Government of Bombay that their request for a subvention to the City of Bombay Improvement Trust has been acceded to. But what I wish particularly to say to-day, relates to the more important matter of the new Provincial Settlement, and here again I am glad to be able to sound a note which is mainly one of satisfaction.

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"I have no intention of wearying the Council with any statement of the details of the new settlement, and I proceed at once to remark that so far as the purely financial aspects of the settlement are concerned the Government of Bombay are much gratified at the conversion of fixed assignments into growing revenue, and cordially acknowledge the liberality of the terms on which the conversion has been made. The settlement has been based on the Budget figures of 1910-1911, and already there are satisfactory indications that the new arrangement will prove more favourable to the Provincial Government than were the old. It is not, however, the mere financial result of the new scheme which appeals most to the Government of Bombay. The principle underlying the settlement is the matter of real importance. The intentions of the Government of India in making these new settlements were fully set forth in this Council a few weeks ago by the Hon'ble the Finance Member, and the views then expressed by him have been warmly welcomed by the Government of Bombay, who fully appreciate not only the intentions but also the promptitude with which the practical measures to give them effect have already been taken by the Central Government. The extent to which the Government of India have hitherto interfered with the budget arrangements of the Local Government has always been a sore point, and it is specially satisfactory to find that their intervention will now be confined, as indeed it was this year, to the total revenue and expenditure in the Local Government's estimates, the details, save those under divided eahds, being left entirely to the Provincial Government.

"But while there is so much that gives cause for satisfaction in the terms of the new settlement, I hope I shall not be considered ungracious if I have to point out that this settlement has not yet been made complete, and that there are still some points in respect of which it is not altogether acceptable to the Local Government. The Hon'ble the Finance Member has told us that apart from special emergencies, the new arrangements are 'fixed, rigid and permanent.' It is in consequence more especially of this pronouncement that I have to ask the further indulgence of the Council while I make the briefest possible allusion to a few matters which are either unacceptable to the Local Government which I represent, or have been altogether omitted from the settlement as described by the Hon'ble the Finance Member.

"First among these I would mention the intimation that a Province will not in future be allowed to budget for a deficit in its current revenue and expenditure unless it satisfies the Supreme Government that the excess expenditure is due to a wholly exceptional and non-recurring cause. Now, a Provincial Government has at all times a keen interest in the state of its balance and under the new settlement that interest will be even greater than before. There is, therefore, practically no danger of a Provincial Government extravagantly depleting its balances, and the Government of Bombay do not see what good purpose is served by holding that the objects on which alone any part of that balance may be spent should be wholly exceptional as well as non-recurring. They agree entirely with the Government of India that their recurring expenditure for the year should be kept well within the revenue of the year, and they are ready to maintain what might be called an 'ordinary' balance, well above the minimum balance and sufficient to meet all the probable contingencies of the year; but they claim that they should have full liberty to deal with any excess over that ordinary balance as they deal with any other of the resources at their command, subject of course to the understanding that sums taken from the balance will be expended on non-recurring objects only. Time does not permit me either to illustrate or to give detailed reasons in support of this contention, but it is one which the Government of Bombay regard as entirely compatible with sound finance, and I am to commend this matter to the sympathetic consideration of the Hon'ble the Finance Member.

"My second point refers to the allocation of expenditure from special grants which the Government of India may from time to time be in a position to make from its surplus revenues. At present it is usual for the Government of India to earmark these grants for expenditure

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under a major head selected by them. The Local Government now desire to urge that the object of the expenditure should be determined locally, because, to use a homely adage, it is the Local Government which knows where its own shoe pinches. The Government of Bombay are of course willing to give the most careful consideration to any suggestion which the Central Government may make ; but they hold that it is they themselves with the advice of their local Council who ought to have the last word in the matter. This surely is in accord with the new policy of increasing both the independence of the Local Government and their responsibility for the proper expenditure of the public funds entrusted to them. It is true that the terms of the new settlement in respect of this matter are not less favourable than those of the old ; but the Provincial Governments are looking to the new settlement to loosen some of the old bonds, not to retain them in their existing rigidity ; and it is from this point of view that the pronouncement of the Finance Member on the point I am now discussing gives ground for grave disappointment.

“One further detail, before I mention, very briefly, a few matters of weightier import. We have been told that if for any special and temporary reason a Local Government has exhausted its own balances and receives permission to overdraw it will have to take a loan from the Imperial Exchequer and pay interest on it. I trust it will be many a long day before this matter becomes of any practical importance to the Government of Bombay ; but as the new settlement is being specially invested with a character of permanency, it is suggested for the consideration of the Hon'ble the Finance Member whether it would not be fair to except from the working of this rule, regarding payment of interest, the case of a Local Government whose Province was visited with—not one year—but a succession of years of severe famine. Such an affliction might well exhaust the balances of the wealthiest Province, even when aided by the Famine Relief Fund ; and it would not be just to penalise a Local Government by charging it interest on advances which the dire stress of famine alone had compelled it to take.

“I turn now to other matters bearing on the Provincial Settlement which are of very great importance, but as they have already been much discussed I will deal with them very briefly.

“The first is the question of Provincial taxation, and concerning this I will at once say that while the Government of Bombay welcome the admission made by the Hon'ble the Finance Member that the propriety of raising special Provincial taxation may have to be considered in the future, they would have been glad to see a more definite place assigned to this subject in the arrangements for the new settlement. It is difficult to see how this legitimate source of revenue can for much longer be permitted to be neglected. It is certain that in the not far distant future the Provincial Governments will have urgent calls upon them for expenditure which they cannot meet from their growing revenues, and the necessity for local taxation will then become incontestable. To exercise the power of taxation will then be an obligation on the Provincial Council to be regarded as attached to the enjoyment of financial independence.

“The second is the question of borrowing by Local Governments. The Government of Bombay are strongly of opinion that the power to borrow, whether in the open market or from the Government of India, should not be withheld from Local Governments. The Hon'ble the Finance Member was silent on this point when making his statement the other day, but the matter is presumably under consideration in connection with the report of the Decentralization Commission, and I need now only express the hope that a decision will be arrived at shortly, and will be in favour of the view put forward by the Government of Bombay.

“It would of course be desirable to have proper safeguards to prevent competition among Local Governments, to fix a prescribed rate of interest, and other details. But subject to this, and, if necessary, to the sanction of the Government of India, the experiment of Provincial borrowing in the open market might safely be tried, and it is the opinion of the Government of

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Bombay that if this were done the Local Government would tap local sources not reached by the Government of India.

"There is one other point. In 1907 certain restrictions were placed on the powers of Local Governments to deal with loans borrowed by Local Bodies in the open market. The Government of Bombay consider that these restrictions were unnecessary. For this reason and in order to increase the independence of local finance they would be glad to see them removed.

"And now I have almost finished, but before I sit down I would venture to sum up the remarks which it has been my duty to make regarding the new settlement. From a purely financial point of view it is almost entirely satisfactory so far as it goes, but in the opinion of the Government of Bombay it does not go far enough, inasmuch as no settlement can be regarded as complete which fails to make definite provision for Provincial taxation and for Provincial borrowing in the open market. On its administrative side the settlement is not wholly satisfactory because some of its terms are such as may easily lead to undue interference by the Central Government. We look to the new settlement to give a great increase of real power to the Provincial Government, and I desire here, in conclusion, to invite attention to a consideration which the Government of Bombay regard as of the utmost importance in this connection. The enlargement of the Provincial Councils, on which there is now a majority of non-officials, has effected a radical change in its constitution, and the Government of Bombay have now at hand to assist it in matters of finance a Council so composed as to be fully capable of successfully administering its own finances. This Council cannot be expected to attract and retain the best men unless it be given real power in respect of the finances of the Presidency and be permitted to exercise this power free from all checks and restrictions which are not absolutely essential to the maintenance of the general control of the Imperial Government."

The Hon'ble MR. PHILLIPS: "My Lord, in offering a few remarks on the Budget, I shall confine myself to those aspects of it which concern the Central Provinces which I have the honour of representing officially in this Council. From a Provincial point of view the most important feature of the Budget is the inauguration of permanent contracts between the Government of India and Local Governments. In the Central Provinces the changes introduced to make the contract permanent are the provincialisation of all revenue from forests and the increase in the Provincial share of the excise-revenue, and there can be no doubt that these changes will greatly improve the financial situation. But, at the same time I venture to point out that in the excise-revenue, owing to its very nature, there is an element of uncertainty which is likely to imperil the permanence of the contract. This revenue has in the past shown itself liable to great fluctuations, and it is undoubtedly of a fickle character. The estimate of receipts from excise for the coming year is 84 lakhs of rupees, and it is not improbable that in a short time the full normal demand may be 88 lakhs. On the other hand, it may fall to 66 lakhs, the amount realised in so recent a year as 1908-09. If this amount be compared with 88 lakhs, it will be seen that the loss to Provincial finances would have been, under the old contract, 11 lakhs, whereas now it would be 16½ lakhs; that is to say, more than 1½ times the prescribed minimum balance for the Province. In this manner the whole of the Provincial balance might easily be swept away in a single year, and the main object of the new contract, which is, I suppose, to provide funds in the shape of a large share of growing revenue to meet increased recurring expenditure on improvements in administration, would be defeated; for presumably it is not intended that the increases in good years should be saved up by keeping the administration at a stationary level in order to maintain the balance in bad years.

"The position would be rendered considerably worse by the occurrence of famine if the policy which was pursued in the Central Provinces in the famine of 1907-08 were to be followed again. I adverted to this topic in my speech on the Budget last year, and it has again been alluded to by my Hon'ble friend Mr. Mudholkar to-day. Still at the risk of being wearisome I propose to state the facts again as briefly as I can, as some statement is necessary in order to explain my point. In dealing with the famine in the year which I have

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just specified, the Central Provinces Administration adopted the policy of extending the programme of ordinary works carried out under contractors instead of establishing regular famine relief works. This policy met the requirements of the situation adequately, and it also had the advantages of securing economy in the expenditure of public money and in avoiding the demoralisation of the people. But it had the great disadvantage to the Local Administration of casting on the Provincial finances the burden of carrying through that policy, whereas, if the usual course had been followed, the whole cost of the famine operations would have been thrown, and legitimately thrown, on Imperial revenues. The famine cost the Local Administration 44 lakhs—22 lakhs in direct expenditure and 22 lakhs in loss of revenue, while at the same time the Imperial revenues were saved from charges amounting, at a moderate computation, to some 60 lakhs. The result was the impoverishment of the Local Administration. Now, despite the crippling tendency of this policy, it would certainly be followed again if unfortunately a famine were to occur again in the Central Provinces, for I think there can be no doubt that it is the right policy: at any rate, it has had the warm approval of the Government of India. But of course it would again seriously deplete Provincial revenues and a severe blow would thus be struck inevitably at the permanence of the settlement. With a view to obviate the drawbacks which I have just mentioned, I am instructed by the Chief Commissioner to make two suggestions. The first is that the Government of India should guarantee a minimum revenue from excise as in the case of land-revenue: possibly a guarantee of 63 lakhs, based on a gross revenue of 84 lakhs, might be considered not unreasonable. The second suggestion is that some modification should be made in the conditions which now govern the apportionment of expenditure on famine relief between the Provincial and the Imperial Government. It seems only reasonable that if the Government of India have bound themselves to bear all the cost of famine relief in circumstances involving extensive operations and the expenditure of large sums of money, they should undertake to bear a portion, if not the whole, of the charges incurred in less expensive measures of a more restricted but equally effective character, directed just as much towards the alleviation of real distress. This is not the time and this is not the place to enter into a detailed examination of these points: I have merely put them forward tentatively because the Chief Commissioner does not wish to be estopped by the implied assent of silence from making further representations after a further consideration of the subject, should that consideration indicate that such representations may be fairly and reasonably made.

"To turn to another matter, I am authorised to express the grateful thanks of the Chief Commissioner to the Government of India for the substantial non-recurring grants made by them to the Central Provinces for Education and Sanitation. I may remark that the Chief Commissioner would have been still more grateful if these grants had been of an even more substantial character. The Hon'ble Mr. Dadabhoy has said to-day that the principles of the apportionment of the opium surplus elude examination. To the uninitiated this certainly appears to be the case. But we have been assured that the distribution between the various Provinces—a matter, it must be admitted, of no small difficulty—has been made after full and anxious consideration; and presumably all the various claims have been fully weighed, including the special claim of the Central Provinces to generous recognition at the hands of the Government of India, to which I referred last year, and which I have indicated incidentally again to-day.

"I will only mention that large expenditure on primary, secondary and industrial education in the Central Provinces is essential if they are to be made really efficient. Similarly, large expenditure on sanitation is necessary in order to effect substantial and lasting improvement. But if the large developments in both directions which are already seen to be looming ahead are to await the slow growth of provincial revenues and are not to be assisted with funds from other sources, it is very doubtful whether Provincial revenues will suffice."

The Hon'ble MR. MADGE: "My Lord, some of the earlier speakers this morning have treated the Financial Statement as a game of skill and chance in which chance was the more influential of the two factors. I would rather

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associate myself with the two later speakers who recognise the wisdom with which adjustments have been made. They seem to me to be so made that even if any unforeseen calamity should arise, the whole of the adjustments would not be dislocated and thrown out of gear. The one item that I would exclude from this congratulatory remark is the item that embraces recurring—or what should be recurring—charges and debits them against non-recurring revenue—Education and Sanitation. I tremble, my Lord, for the fate of European education particularly. While I recognise most thankfully the additional grants that have been made for European education, I feel that while the machinery of most other kinds of education in this country is in such a state of perfection, or so advanced, that a little more or less one year or another will not disorganise them, in the case of European education I may say that a start has really to be made, for there has been no serious effort, in my humble opinion, to tackle the real difficulty. In the evidence that I was privileged to give before Mr. Orange's Commission I pointed out one or two things. One of them was the absolute necessity of a normal college for the education of teachers. One of the greatest wants of this country, one in which Indians as well as the Domiciled are equally interested, is trained teachers—teachers who shall be so brought up to their profession that they will stick to it all their lives. As a matter of fact, as regards European education just now, if we except a few qualified teachers who are mostly imported, the young men and young women who take to teaching in this country look upon it just as a stepping-stone to something else; and there are schools in which young people who have taken to teaching from actual love of the profession, have had to abandon it because there have been no prospects in it. I do earnestly hope that the grants for European education in future will be put upon such a footing that there will be no fluctuation from year to year in the support that will be given to our larger schools.

“Another point is that there ought to be some concentration in European education, and in case it might be said that this is the duty of private enterprise rather than that of Government, I would just like to point out, very briefly, what an important part Government has to take in a question of this kind, because it has to lay down the standards and the inspection, and those two items exercise a great influence over anything that is done in the shape of European education. Hoping that these few remarks will be taken into consideration in future, I would now like to pass on to the underhanded condition of some of our larger Courts of Justice. In Calcutta, my Lord, when a few years ago it was pointed out that the profit from ‘Justice’ alone amounted to something like half a crore of rupees, the High Court here was seriously undermanned. Since that time some changes have taken place and I understand that the Commercial Court that has been established has given considerable relief. But although I maintain that the commercial interests are fully entitled to every consideration that they can receive from the Government, it is a very serious thing, my Lord, that in the informed opinion of the whole country the High Court is very much undermanned. I am quite aware that before any change could be made statutory changes must precede them, but there is no reason why, if the Government took up the subject and made suitable representation and pointed out the very large income that is secured from court-fees and other sources—how indeed the administration of justice which has never been regarded as a source of revenue, how all this takes place, that the country is entitled to have its higher Courts so manned that there shall practically be no denial of justice, as often happens in cases in which suits lie over from year to year and are sometimes withdrawn in sheer disgust.

“I want, my Lord, to recommend for the consideration of the Government two other points connected with two different matters, and one is the postal revenue. What I have said about the revenue from the administration of justice applies to a smaller extent to the postal revenue, and I do wish both that the registration fees and that the charges for parcel post were reduced. Among the wealthier class of customers it seems to be a matter of no moment whatever whether one anna or two annas are charged for registration, but really with a large class of people to whom an anna is a matter of some importance it does make a difference whether the registration fee is one or two annas. Also

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as regards the parcel post it has been pointed out by people in the public Press that the rates were comparatively high when compared with those of all other countries and even with the reduced charges for packages all the way home from India. I am quite aware of the very different conditions that prevail in different countries, and I merely wish to press this matter upon the earnest consideration of the Department concerned, that if it is possible some reduction may be made in the charges for parcel post and some reduction also in the registration-fee in some year to come if not immediately.

"The other and the last subject on which I wish to make a remark is the provision of cold storage on railways. This is a matter, my Lord, that is also of some little importance. Those who will make an inquiry will find that, though there is much reason to be thankful for the large provision of fruits that come in from all parts of the country to our larger cities, the proportion of fruit that come absolutely rotten because they have come from great distances is simply distressing ; and if cold storage should be provided, I am quite sure that large sections of the community everywhere in India would feel really thankful to the Government. Not only would fruit and vegetables pour into our larger cities and also into small mufassal stations where they would be highly valued, but also fish from the seas would be taken up to hill stations where I believe fish is very scarce the greater part of the year. I do not know whether it would be any temptation to the City in the hills which has sometimes been called the Capua of India to be provided with *topsee mach* during the season. But certainly there are other cities which would be very thankful if they could be provided, by means of cold storage, with fish from salt water."

The Hon'ble MR. GOKHALE: "My Lord, I understand that my Hon'ble friend Mr. Gates intends to criticise certain remarks on the financial past of Burma made by me the other day in the course of the debate on my resolution about the growth of public expenditure in this country. In view of that I had meant to wait till the Hon'ble Member had spoken before rising to speak. As, however, the Hon'ble Member wishes to have the last word in this matter and I do not particularly mind his having the last word, I am quite willing to let him have his way, especially as he has very courteously given me an idea of what he proposes to say and has also given me his permission to reply to his criticism by anticipation. Before I avail myself of that permission, however, I think I should refresh the memory of the Council in connection with the point at issue between the Hon'ble Member and myself. My Lord, the Council will remember that when I moved my resolution urging an inquiry into the growth of public expenditure last January, the Hon'ble Mr. Gates attacked my proposal in a speech which may still be in the recollection of this Council, and in the course of that speech he described the Budget of Bombay as a bloated Budget. When it came to my turn to reply, I indulged in a retort—a retort obvious to all who knew the financial history of Upper Burma ; I said that if the Budget of Bombay was a bloated Budget, in any case we paid every penny of it ; that when Upper Burma, which had lived for nearly 20 years on other Provinces, refunded to the Government of India what it had drawn from other Provinces, then it would be time for the representative of Burma to speak of other peoples' bloated Budgets. Now, my Lord, the first observation I would like to make in this matter is this—that I quite recognise that the Hon'ble Mr. Gates only indulged in a sort of bantering expression when he spoke of the bloated Budget of Bombay ; but then my retort too was a bantering retort—intended at the time to be a mere debating retort and nothing more. However, like all bantering retorts, which have an element of truth in them, my retort has gone home, and I find some feeling exhibited in the matter even in Rangoon—I have seen articles in Rangoon papers on the subject. As this has happened, I am quite prepared to put all banter aside and to take the question up as a serious question to be argued in a serious spirit, and I will argue it in that way to-day. So far as the proposition that I made last January is concerned, *viz.*, that Upper Burma was not, for nearly 20 years, able to pay its way, that, of course, is a historical fact ; any one who knows the financial past of Upper Burma knows that. Upper Burma was annexed in 1886. From 1886 to 1897—a period of

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eleven years—the accounts of Upper Burma were kept separate, and during all these years, as the Hon'ble Mr. Gates himself will admit, Upper Burma showed a heavy deficit year after year. It was as high as over 2 crores of rupees for the first year, and for the last year it was nearly a crore—about 95 lakhs. Then the accounts of Upper and Lower Burma were put together, and, of course, after that we have no direct means of knowing how much Upper Burma cost the Government of India. But there is plenty of indirect evidence to show that the deficits of Upper Burma continued for about 7 or 8 years more. That means that if the accounts of Upper Burma had continued to be kept separate, it would have been 18 or 19 years before Upper Burma was able to make the two ends meet. So far, therefore, as my actual proposition is concerned, it is absolutely unassailable. The Hon'ble Member, however, may say, 'Oh! you must not take part of a Province like this! And Upper Burma is only a part of the whole Province of Burma!' But even before Upper Burma was annexed, Lower Burma was not paying its way. The utmost that may be conceded for the sake of argument is that Lower Burma was just paying its way when Upper Burma was annexed; still when Upper Burma was joined to Lower Burma, a deficit ensued, and that deficit had to be made good by the Government of India. Therefore, my position is not shaken even if you put the accounts of Lower Burma with those of Upper Burma. But, my Lord, my Hon'ble friend, the non-official Member from Burma, Maung Bah Too, has most unexpectedly come to my assistance in this matter. He asked for a return the other day, and only 4 or 5 days ago a return was placed by the Government on this table, which is a crushing indictment of the financial position of Burma, even taken as a whole. The return is a Government return, and I shall be glad to know what the Hon'ble Mr. Gates has to say to it. The return shows that from 1860 up to 1903-04—the year in which the return was prepared—the whole of Burma, Lower and Upper, taken together, had not been paying its way. It was not therefore only Upper Burma, for a period of nearly 20 years, but the whole of Burma for more than 40 years that was not paying its way—I do not know how it has been since; probably things have been slightly better, but they cannot be very different. I am therefore prepared to modify my original proposition that Upper Burma had not paid its way for nearly 20 years and say that the whole of Burma had not paid its way for more than 40 years. If that will please the Hon'ble Member, he may have this proposition—this time made not in banter, but in sober seriousness!

"But, my Lord, this is not all. This return, which was prepared by the Accountant General of Rangoon, tries to give every advantage to Burma in the calculation. For instance, Burma is charged, not with its fair share of Military expenditure, but only with the cost of the troops actually located in Burma, and that is really very small compared with the whole Military expenditure of India. Then, as to non-effective charges in connection with the Army, Burma is charged, not with the usual percentage of 42, but only with a percentage of 33. There are other charges also made on a smaller scale than in the case of the rest of India; and finally there is this significant omission here. The return says that the deficits, shown in the table appended, for more than 40 years, are exclusive of certain items which have not been taken into account—items for which Burma should be charged, but has not been charged, in this calculation. Thus, Burma is not charged in this return with its share for Civil and Public Works pension and furlough allowances in India; Burma is not charged with its share of the capital cost in connection with telegraphs; Burma is not charged with any contribution to the Royal Navy and Royal Indian Marine; finally, Burma is even not charged for her fair share of the Central Government in India. Exclusive of all these charges and giving every advantage to Burma, this return, prepared by the Accountant General of Rangoon, and laid by the Government of India on the table of this Council, shows that for more than 40 years the whole of Burma was not paying its way; and as a result we find that Burma is indebted to-day to India to the tune of about 62 crores of rupees. The other day I pointed out that the unproductive debt of India is 37 millions or about 55 or 56 crores of rupees. If Burma had not been with us, we should have had no unproductive debt

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to-day and have been 6 or 7 crores to the good. It may be contended by the Hon'ble Member that it is not fair to begin the account, as this return does, with the debt charges, due on account of the First and Second Burmese Wars. But it must be remembered that that has been the practice of the Government of India in connection with its own accounts in this country. England has never borne any part of the cost of the wars or of the measures that were necessary to put down the Mutiny, or any other debt that has been raised in this country. India has paid the whole cost of all the wars; India has paid the whole cost of putting down the Mutiny; India has borne the whole responsibility for every debt that has been raised in connection with this country. If Burma wants to be considered separately, then Burma must also be prepared to undergo the same treatment; and that treatment has been applied to Burma by the Accountant General of Rangoon, with results well worth the study of the Hon'ble Member.

"There is one thing more I want to say in this connection. Taking the positions of Burma and Bombay, even to-day, what do we find? It is usual to apply two tests in such comparisons, the test of population and the test of area, to judge as to what is the burden of taxation in a Province. I think both tests are largely fallacious, but if these tests have to be applied, they must be differently to different heads of revenue. For land-revenue and forests, I think, the proper test to apply is the area test; for stamps, registration, assessed taxes and excise, on the other hand, the proper test to apply is the test per head. Applying the tests in this way, I find that Bombay pays per head for assessed taxes, stamps, registration, and excise, Rs 1-4-10 per head, whereas Burma pays Rs 1-6-10 per head. As regards land-revenue and forests, I find that Bombay pays Rs 0-15-3 per square mile, whereas Burma pays Rs 0-13-3, and this in spite of the fact that Bombay is largely handicapped by Sind. Thus, even omitting salt and customs, Bombay taxation is higher than that of Burma.

"I will now pass on to offer a few observations on the Financial Statement which the Hon'ble the Finance Minister has laid before this Council. My Lord, the most interesting portion of the Financial Statement is that which deals with the question of Provincial finance. Undoubtedly a very important step forward has been taken and the Hon'ble Member is entitled to speak with legitimate pride of what has been done. When, however, he describes these new Provincial settlements as permanent, a question arises as to whether the use of the term is justified. Looking at the new settlements in a large way, we find that there are four special characteristics which may be noted. The first is that there will be in future a withdrawal of all minute control over the Budgets of Provincial Governments. The second is that the doctrine of contractual responsibility will be enforced rigidly in future in the case of all Provincial Governments. The third is that, as far as possible, Provincial revenues will be derived from portions of growing revenues and that large fixed allotments will not be made hereafter to the Provinces. And the fourth is that a further step has been taken in the direction of the provincialization of certain revenues, forests in all cases, and excise in the case of Bombay and Eastern Bengal and Assam. Now, these are all very important features, all four of them. But even so, I do not think that the new settlements are likely to be any more permanent than the previous settlements were. Let us consider the matter in some detail.

"As regards the withdrawal of minute control over the budgets of Provincial Governments, I think everybody will congratulate the Finance Department on what it has done. It is a very important change, and I think that it will largely free the Local Governments from that unnecessary and vexatious interference of which they had reason to complain. I think this, in some respects, is the most important change which the new settlements make, and it is sure to be attended with excellent results. As regards the doctrine of contractual responsibility, that of course has always been there; and simply because the Hon'ble Member expresses himself with some emphasis on the subjects, it does not mean that it is a new doctrine, though I admit that if he is able to ensure the Local Governments not budgetting for a deficit or borrowing from him whenever their balances fall below the minimum, I think

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that will be a departure. I do not know, however, how far it will be possible to enforce this in practice. I have my doubts about this. The third change is, no doubt, very important; but the principle of it had already been accepted and we have now only a further advance in giving the Local Governments a larger proportion of the growing revenues. The advance, however, is so substantial as to reverse the old practice of making fixed allotments to Provincial Governments. In place of that, we have now the Imperial Government receiving a net fixed allotment from the Provincial Governments taken together, and that is a move in the right direction. The last change is also a further extension of a principle already accepted, because registration had already been wholly provincialised, and what the Finance Department has now done is to provincialise forests in all cases and excise in some cases, which is only extending a principle, already accepted, still further.

“While, therefore, all the four changes are important, there is nothing in them except in the first—that which relieves the Local Governments of all minute control—which is quite new, though in each case there is a substantial advance. But my fear, my Lord, is that these settlements will not prove any more permanent than the last quasi-permanent settlements, or than even the old quinquennial settlements; I fear that the whole position is such that there cannot be any permanent settlements at the present stage between the Provincial Governments and the Government of India. The root of the mischief lies in this. The Government of India has at its disposal too large a share of growing revenues, and its expenditure is principally confined to the Army and to a few services which are directly under it. The result is that while there is a continuous tendency to spend more and more on the Army, after those claims are satisfied, large surpluses accrue to the Government of India; and when these surpluses are realised, the Government doles out a portion of them to the Provinces. Now, the Provinces habitually expect these doles and the expectation of the doles is thoroughly demoralising. If therefore you want any element of permanence in your Provincial contracts, it is necessary, first of all, to see to it that the Government of India has no large surpluses to dole out to the Provinces, and this can only be ensured by reducing the resources which are at present at the disposal of the Government of India. What I propose, my Lord, is that instead of receiving its whole income from growing revenues, the Government of India should receive large fixed contributions from Provincial Governments, say, up to about one-third or one-fourth of its revenues, the other two-thirds or three-fourths being derived from growing resources. I think in this matter it is desirable to examine the practice of other countries, and there are three countries which can supply some sort of guidance to us on this subject—Switzerland, Germany and America. Switzerland, however, is a very small country, and I will therefore leave it out of consideration. The example which I think we should follow in this matter is that supplied by Germany. America is too advanced for us, because the federal finance of America is entirely separate from State finance, and it will be a long, long time before we reach that stage, if we ever reach it at all. But in Germany, my Lord, while the Empire has its own independent revenues, and the component States have theirs, the component States also make large contributions to the exchequer of the Empire. In fact, nearly one-fourth of the revenue of the Empire is at present derived from fixed contributions from the component States, and about three-fourths is derived from independent sources, such as Customs and Excise and Stamps. Now, I think, this is the direction in which we have to seek a solution of our problem. The Government of India should have about one-third or one-fourth of its revenue derived from fixed contributions made by the Provincial Governments. This will reduce the possibility of large surpluses being realised by the Government of India, and diminish the chances of doles being given to the Provincial Governments. As I have already said, the policy of doles, which has been condemned by successive Finance Ministers, and also by several Members of the Decentralisation Commission, is a thoroughly demoralising policy, and if you want any strong financial responsibility to be felt by Provincial Governments and the doctrine of contractual responsibility to be strictly enforced, you must see to it that this practice of the

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Government of India giving doles to Provincial Governments year after year is stopped—indeed rendered impossible.

“I had intended going into this in some detail, but I see that my twenty minutes are nearly up and I must conclude. I will therefore content myself with making only one or two observations. My Lord, taking the real revenue of the whole of India as estimated in next year's Budget, we may put it down at about 83 crores or 55 millions for the next year. As I explained on a previous occasion, I leave out in this refunds and drawbacks and assignments and compensations, as also the cost of production of opium; and the Commercial Services I take net. Out of this 83 crores, about four-sevenths is now the revenue of the Government of India and three-sevenths is the revenue of the Local Governments. Now, I think it is possible to assign the principal heads to the Imperial and Provincial Governments in such a way that the Local Governments should have at their disposal a little more than the revenue which they at present enjoy, and the Government of India should have at its disposal a little less than what it has at present.

“The excess, which the Local Governments will thus get, should come back to the Government of India in the shape of fixed assignments, which, of course, would not be capable of growth, and to that extent the Government of India would have inelastic revenues at its disposal. On the other hand, as the Government of India will have customs-revenue, and as it will realise more and more from this source, I do not think that there would be any difficulty as regards the total revenue of the Government of India being sufficiently elastic. I think, my Lord, that the Government of India could and should raise much more revenue from customs than they are doing to-day. In Germany I find 57 millions are raised by customs; in America 60 millions are raised by customs; so that there is plenty of margin for raising a larger revenue from this source in India. My proposal, therefore, is this, that certain principal heads should be provincialised straight off. I would begin with land-revenue, excise and forests, making them over to Local Governments, and such Local Governments as would get from them more than they actually require just now should be called upon to make fixed allotments to the Government of India. As the Government of India's revenue from its own sources, such as customs, grows, more and more of the other heads should be provincialised. So far the advance has been from centralized finance to decentralized finance. When the process of decentralization is completed—and we are yet a good way from completion—we have to advance from that to federal finance, which should be our goal. And I have indicated briefly how we may gradually proceed towards a federal basis.

“There is one matter of some importance on which I would like to say a word before I finish, and that is the question of Provincial taxation raised by my Hon'ble friend Mr. Quin. My Lord, this is a very important matter, and I quite recognise that Provincial finance will not attain an independent position unless and until Provincial Councils have the powers of taxation; but I think this is a very difficult problem, and things generally will have to advance a great deal before these powers can be safely conferred on those Councils; in any case, I urge, there should be no hurry in regard to this. I think, in the first place, the present practice of discussing Provincial Budgets must be well settled, and the public opinion in the different Provinces must make itself felt by the Provincial Governments much more than it is doing to-day. Secondly, before powers of taxation are conferred on Local Governments, it is necessary that every Local Government should be a Council Government, with a Governor at its head, coming fresh from England. And, thirdly, it is necessary that there should be an elected majority of Members in these Councils. When this position is reached, I think powers of taxation may safely be entrusted to Provincial Councils, but till then I would keep those powers in the hands of this Council. Finally, as regards borrowing, that will have to come after powers of taxation have been conferred, but I fear it will be some time before we are actually able to take these steps.”

The Hon'ble MR. GATES: “My Lord, it is quite true that there was some friendly rivalry between the Hon'ble Mr. Gokhale and myself as to who should

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speaking before the other. The Hon'ble gentleman has exercised the right of reply so often that he perhaps thought that it was vested in him. But on this occasion he has courteously agreed that he should address the Council before me. I will come presently to the points in difference between him and myself, but first I have a few remarks to make about the finances of Burma. Last year it was my duty to represent the urgent distresses and necessities of Burma. I pointed out that the rate of taxation per head was high, that the scale of prices and wages was also high and raised the obligatory expenditure and the cost of public works. I pointed out that the estimates of income were extremely sanguine, and had by no means been realised, neither the standard or basis figures, nor the annual increases. And, lastly, I pointed out that one-fifth of the income of the Province was derived from a fixed grant which was insusceptible of growth. This year, it is, in the first place, both a duty and a pleasure to recognise the extent to which the representations of Burma have been met. The proportion of fixed to total income has been reduced from 20 to about 3 per cent. That is a considerable concession for which my Government and the people of my Province will be grateful; but I am sure the Hon'ble the Finance Member will not be so sanguine as to think we shall be contented. In the first place, considering that a large part of the land-revenue of Burma is furnished by special taxes paid in Burma alone, such as the *thathameda* capitation and fishery taxes, we had hoped either that we should get the proceeds of those special taxes or that we should get three-fourths of the total land-revenue, or that we should get a considerable share, or perhaps the whole, of the rice export-duty which falls, in part, on the cultivators and reduces land-revenue rates. We should have been willing to give fixed grants to the Imperial Exchequer to reduce our income to a reasonable, but not too meagre, figure. And the second point is this. The miscalculations of income have now been admitted, and we have lost no less than 130 lakhs in the course of four years as compared with the anticipations framed by the Finance Department at the time of the settlement. We had hoped that in a year of prosperity the Government of India would have recouped us for a considerable part of this loss. It is true we have got 40 lakhs (I shall come to that presently), but that is all earmarked for special expenditure, and none of it can be said to be available for general needs. Now, in speaking of the grants to the various Provinces, I start by the assumption, by the confident assumption, that the Government of India desire to be just and impartial, and I will ask my friends who represent other Provinces to bear with me while I make a few remarks on the grants to their Governments.

"The Madras Government gets 22 lakhs for the constitution of additional districts. In our rapidly growing Province, new districts have to be constituted from time to time, but we have never had a grant for such a purpose before. A scheme for a new district is now in hand, and I hope we shall get a grant for it. The United Provinces and the Punjab get 9 lakhs for relieving the municipalities from all police-charges. The municipalities in Burma were relieved from all police-charges some years ago, but expenditure on other objects was imposed on them in order to counterbalance this relief. Ought not Burma to get a grant to balance this countervailing expenditure? Then, I notice that the Punjab gets 10 lakhs for the Lahore General Hospital. A year or two ago a similar grant was given to Lucknow. There is a new general hospital in Rangoon for which a similar grant would be most welcome. Bengal gets 7 lakhs per annum, in view of its peculiar difficulties. It also gets by far the largest grant for both sanitation and education. It seems to be the 'Prodigal Son' for whom the fatted calf is killed. I am afraid we cannot be very grateful for the 25 lakhs which was referred to with some emphasis in the first edition of the Budget Memorandum, paragraph 10; I hope that the omission of that reference in the second edition indicates that the Hon'ble Finance Member agrees with the view which I am now going to state.

"When the Provincial Settlement was concluded, the Rangoon River scheme was said to be entirely outside of it. At a later date the Province was directed to contribute 25 lakhs. Now, those 25 lakhs are refunded. We are grateful to get justice on this point, but the refund is no more than justice and not a pie is available for the general needs of the Province.

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" Now I come to the Education and Sanitation grants. Here also, no doubt, the Government of India desire to be impartial, but the result seems to disclose the inherent defects of the system of doles. The amount is distributed, I suppose, according to the schemes which the Provinces have ready and can produce. The result is that a Province which has spent a great deal on Education and Sanitation in the past may get the smallest share in the distribution of these surpluses. And money is given not for the total needs of the Province, but only for the kind of expenditure which happens to be fashionable at the moment. The Provinces which have expanding revenues may be pardoned for thinking that they should not pay for the Provinces which have stationary revenues. In Burma, we feel a mistrust of this system. We are far away while others are nearer, and we are not likely to get early information. We think that we are likely to have to pay for other people and not get very much for ourselves. A policy of financing Education from the Central Government is likely to meet with strong opposition from the Provinces which pay more and get less.

" In claiming for Burma its fair share of the revenues of India, I think it necessary to deal with the statement which, as the Hon'ble Mr. Gokhale has reminded us to-day, was made by him about two months ago. The statement occurred at the close of a passage which seemed to me to reveal a curious view of Burma. I was reminded of the practice of the Homeric Greeks who, knowing nothing of the Ethiopians or but little, were accustomed to speak of them as blameless. I commend that example to those whose knowledge of Burma is not great. The statement occurred in one of the Hon'ble Member's lucid and eloquent speeches, but it seemed to me at the time that the lucidity was accompanied, as light not unfrequently is, by a certain amount of heat, and that the statement about Upper Burma did not display that accuracy and that close connection with the subject under discussion which we are accustomed to expect from the Hon'ble Member. In fact, I confess that when I heard that statement for the first time, it seemed to me—I do not know that I can better the lucid and eloquent language of the Hon'ble Member—an extraordinary statement and for irrelevance hard to beat. I had been speaking of the Budget for the Province of Bombay, and the Hon'ble Member retaliated with this reference to Upper Burma. Well, Upper Burma is not a Province, nor are any accounts relating to it available for 20 years. It is quite true that the accounts which he has mentioned were kept for 11 years, and showed a deficit for that time. But even if accounts were available for 20 years and showed a deficit, no other province, neither Bombay, nor any other Province, would have a right to reproach Upper Burma, if Burma as a whole was paying its fair share. I might as well reproach Aden, or the district of Thar and Parkar or the Pargana of Spiti for not paying its way. I part with the statement with gratitude because it leads me to the question whether Burma as a whole is paying its way. My Hon'ble colleague Maung Bah Too has obtained some figures on this point, and they are now before the Council, and upon those figures I propose to offer a few remarks.

" I may remark, to begin with, that the Hon'ble Mr. Gokhale is mistaken in supposing that any part of the Telegraph charges ought to be debited to Burma, because, if he will scrutinise the figures again with his customary exactitude, he will see that none of the telegraph receipts have been credited. After that he made a point in connection with the non-effective charges of the Army. Well, I demur to debiting Burma with the whole local cost of the Army and 33 per cent. extra for the non-effective charges and the rest of the Home charges. I demur to the debiting of the whole local cost of the Army because every frontier Province covers the internal provinces. And I demur to the debiting of the 33 per cent. because the districts which were acquired later ought to pay a smaller share of the non-effective charges than the districts which were acquired earlier. That leads me to another objection, that is, the debiting of 4 per cent. of gross revenue on behalf of Home civil charges, in which are included the civil pensions. I demur to the debit to Burma of a considerable portion of that charge on the same grounds as I mentioned for the Army. But, besides that, I cannot understand on what grounds the Accountant General based those charges. Apparently he discovered a relation of 4 per cent. or

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thereabouts between the gross revenue of India as a whole and the Home civil charges. Well, if he had investigated the matter, he might have discovered a relation between the Home civil charges and the receipts from the sale of postage stamps. But it would not follow that the Home Civil charges should be debited to the Provinces according to the receipts from the sale of postage stamps. This criterion of gross revenue seems to me quite unfair. Almost any other canon would be better. Then I come to what the Accountant General calls the Burma Debt. He takes the cost of the first war as five crores and he estimates that the second war cost as much. In the first place, I do not understand why he estimates that the second war cost as much as the first. The first war employed about 22,000 men for 22 months: the second war employed 8,000 men for 9 months. Now, I will be quite candid with the Council. I admit that some authorities put the cost of the first war at more than 5 crores. Some authorities put it as high as 13 crores. The fact is that those who disliked the war included as much as they could, and especially the ordinary cost of the regiments employed. I have not been able to arrive at any certainty about those figures, and I do not much care to do so, because I regard this method of debiting Burma with the cost of the war as fallacious. The Accountant General debits the cost of the war as if it were a question of buying a new farm. Now, the first war was waged (I am quoting the language of contemporary history) to save Bengal from annoyance, to prevent Chittagong, Sylhet and Cachar from being overrun, and incidentally, to permit the Hon'ble Mr. Gokhale and myself to finish our perorations in this room. The first war enabled a considerable reduction in military expenditure in Bengal, and Burma is entitled to a credit for this. No Province would be safe from this ruthless method of the Accountant General, not even Bombay. In the year 1827-28, the deficit in Bombay was at £1,241,179; it has been piling up ever since. But I leave this ancient history. I have not had time to investigate the subsequent financial history of Bombay. But I come to a recent fact. Not so very long ago, about the time when the Hon'ble Mr. Gokhale was connected with the Poona Municipality as he informed us last year, and when that institution was insolvent, within the last 12 years in fact, the Province of Bombay in the course of 4 years received a sum of 518 lakhs for famine alone, besides smaller subsidies for other purposes. War is not the only calamity which may afflict a Province: there are many others. It will be seen that when the Accountant General's figures have been checked, they will assume a very different aspect. I do not propose to-day to work out the alternative. But I dispute, not only the points which I have mentioned, but a considerable number of minor points.

"Now, there are three other points which I wish to mention in comparing one Province with another. Certain receipts accruing from Burma, from income-tax, stamps and the internal sale of opium, are brought to account in other Provinces: in the case of the sale of opium to a considerable extent in other Provinces. Then, again, the objects of Provincial expenditure are not the same in different Provinces.

"The Province of Burma pays a large sum for military police to guard the frontier. Until lately it paid for Imperial buildings and the launches of the Customs Department. Thus the surplus of receipts collected in the Province over expenditure defrayed from provincial funds does not accrue in the same way in one Province as in another or even in the same way in the same Province at different times. Therefore, there is no rule by which the proper contribution of a Province to Imperial expenditure can be measured over a long series of years. The third point is that Customs and Salt, though collected mainly in certain Provinces, are not properly creditable to those Provinces. They ought to be credited according to the residence of the consumers. The Hon'ble Mr. Gokhale proposed another canon. He said that land-revenue and forests ought to be reckoned according to area. I do not know what may be the case in Bombay, but in Burma products of the land do not come up by themselves; they require the guiding hand of man, and even in the forests the teak trees and other timber trees are not so kind as to cut themselves down and float down the rivers to the place where they are utilised. They also require some help from man. If these three points and my remarks on the figures of

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1905 are attended to, I think that the deserts of the Province of Burma will be as apparent as its needs. Its needs are very great. The new settlement provides for a deficit. The theory of the Finance Department is that the revenue will gain upon expenditure every year, and that the gain will in time—in five or six years—wipe out the deficit. Now, [their calculations are over-sanguine: the revenue will not grow so fast as they think and the expenditure will grow faster. I really think that we ought to be listened to on this point, because we have been blamed for not protesting loudly enough four years ago when a former settlement was under discussion and another batch of over-sanguine expectations was evolved in the Finance Department. We are timid folk, but we are now trying to shout; and if the Hon'ble Finance Member will tell us how loudly we should clamour, we will brace ourselves for the effort. The grant of 40 lakhs which has been given is of some temporary assistance to our cash balances, but it is of no use for the general needs of the Province; nor will it place our finances on a sound basis. My Government will make a representation on the subject and we hope that it will receive that attention which its past history and the present condition of the Province deserve.]

The Hon'ble MAHARAJADHIRAJA BAHADUR OF BURDWAN: "My Lord, I have no desire to detain the Council at this hour of the day by making any lengthy speech; moreover, the appealing way in which the Hon'ble Finance Member is looking at me makes me nervous. My Lord, I congratulate the Government of India on the grants that it has been pleased to make for Education and Sanitation; particularly on the grants made to Bengal. But in this connection I should like to draw the attention of the Government of India to the fact that in granting a large amount for a hostel in Calcutta, it should consider the desirability of having such a hostel not in the heart of the city but in the suburbs. This is a Provincial matter, but as the Government of India is making this grant for such a hostel, it should insist on the hostels being located in healthy surroundings and in a healthy suburb of Calcutta.

"The Bengal Government has now made it, I believe, a settled policy of retaining the Presidency College in Calcutta, and therefore it is useless for me to bring forward the argument of the necessity of removing the Presidency College to the suburbs. The necessity of doing this as well as of having a hostel outside Calcutta is so obvious that I need not repeat it; for the needs of isolated and healthy surroundings both for the sake of the physical and moral culture of the boys as well as to keep them away from political atmosphere are so well known to the Government of India. My Lord, while I welcome this grant made by the Government of India for educational institutions in Bengal, I wish to bring to its notice the urgent necessity of starting a technological institute for Bengal. I know it cannot be managed in the present year; but let us hope that we shall have a similar surplus next year as we have this year, and that the attention of both the Hon'ble Finance Member and the Hon'ble Member for Education will be drawn to this particular institution.

"Last year in my Budget speech I mentioned the needs for larger openings for the educated unemployed, and I beg to repeat my request. My Lord, a good deal of unrest in this country can be combated if there are more openings for the educated young men. Already there are many who after having gone in for higher degrees have to seek for service and are not always successful. Now, my Lord, this is not a healthy state of things. Therefore it is absolutely necessary, in my opinion—it is a sacred duty of the Government of India—to consider the urgency of opening out other branches of public service into which Indians can be admitted largely and thereby combat with, to use Your Lordship's predecessor's expression, loyal unrest.

"Now, my Lord, I turn to the Sanitary grants. I welcome them knowing that in Bengal in particular the ravages of malaria are terrible, and that it is high time that we should take certain steps to combat this fell disease. But in this connection too I beg to point out to Your Lordship and to the Government of India that the needs in this country of having tuberculosis hospitals in every

[*Maharajadhiraja Bahadur of Burdwan ; Raja of Dighapatia.*] [27TH MARCH 1911.]

Province are growing more and more urgent every day, and I am sure my esteemed friend the Hon'ble Surgeon General Lukis will bear me out in this. I think such hospitals are at the present moment an absolutely urgent necessity. I therefore hope that when framing next year's Budget, the Hon'ble the Finance Member will take this matter into his keen consideration. My Lord, I am sorry the Finance Member could not do away with the additional probate-duties that had been imposed last year. He has not told us what amount he has realized from these additional duties on the different wills made by the wealthy men during the past year here. It would be interesting to know how much income the Government of India had derived under this head. However, as he has not imposed any new taxation, I have got no quarrel with him.

"Now, my Lord, I wish to make just a few general observations on some of the matters that have been discussed in this Council during this session.

"I put two questions about the preservation of certain tombs and the encouraging replies that have been received make me appeal to the Government of India not only to pay its attention to these particular tombs but also to see to the preservation of all ancient monuments in India, particularly the dilapidated and neglected tomb of the last king of Delhi in Rangoon.

"My Lord, I have to put some questions regarding two unfortunate Railway incidents, and I take this opportunity to thank His Excellency the Commander-in-Chief for the way that he dealt with the particular case in Secunderabad, and I appeal to my countrymen on the one hand not to give any cause for provocation to military officers and on the other hand to His Excellency the Commander-in-Chief that he will be pleased to note that the keepers of peace do not themselves violate it or create unrest in the country.

"My Lord, my friend the Hon'ble Pandit Mohan Malaviya put a resolution in this Council in connection with the Council regulations. In this connection I wish to draw the attention of the Government of India to the fact that whatever modifications may be made, I trust that the Government of India will not touch the landlords' electorates, for they will jealously guard the rights that have been given to them.

"Now, my Lord, I allude to two other Bills that have been introduced into this Council this session—my esteemed friend the Hon'ble Mr. Gokhale's Bill on elementary education and that of my friend to the left the Civil Marriage Act. These Bills of course will be before the country for some time to come, but I hope that as both of them are very important measures, especially as there is likely to be a great deal of opposition to the Bill that has been introduced by my friend the Hon'ble Babu Bhupendranath Basu, the Government of India will consider the matters most carefully before bringing them up in Council for final discussion. These are the few remarks, my Lord, that I have to offer. In conclusion, I congratulate the Government of India on the prosperity Budget, and in view of the fact that towards the end of this year we hope to pay our homage to the King-Emperor and the Queen-Empress, I sincerely hope that 1912 will also be a prosperous year, and that as it will be the first year of Your Lordship's *régime* in India, it may be one of prosperity and general peace to the country."

The Hon'ble RAJA of DIGHAPATIA: "My Lord, when there is such an urgent demand at the present day for further diffusion of Elementary Education and when the only stumbling-block in the way is want of money, I do not understand why, instead of meeting such a just demand, nearly two-thirds of the surplus should go towards the liquidation of a portion of the temporary public debt, which, compared to the National Debts of other countries, is none too heavy. However, I humbly beg to submit that the Government would be pleased to apportion a large sum of money next year towards the diffusion of Elementary Education.

"Now, my Lord, I beg to say a word or two with regard to the Province I come from. Last year, on this occasion, I had the privilege of placing before the Council the proposal of connecting the district head-quarters of Rajshahi with the other parts of the Province by means of railway. I don't know how far the matter has progressed, but I hope the Railway Board will be able to

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take up this matter at an early date as it concerns the vital interests of the district.

“ Among other needs of the Province, I beg leave to mention that sanitation stands the foremost, and we are thankful to the Government of India for the special grant of nine lakhs of rupees under this head. I fervently hope and pray that the Government of Eastern Bengal and Assam will be pleased to allot a substantial portion of the amount for the supply of pure drinking water, to the absence of which can be attributed not only cholera and malaria but other diseases as well.

“ Similarly, when disposing of the special grant on Education which the Government of India has made to the Province of Eastern Bengal and Assam, I hope the cause of Elementary Education will receive the fullest consideration it deserves at the hands of the Local Government.

“ Lastly, I beg to thank the Government of India for the special grant it has made to the Government of Eastern Bengal and Assam for the improvement of the subordinate and river police of the Province. I am sure the Provincial Government will now be better equipped to grapple with the numerous cases of dacoities and other crimes which have been unfortunately so prominent during the last few years and which we all deplore so greatly.

“ My Lord, every one of us must congratulate the Hon'ble Finance Member on the prosperity Budget he has been able to present to the Council this year ; and also the Provincial Governments for being able to secure at length a permanent settlement of revenue from the Government of India—a settlement which the Provincial Governments as well as the people under them have long been praying for. Let us hope, under this arrangement, the Provincial Governments will be in a better position to attend to the pressing needs of their Provinces.

“ We are grateful to the Hon'ble Finance Member for his promise of an enquiry into the question of the reduction of public expenditure which I beg leave to suggest can be done by the employment of a larger number of Indians in the public service, no doubt, as far as practicable, and also by the appointment of approved Indians to selected offices in the Army for which hopes were held out by no less a person than Lord Curzon. Moreover, such appointments will give useful occupation to the scions of Indian Chiefs and Nobles and provide them with an opportunity of devoting their life to the service of their King-Emperor.”

The Hon'ble RAJA OF MAHMUDABAD : “ The Hon'ble the Finance Minister deserves our sincere congratulations on the Budget presented by him for the year 1911-12. It is characterised with customary simplicity and clearness, and is a genuine and true exposition of the finances of our country. As announced at the very outset by the Hon'ble the Finance Minister, the Budget is no doubt quite cheery ; and it is very satisfactory to note that it terminates in a happy announcement and augury that our combined cash balances will at the end of the coming year be better by 39 lakhs sterling than was estimated when it was presented to us in its crude form.

“ The special feature of our finances this year has been a good surplus from—

- (a) opium, and
- (b) other sources.

“ The surplus from the opium was anticipated though not to such an extent. We believe it has come to us in such a large amount by sheer dint of luck which the Hon'ble Finance Minister attributes to a windfall in the opium trade. The remaining surplus is no doubt due to the judicious check and economy in the expenditure under several heads.

“ The way in which these surpluses have been disposed of has been the subject of animated debates and criticisms in this House. It is no use my reviving the same controversy at this stage of the Council. I would, however, beg leave to request my Hon'ble friend the Finance Minister to be good enough to devote in future all sums of money which may be added to our Treasury by chance or fortune to the pressing needs of our country—I mean education, sanitation, and etc. I do not question his financial wisdom in spending the

[*Raja of Mahmudabad ; Pandit Madan Mohan Malaviya.* [27TH MARCH 1911.]

opium surplus in the reduction of our national debt, but what I wish to impress on the Council is that debts of this nature can always be paid out of the budgetted items and not out of monies that come to us unexpectedly. We all speak of 'no money' talking of our sanitary and educational improvements; and it is therefore only fair that our unforeseen incomes should always go to meet our expenses on the objects for which we know our ordinary income is not sufficiently available. We cannot be ungrateful to our Exchequer for the fair amount of money which was placed at the disposal of the Hon'ble the Member for Education for expenditure on education and sanitation. The allotments made out of this money have been received with satisfaction except in few cases; and speaking about my own Provinces I am glad to say that at last a response has been made to the urgent demand of our Provincial Government for the establishment of a technological institute. I need hardly advocate the necessity of the industrial developments in my Provinces, and I strongly hope that the time will come when the recommendations of the Industrial Conference held at Naini Tal will be fully given effect to. On behalf of the Muslim community of the United Provinces whose suffrage I have the honour to represent, I beg to express my grateful thanks for the grant made by the Government of India towards our Moslem institution at Aligarh.

"There is only one small item of expenditure upon which I beg leave to express my opinion. That item refers to the much-cherished visit of their Imperial Majesties to India to commemorate the most historic event in the British history in India. What I have to say is that, lovers of Royalty and devoted to the Crown as we the Indians are, we expect that the occasion will be celebrated in a befitting manner and that nothing would be found wanting in our arrangements of the pomp and pageant due to the Sovereign of this large Eastern Empire.

"In conclusion, I express my respectful thanks to Your Excellency for the generous and sympathetic manner in which Your Lordship has presided over the deliberations of this reformed Council; and I hope the non-official Members have satisfied Your Excellency by their conduct in this Council that they are mostly true representatives of the various communities."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "My Lord, the discussions which have taken place in this Council this year and which took place last year afford, I venture to submit, the greatest proof of the wisdom of the Government in introducing the Reform Scheme. These discussions will go far towards creating satisfaction in, and removing much dissatisfaction from, the public mind. The fact that resolutions have not been accepted by the Government is no doubt an unfavourable feature of the debates. But, my Lord, various subjects in which the public feel a living interest have been brought up before the Council; they have received consideration at the hands of Government; the replies given, the reasons advanced for not being able to accept resolutions, have been publicly stated. This cannot but promote a better understanding of public questions, and a better attitude of mind towards them throughout the country. There is one point, however, which emerges from the discussion of all these resolutions, and that is the inadequacy of the public funds which are available to satisfy the various demands which have been pressed upon the attention of Government; and, my Lord, I am sure that Your Excellency's Government and every well-wisher of the Government would desire that more funds should be set free to meet these demands. As matters stand, however, at present, it seems to me that there is not much hope of such funds being available for Provincial expenditure unless the system which obtains is radically altered. We ought all to feel very thankful to the Hon'ble Mr. Gokhale for having drawn the attention of Your Excellency's Government to this matter. The present system of Provincial Settlements rests, my Lord, upon no principle. I will not go into details to show this, as it was only the other day that I dealt with this question at great length in supporting the resolution for raising the land-revenue share of the United Provinces from three-eighths to one-half. The history of these Provincial Settlements leaves no doubt that they were based upon merely what was actually being spent in a particular Province at a particular period, and

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that they are merely so many assignments of revenue by the Imperial Government for Provincial expenditure. The system which prevails is the unitary system. The Government of India command all the resources of the country, and they make such grants as they think proper to Provincial Governments to meet Provincial expenditure. Under this arrangement, as my friend has pointed out, four-sevenths of the total revenues of the country is being spent on Imperial purposes and about three-sevenths only for Provincial purposes. This has resulted in this—that while objects which have been considered Imperial have been pushed and provided for to the fullest extent, the needs of the people in matters which directly affect their welfare have not been equally met. This, my Lord, has been a long-standing complaint and it has been repeated to-day by different Members representing different Provinces in dealing with the Provincial Settlements that have been effected for their Provinces. I submit that unless a new system is introduced these complaints will not be remedied. A review of the situation will emphasise the need for a change. In this vast country, we have eight large Provinces equal in area and population to several of the large countries of Europe. For instance, Burma is about the size of Sweden with nearly twice its population; the two Bengals, though slightly smaller in size than Burma, contain nearly eight times as many inhabitants and about twice as many as France; Madras has nearly as large a population as the United Kingdom; Bombay approximates in area to the United Kingdom though its population is much smaller; the United Provinces contain many more souls than Austro-Hungary or the United Kingdom; the Central Provinces, including Berar, cover almost as large an area as the United Provinces with 13 millions of people, and the Punjab only a slightly smaller area with 20 millions. But the financial arrangements of all these large Provinces, equal to such large countries of the West, are controlled by the Government of India from one centre. I submit that this arrangement is very unsatisfactory, and must in its nature be very unsatisfactory. Imagine for one moment what the condition of the different countries of Europe which I have named would be if the allotment of the revenues raised in them for expenditure in those countries were determined at one centre in Europe, whatever that centre might be, and the unsatisfactory nature of the present arrangements would be made absolutely clear. What is needed now is that this unitary system of the administration of finance should give place to a federal system, and I strongly support the recommendation of the Hon'ble Mr. Gokhale that a change should be initiated in that direction. The Provincial Governments should cease to be merely delegates of the Supreme Government, but should be made semi-independent Governments. A similar proposal was, I believe, put forward before the Government of India about the time when Lord Mayo determined to invest Provincial Governments with a share of financial responsibility in order to minimise the evils of over-centralisation. 'More than one of his predecessors,' says Sir William Hunter, 'had arrived at a similar conclusion, and indeed one school of Indian statesmen had gone so far as to advocate the almost complete financial independence of the Local Governments. This school would surrender to each separate Administration the revenue raised within its territories on the single condition of a rateable contribution for the expenditure common to the Empire, such as the Army and the public debt.' Unfortunately this scheme was not then adopted; but great changes have taken place since then, and the progress in administration which has been achieved during the last forty years makes it easier to adopt the scheme now and the necessity for it has become greater. This will not in any way impair or injuriously affect the unity of the Empire. The Government of India should retain in their hands as at present all matters relating to foreign relations, the defences of the country, currency, debt, tariff, post, telegraphs and the railways. It should continue to receive all the revenue and receipts derived from heads which are at present called Imperial, and to meet the ordinary Imperial expenditure which will not be met by these receipts it should require the various Provincial Governments to make a rateable contribution based on a definite and reasonable principle. Having secured this, the Government of India should leave the Provincial Governments freedom in levying and spending their revenues as they may consider best in the interests of the people. It

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should exercise its power of imposing additional general taxation in any Province only when it has to meet any extraordinary expenditure and when the Province or Provinces concerned have refused to give the assistance required. This will impose a very much-needed and healthy check upon the spending tendencies of the Government of India, and it will make it possible for the Provincial Governments to retain in their hands a fair proportion of the revenues raised from the people and to devote it to promote the well-being of the people. This question was considered by the recent Royal Commission on Decentralization. They expressed the opinion that 'a fluctuating contribution based upon Provincial revenues would, of course, be feasible.' But they thought that in the then existing state of affairs it was undesirable to make any sudden and violent change in the present system of divided heads, and contented themselves with advocating the conversion of unduly large fixed assignments into shares of growing revenues. They went on, however, to say :—

'The high authority of Sir David Barbour may, it is true, be quoted in support of the thesis that a Province with a population of many millions is important enough to possess a financial system of its own. In theory that is true, but we are of opinion that present circumstances render the full application of this theory impracticable.'

"The present circumstances which they had in view were the absence of any power in the Legislative Councils to exercise any material control over Provincial finance. They made it clear in the paragraph which followed that in their opinion a grant to local Legislative Councils of material control over Provincial finance would justify a change. They said :

'The above considerations apply to the existing conditions of administration, but we recognise that the grant to the local Legislative Councils of material control over Provincial finance may make it necessary to do away, as far as possible, with the present divided heads, and to place some entirely within the purview of the Provincial and others within that of the Imperial Government.'

"Two members of the Commission, Sir Steyning Edgerley and Mr. Hichens, in a note which they appended to the Report of the Decentralization Commission, expressed themselves more strongly in favour of such a change as we advocate. They said :

'We think that the ultimate aim should be to give Provincial Governments independent sources of revenue and some separate powers of taxation, subject to the general control of the Government of India and the Secretary of State. While recognising that this position can only be reached gradually and by cautious steps, we think that, in view of the wider powers which it is proposed to give to Provincial Legislatures, the time has come for a more definite movement in that direction than is necessarily implied in the Report of the Commission.'

"It appears from some remarks in one of Lord Morley's speeches that this question of a larger decentralization of Provincial finance has not escaped His Lordship's keen eye, but that he has allowed it to stand over for consideration in the future. I submit that that future has come. Provincial Legislative Councils have now got definite powers of control over Provincial finance, and it is high time that Provincial Governments received a little real power and a little more responsibility in the administration of the revenues raised in their respective Provinces. It is also high time that some of them were allowed to retain and spend a larger share of those revenues for promoting the well-being of the people. The question which would be asked would naturally be, where is the money to come from to give them more? The answer to that question will be found in the enforcement of economy to which Your Lordship's Government have been pleased to pledge yourselves. It is to be hoped that in the Military Department alone a great deal of economy will be effected in the near future, which will enable the Government to put these Provincial Settlements on a sound footing. My Lord, it cannot be denied that far too much more is being spent on the Army than on matters which directly affect the well-being of the people; and we are receiving repeated reminders that much more should be spent to protect and promote the vital interests of the people. The returns of the recent census act as one of such reminders. We have learnt with pain and sorrow how vast a number of our people have died of plague and of malarial fever in the United Provinces and the Punjab. We have learnt, my Lord, that we lost

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65 lakhs of people from plague alone in India during the last ten years. Our losses in other directions have also been great. The increase of population has in many places not been satisfactory. There has been a positive decrease in two large Provinces. All this tells a sad tale about the condition of the people ; it tells us that the health of the general people has not been as strong as it should be under the existing otherwise excellent administration. For these reasons it is essential that the Government should be pleased to consider how a larger measure of Provincial revenues should be secured to the Provincial Governments to better promote the moral and material progress of the people. My Hon'ble friend has suggested a practical course, and I hope that the Government of India will be pleased in the near future to take the question seriously into their consideration and to establish Provincial finance on a sound footing such as will secure a fair measure of the revenues raised from the provinces for expenditure in those Provinces."

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR : " My Lord, my first words on the Budget are words of hearty congratulation to the Hon'ble the Finance Member on the large surplus he has shown and the handsome grants Your Excellency's Government has been able to make in respect of domestic reform, notably in respect of Education and Sanitation. My Lord, I should be merely repeating a truism if I were to say that the essence of good government lay in the happiness and contentment of the people committed to its charge, and I express my gratitude to Your Excellency's Government which has shown such keen solicitude for the millions committed to your charge. I am glad to find that, on the lines of the recommendations of the Decentralisation Commission, the Government of India are going to give to the Local Governments a greater financial freedom in respect of certain heads of revenue in practical supersession of the time-honoured system of Provincial Contracts. My Lord, I need hardly take up the time of this Council by recapitulating the history of the Provincial Contracts — they have for times without number formed the topic of controversy in this Council ; and, not to speak of non-official Members, official Members of the highest eminence—men in the position of Sir Alexander Mackenzie—have raised the bitterest protests against the periodical revisions of the Provincial Settlements. I am glad the time has at last arrived when the system is going to be knocked on the head and the Provincial Governments placed in a position of greater freedom in respect of their finances. If, for instance, Your Excellency's Government were to abolish the cash assignments and to replace them by a share of growing revenues, if, for instance, the Supreme Government allowed the Provinces freedom of action in respect of the revenue and expenditure appertaining to the Forests, Excise, a substantial portion of the Land-revenue and Irrigation, a great step in advance will have been taken to decentralise the finances and give the Local Governments considerable financial liberty. The result, it is easy to guess, will be the conversion of fixed assignments to the extent of about 350 lakhs into growing net revenue and a possible deprivation of the Imperial Government of an annual net increment of about 8·15 lakhs in its share of the divided revenue. And as far as the Provinces are concerned, the effect will be to raise their normal growth of revenue and expenditure to very satisfactory figures. My Lord, it goes without saying that a scheme like this will be really a step in advance in general administrative efficiency and endow Local Governments with new powers, and therefore with new responsibilities, without meaning any disparagement to the Local Governments ; and while congratulating them on their new financial status, I beg to inquire if the Supreme Government have taken adequate steps to insure that this new status will be an incentive in the case of Local Governments to husband their resources ?

" In the three major Provinces the system of Council Government may be taken as a safeguard ; but where is the guarantee that the minor Provinces without Councils will sedulously guard their resources ? It has been taken for granted that the institution of Financial Commissioners in the Provinces is calculated to act as a great check, and the Financial Commissioners serve as an efficient monetary in the case of Provincial extravagance. May I suggest that along with the new financial powers the minor Provinces might either

[*Nawab Saiyid Muhammad Sahib Bahadur; Raja of Partabgarh.*] [27TH MARCH 1911.]

have Councils, or failing that have each a Financial Commissioner with well-defined powers to watch the finances, and, if necessary, to stay the hand of possible extravagance. My submission is that some such safeguard might be considered by Your Excellency's Government, and I suggest that that may be in the shape of an auxiliary to the Provincial machinery."

The Hon'ble RAJA OF PARTABGARH: "My Lord, it is a matter of genuine pleasure to me, in which I am sure all my colleagues will join, that the first year of Your Lordship's reign has been one of prosperity. We have been blessed with a good harvest, trade has shown appreciable advance, and there has been marked improvement in the general situation of the country.

"My Lord, this year will ever remain memorable in the history of the constitution of the Government of India, because of the creation of a new Department for Education, which has very appropriately been placed under the control of the Hon'ble Mr. S. H. Butler, whose zeal and enthusiasm in matters educational are well known and who brings to his task great sympathy and reputation for great practical capacity.

"My Lord, the United Provinces of Agra and Oudh have the misfortune of being the most backward in education in India. A comparison of the interesting tables showing the educational progress of the different Provinces during the last four years published in the Gazette of India of the 11th instant discloses a very unsatisfactory state of affairs so far as the United Provinces are concerned. I need not quote the figures here, but suffice it to say that while the percentage of male scholars in public institutions to the male population of school-going age rose more or less in a marked degree in other Provinces during the last four years, in the United Provinces it rose from 13.6 in 1906-07 to 14.4 in 1909-10, *i.e.*, an increase of .8 per cent. only. The case of female education is still lamentably sad. Now, it remains to be seen as to what this backwardness is due. Is it due to a lack of interest in education on the part of the people themselves or to some other cause? With regard to this I venture to submit that there has been a real awakening among the people to receive the benefits of education, and they have now roused from their slumber of ages. Such being the case, I have to seek elsewhere to find out the cause. Let us see what the Director of Public Instruction of the United Provinces, the highest authority on education, says on page 3 of his report for the year 1909-10. He says:

'It is impossible to close this chapter without some reference to the customary want of funds. While gladly acknowledging the generous treatment that education receives from the Local Government when the Budget is under preparation, I cannot refrain from observing that far more than can be spared is needed.'

"Even our late Director, Mr. Lewis, drew pointed attention to the progress of other Provinces and the backwardness of the United Provinces year after year in his reports. From what I have said above it is obvious that education has not yet received its due share of attention in the United Provinces. They have long borne the reproach of illiteracy, and the existing state of affairs should not be allowed to continue longer. They want more funds for education. It was hoped that in a year of surplus they would receive more liberal treatment than all other Provinces, but our hopes have once more been frustrated. I would once more quote the words of the Director of Public Instruction to show the real situation. In the course of his speech in explaining the Education Budget of the next year in the Local Council he said:

'The situation may be summed up in a line—"The hungry sheep look up and are not fed."

"My Lord, a sound mind in a sound body is a well-tryed maxim, and it is in the fitness of things that sanitation and education have been placed under the charge of the same administrator.

"If education has yet to make a sufficient headway in the United Provinces, the insanitary condition of the place deserves a far more serious attention. Although plague is now a common disease in India, but the figures of mortality in the United Provinces are simply appalling. I may even go so far as to say that some of the districts have become the home of this cruel enemy of mankind.

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"It is, however, a satisfaction to note that the Hon'ble the Finance Minister has been able to assign £70,000 for capital expenditure on sanitation, which will enable the Local Government, which with all its solicitude for the weal and welfare of the people is handicapped for want of funds, to take in hand some ambitious scheme to improve the sanitation. We are thankful for this allotment and may reasonably anticipate the continuance of the same favour and sympathetic treatment in future years also.

"My Lord, the outstanding feature of the coming year's Budget is the new scheme of the Provincial Settlement which has been made permanent. The Finance Minister has recognised this himself. He says:

'In the realms of Financial Administration, by far the most important event of the coming year will be a notable change in the financial relations between the Local Governments and the Government of India.'

"Under the new arrangements the Local Governments will indeed secure greater financial independence and the Central Government will not have to face the necessity of meeting the occasional demands from some Provincial Government or other, and thus the equilibrium of their plans will not be disturbed. It is an advantage to both. But before launching any such scheme which is not liable to revision, it was desirable to see if the provisions made were adequate and whether the assignments were enough to meet the present and future needs of administration without any detriment to efficiency. I view with regret that the United Provinces have to start with a disadvantage. They are not to have half of the land-revenue as other Provinces are allowed.

"My Lord, I submit with great respect that this is a severe handicap and it is not doing justice to a Province which contributes more than any other Province to the Imperial revenues. The needs of the United Provinces are great. In almost every branch of administration there are growing needs and the needs for which money is required. If other Provinces receive one-half of the land-revenue, the same indulgence should have been shown to the United Provinces. I am sorry that the Government could not see their way to accept the resolution so ably and eloquently moved by my Hon'ble friend Pandit Madan Mohan Malaviya. Only the other day, His Honour Sir John Hewett, in concluding the debate on the Financial Statement in the Local Council, expressed his well-considered opinion in clear and strong terms which I quote here to show how unfair is the treatment that has been meted out to the United Provinces. His Honour expressed himself as follows:

'A very important statement was made in the Council of the Governor General a few days ago regarding Provincial finance. Upon such consideration as I have been able to give to the arrangements then announced by the Hon'ble Finance Minister, they do not appear to me to be such as will satisfy the legitimate claims of this Province. I have great sympathy with the resolution moved by a Member of this Council in another place, but the matter is one which can be dealt with effectively after a very careful examination of the statistics connected with our Financial Statement and those of other Local Governments. When this is completed I propose to make a full but dispassionate representation to the Government of India on behalf of this Province.'

"We are deeply grateful to His Honour for this important announcement to aid our future progress and hope that the Government of India will also receive the matter in a spirit of sympathy.

"My Lord, a word more and I have done. It is for the first time in the history of India since its connection with the British Raj that His Most Gracious Majesty the King-Emperor has declared his Royal intention to hold the Coronation Durbar in India. The coming event will be without a precedent and, as such, is sure to mark an epoch in the annals of this vast land. I believe I echo the sentiments of my constituency and countrymen when I say that this auspicious announcement has caused a thrill of joy throughout the length and breadth of India. The Royal Durbar should be worthy of the best traditions of the country, and it is a matter of extreme delight that the sum of Rs. 141 lakhs has been allotted in the Budget for the purpose.

"In conclusion, I beg to congratulate the Finance Member on the lucid and prosperous Budget he has presented to the Council."

The Hon'ble MR. MESTON: "My Lord, among the many attractive topics which have been discussed to-day, there are only two on which I should ask

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your permission to occupy the time of the Council for a few minutes by offering a few explanatory remarks. The first of these is the question of Provincial settlements, a subject in which apparently a great many of us are interested, but which has an unfortunate capacity for the most profound dullness. I shall however restrict myself to dealing only with certain questions of broad principles which have been raised in connection with it to-day. The first of these is the interesting discourse which my Hon'ble friend Mr. Gokhale delivered on the subject of Federal Finance. I remember an American professor once describing Federal Finance in his country as being the fine art of fleecing the other States; and apparently that art is finding its way into India; because we have the Hon'ble gentleman describing to us to-day how Burma had been living on the rest of India for forty years, and the Hon'ble Mr. Gates retorting by telling us that Bengal actually battens on Burma, and the Hon'ble Pandit a few days ago explaining that the United Provinces was the milch cow of the other Provinces of India. It was exactly to prevent this sort of thing happening, to prevent this sort of suspicion arising, that our present system of Provincial Settlements grew up. I admit that, as it stands, it is the outcome of a somewhat illogical and a somewhat awkward system, such as many of our Anglo-Saxon institutions are. But, my Lord, I would submit to this Council that in dealing with it, although it is perfectly true that Mr. Gokhale's alternative would provide in many respects a very fitting substitute, I submit that in dealing with it we have to think about its history and to take account of our commitments. If we had a *tabula rasa* instead of our complicated administrative system, I should for one be perfectly glad to accept Mr. Gokhale's alternative. As it is, our present system is the result of thirty years' hard work; it has been steadily improved and steadily made more elastic; those of us who have to work it understand it; and if we try to uproot it now, I am sure that we should land ourselves in further controversy and in confusion which would last for another ten years in the least. Those of us who have studied Mr. Gokhale's evidence before the Royal Decentralisation Commission—I remember having an hour's very hot cross-examination upon it—will remember that he developed a scheme on very much the same lines as he has given us to-day. That scheme was very fully considered by the Royal Commission; it was very fully considered and examined in the Government of India Secretariat. It has moulded and it has influenced the arrangements of the new; permanent settlements, and although they do not go so far as it did, I have no doubt that their line of development will continue to be in that direction. I would therefore put in a plea for allowing our indigenous institutions, so to speak, to work out their own salvation. A federation of Provinces with complete financial autonomy of their own may lie in the future fates of India; but federation in modern history has been, not the result of a direct disintegration of a Central Government, so much as the joining together of independent and rival States. It may be, as I say, that a federation of Provinces lies in the future for India; but it will be a federation with characteristic differences, both in its history and in its institutions, from those in Germany and the United States of America, those models with which we are most familiar and of which we have heard to-day.

“I turn to a few details, a very few details, of the settlement system which have attracted criticism. One of these is the treatment of the Imperial grants which are sometimes, with unnecessary contumely, described as ‘doles.’ When the Government of India are in a position, as they were this year, to give large grants to Provinces, we are told that the money ought to be given, not for specific purposes in the Province, but should be placed at the disposal of the Local Governments, who are in the best position to know the best way of utilizing the money that is thus put in their hands. One Province, for instance, may be well ahead of the others in its educational facilities; why should it not be allowed to use the money to improve its roads, and so on? I am sure there is a great deal of commonsense in this, and I am perfectly certain that the Government of India will take a sentiment of this character into consideration when they come to deal with the distribution of grants in future. In this they will no doubt be encouraged by the assurance that we have received to-day from Mr. Quin that the Government of Bombay for one will always be pleased to

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consult the wishes of the Government of India when spending our money ; but I think it is going a little too far to say that the Local Government should have the final voice in the spending of Imperial grants at all times and in all circumstances. The Government of India are ultimately responsible for the progress of this country ; the broad lines of policy have to be laid down by the Central Government, which becomes responsible for seeing that the Provinces take their shares in carrying out that policy. It does not very much matter whether the pressure comes from above from Parliament, or from below from some strong Province, or from outside from public opinion or from within. In any case it is the Government of India which have to finance the policy, which have to direct it, and to make it a success. They cannot possibly force a new and possibly a costly policy on Local Governments unless they are also prepared to help in finding the money for it. Consequently, it seems to me that the Central Government must retain the option of saying how its grants are to be spent when they have made those grants in pursuance of a definite scheme under the new system. It is only this option that the Government of India wish to retain. There is to be no hard-and-fast rule ; and Hon'ble Members who represent Provinces are aware of the substantial liberty that Local Governments have hitherto enjoyed in the disposal of the doles which they have received in the past.

“ Another feature in the new settlements which has come under criticism to-day is the rule — what I should have thought was a simple and fundamental and sensible rule—that the Local Governments may not budget for a deficit without showing that the excess outlay is something special and something non-recurring. This simple precaution is resented in some quarters on the ground that a Local Government may justly be left to draw on its own balances without any interference. Well of course none of us could imagine a banker interfering with a client when he draws on his balance so long as the balance lasts ; and we cannot imagine the banker, unless he is a personal friend, asking the client what he is going to do with the money ; but when the client has exhausted his balance and he cannot give security for an overdraft, then the banker is done with him. The client may drift into poverty or bankruptcy, and the banker feels no responsibility. Now, the Government of India is the banker of the Provinces, but it is also responsible for the excesses and the debts of the Provinces, and it is surely no unreasonable exercise of the right of simple self-defence on the part of the Government of India to satisfy itself that the Local Government is not, as some Local Governments have been, drifting into a scale of expenditure which will become stereotyped in permanent deficits and in the entire loss of all financial independence.

“ The second point, Sir, that I wish to touch upon is to be found in the very interesting and thoughtful speech which the Hon'ble Sir Vithaldas Thackersey has addressed to the Council this morning. With very much of what he has said, I am in entire personal agreement, but the only point on which I wish to touch for a moment in his speech is the question of the location of our Indian reserve of gold. It is a very old story and I do not think I can say anything new about it. The Hon'ble gentleman, in common with a very strong body of commercial opinion in this country, feels that it is neither just nor proper nor to the advantage of India that our gold reserves should be held so largely as they are in the City of London. It is our gold, he says, and sentiment demands that it should be in our keeping. Its present location is also a potential danger ; in case of war, for example, if we happen to want the gold from London, we might not be able to get it. It is also more useful in India than it would be in London for the purposes of safeguarding exchange. That is the Hon'ble Member's view, and it is, as I have said, the view of many competent financial and commercial authorities in India. Last year I tried to show to the Council that there was another side to the shield, because this controversy is always a rather one-sided one. Perhaps I may be permitted to touch on it for a few minutes again, and repeat that there is another view of our gold policy and that that view is a tenable view and that it has a sound substratum in the principles of international finance. The location of our gold reserve in London, with the exception of that small portion

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of it which as liquid gold finds its way into our Indian currency chests in years of very high exchange, the retention of the great bulk of our gold in England is deliberate. It is intended to strengthen us and simplify our duty in maintaining the gold value of the rupee. What we do is to maintain the value of the rupee by keeping the gold where gold is most wanted and is likely to be most useful to us. Now, if gold were effectively wanted in India, that is to say, if India could keep gold in circulation and export gold privately in large quantities when exchange threatens to fall, then in those circumstances our duty would be accomplished and our task would be lightened. But we know that these circumstances do not obtain. We have not yet a substantial gold circulation in India, and we never see any substantial private export of gold from India when our silver exchanges begin to fall. On the other hand, in London we have our gold ready exported ; we have it immediately available or almost immediately available to support our exchanges ; we have it ear-marked as the sole and exclusive property of the Government of India, and as capable of being used for the interests of India in the greatest gold market of the world. My Lord, time does not allow me to develop this theory. I need only say that it is the theory of those who believe that it would be as reasonable to keep the gold reserves in India as it would be to keep our reserves of coined rupees in London."

The Hon'ble BABU BHUPENDRANATH BASU: "My Lord, I will not detain this Council longer than five minutes I hope. There is one observation of my friend the Hon'ble Sir Vithaldas Thackersey which I, my Lord, as a citizen of Calcutta, should not allow to pass unchallenged in this Council. I am afraid I am the only citizen of Calcutta here. If, my Lord, Bombay was judged by the wit and wisdom and ability of its representatives in this Council, I have no doubt it would be the second City in the Empire ; but if it is judged by numbers which the late census returns have given us, I am afraid I am fairly entitled as a citizen of Calcutta to claim a much higher place. While the population of my city is 12 lakhs, I believe the population of Bombay is only about nine lakhs."

The Hon'ble SIR VITHALDAS D THACKERSEY: "I will explain myself more clearly. I am taking the municipal population. What is the municipal population of Calcutta and what is the municipal population of Bombay? I am not taking the suburbs."

The Hon'ble BABU BHUPENDRANATH BASU: "Yes, there have been explanations offered of that difference -plague and other causes and the depression in the cotton trade. I will not go into them. I am content to rest my case upon the figures furnished by the Census Commissioner.

"There is one method which my friend the Hon'ble Mr. Gates seems to complain of, that his Province contributes a very large share to the Imperial revenue and that we, the people of Bengal and the other Provinces, have been more or less fattening upon the wealth of Burma. My friend forgets that the entire gift the Government of India has this year been able to grant to the Provinces comes from Bengal from its opium produce and that we have given a very large contribution to all the Provinces of India. Talking of the opium produce, my Lord, there is one thing that struck me in the very able and lucid statement of my friend the Hon'ble Finance Member where he gives two-thirds practically for the liquidation of debts in England and one-third for helping Provincial Governments, and he justifies that procedure by observing that it is the first duty of a prudent man to pay off his debts. No doubt that would be a prudent course, but I may remind my friend that the debt that was incurred and which was paid off partially was incurred not upon the expectation of having this windfall from opium and consequently should have been met in other ways. This windfall we the people of India were fairly entitled to for our immediate needs. I am thankful, however, for what has been given, but much has to be done which we cannot do for want of funds. Take the question of sanitation, my Lord, of my own Province, where, as other friends have already said, malaria has got a congenial home ; we have been urging in our Local Council for dredging many of the ancient river systems of our Province which have been silting up, and we have been unable to carry out any big operations

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for want of funds. We were told, my Lord, that it was impossible to fight the forces of nature, and if rivers silt up, it is impossible to dredge them in order to improve the drainage of the country. Well, my Lord, that is a counsel of despair. Human civilization has been always fighting against the forces of nature, and if sufficient means were available to us, we have no doubt that we would be able to save many millions of lives that we annually lose in the Province of Bengal. This is a matter about which we felt that greater attention might have been paid to the needs of our Province at least.

“There are many other questions which had been more or less debated upon, and I do not think I shall be justified at this late hour of the evening and having regard to the fact that most of the principal questions affecting the administration of the country have already been discussed on resolutions, in detaining the Council at any length. It is no doubt true, my Lord, that we, the representatives of the Provinces in India, are always claiming to get something which the Imperial Exchequer are unwilling to grant us, probably because of our extravagant demands, and it reminds me of that story which we read in our childhood of the Paradise and Peri. I do not compare myself with the Peri—the poor Peri claiming admittance into the Paradise and her way being resisted. So we want to claim admission into the Imperial Exchequer, and there is my friend—I will not compare him to the person who resisted the Peri—but there is my friend standing in our way. But after all our claims are very great and our needs are greater, and therefore I think that a sympathetic consideration of those claims is essential. I will not for a moment say that our claims have not been sympathetically considered; on the contrary, my Lord, we have felt, the other Provinces including I hope the Province of Burma, that in the Financial Statement presented to us there is an anxious desire on the part of Government to meet local needs as far as possible, and that is a very encouraging feature of the whole situation. The spirit of conciliation, of friendliness, of encouragement, which has been extended to us by the Finance Department and, if I may say so, by other Departments of Your Excellency’s administration, is to us a source of great consolation and of encouragement, and I hope that in a very few years we shall have no longer to complain of the way in which we have been doing in the past in this Council about our financial arrangements.

“My friend the Hon’ble Mr. Meston has already dealt with the Provincial arrangements. There is only one thing which I wish to say, and that is that we view with some degree of alarm the proposal that the Provinces may be in a position to levy taxes of their own. I hope that that time will not come very soon at least, because it is a very serious outlook for us in our Provincial administrations.

“My Lord, the Hon’ble Finance Member has referred to the Royal visit to India and he hoped that none of us would grudge the expenses that this visit would entail. I suppose it is almost needless to say that we Indians will never for a day, for a moment, hesitate to vote as much money as may be required to make that visit a success.”

The Hon’ble MAULVI SHAMS-UL-HUDA : “My Lord, it is with very great hesitation that I rise to offer a few remarks. The reason of my hesitation has been the activity which has been shown by my Hon’ble friend the Finance Member to invoke Your Excellency’s authority to call the stray sheep back to their fold. The result of it has been that many written speeches have been thrown into utter confusion.

“There are only a few matters as to which I would just say a word or two. My Lord, I congratulate the Hon’ble the Finance Member for the consideration that he has shown to my Province and for the large grants that he has made to all the Provinces for education and sanitation. My only misgiving is that he has shown these grants as coming from the opium revenue, which we all know will soon disappear. My Lord, it gives every one great anxiety to think that additional taxation would be inevitable when the opium revenue is reduced to *nil*. Your Excellency is aware that the surrender of the opium revenue was in spite of the unanimous protest of the people of this country. It was made to satisfy the sentiments of a few people in England, and we

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think it is just and fair that England should bear a portion of the loss that has been thrown on India by reason of its own scruples. My Hon'ble friend the Finance Member, who knows very well how to gild a bitter pill, has paid a very great compliment to the sensitive and sympathetic people of India who, he said, will not grudge the loss for the benefit of a sister nation. My Lord, I would have been very glad to accept that compliment, but I am not prepared to pay such a high price for it.

"Next, my Lord, I want to offer an observation upon the Provincial Settlements. I am glad, my Lord, that this has at last been permanently and satisfactorily settled. Last year, my Province was the object of a great deal of attack from all sides; every one almost characterised it as the Prodigal Son for whom the fatted calf was killed. My Lord, the Hon'ble the Finance Member has now left every Province to its own resources, and I thoroughly agree with him that it is not right that any Province should be a burden on its neighbour; but, at the same time, there are exceptional circumstances which will probably call for exceptional treatment. In my own Province, for instance, the ravages of malaria have been very great; on account of certain features of the political situation there has been a very large increase in the expenditure on police and other measures of a similar nature; and it is just possible that a time may come when the Province may find its own resources inadequate for this extraordinary expenditure, and at that time probably an appeal may be made for succour from the Imperial funds, which, I am sure, will not be refused.

"Another subject as to which I want to say a word is about the administration of civil justice in this country. My Lord, it is well known that Government gets a large revenue out of the sale of judicial stamps, and it is therefore meet and proper that those who are engaged in the administration of civil justice in this country should be adequately paid. If one glances at the pay and prospects of the large body of Munsiffs and Subordinate Judges, one cannot help feeling that they have not met with the treatment which they deserve. These men, my Lord, after some years of practice in the legal profession become Munsiffs, and it takes them a large number of years to become Subordinate Judges—17 or 8 years almost; and there being only a few of these appointments the result is that most of these officers have to earn their pensions as Munsiffs and not as Subordinate Judges. They are not well housed nor taken so much care of as members of the executive service, and something ought to be done for them.

"My Lord, I know that whatever we say on the present Budget has no practical effect; the discussion is more or less academic. All that we may hope for is that some day next year the Hon'ble the Finance Member will look at the pages of the Gazette and see whether any Member has made any suggestions worthy of his consideration.

"There is one other matter to which I would draw Your Excellency's attention. In answer to a question put by the Hon'ble the Maharajdhiraja of Burdwan it was shown that the members of my community have not taken advantage of the existing Universities in the same proportion as other communities have done. The Government no doubt spends a very large sum of money on these Universities. The money comes from the pocket of the general taxpayer, and if any class of His Majesty's subjects finds by reason of its peculiar position and its peculiar sentiments that it cannot take advantage of the existing educational institutions, I submit it becomes a matter for serious consideration whether Government should not provide for that class the special kind of education needed for it; and from that point of view I would urge Your Excellency's Government to give such support as Your Excellency's Government may think fit to any scheme of education which the Muhammadans may formulate for themselves as suited to their requirements.

"There is one other matter, my Lord, and it is this. The Hindu and Muhammadan laws in this country are administered by Judges who are not acquainted with the language in which the Hindu and Muhammadan law-books are written. About 20 years ago Mr. Justice Markby, in referring to a book written by Khalil-ibni-Ishaq, of which there is a translation by Monsieur

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Ferron, said that what the French Government had done was a model of what an alien Government ought to do in order to make its Judges familiar with the laws of the people whom they governed. We cannot say that the British Government has, in this direction, done its duty. There is no book, so far as I know, either of Hindu or of Muhammadan law which has been translated at the instance of the Government for the benefit of the public. The result is that Hindu and Muhammadan laws are thrown into a great deal of confusion, and a Bill like the one brought forward the other day by my Hon'ble friend Mr. Jinnah would not have been necessary if Government had given sufficient attention to this matter.

"Lastly, I would endorse every word that fell from my Hon'ble friend Mr. Haque in connection with the Royal Visit. My Lord, no Indian would grudge any amount of money that has to be spent in order to celebrate the occasion with the pomp and the splendour which we associate with Royalty. The heart of India was never sounder than it is to-day, and I firmly believe that the visit of their Most Gracious Majesties the King-Emperor and the Queen-Empress will evoke feelings of that deep and abiding devotion which are the characteristic of an Oriental people."

The Hon'ble MR. BUTLER: "My Lord, I shall not detain the Council long, but remarks have been made on educational policy and on the distribution of the windfall of 90 lakhs for Education and 57 lakhs for Sanitation, and to these remarks some reply is required.

"First, my Lord, I must confess some surprise as to the attitude which the official Members representing the different Provinces have taken in this matter. I find it difficult to understand why a Member of the Government of India should be called upon to explain the treatment of Local Governments and Administrations by the official representatives of those Administrations, when the Administrations themselves have made no representation whatsoever to the Government of India through the regular channels. Those channels have been open for many days, for weeks I may say, and no complaint of any sort or kind has come through them. And why, my Lord? For obvious reasons, the distribution cannot be fairly criticised. If the Hon'ble gentlemen had taken the trouble to look at the statement which I made on announcing the distribution of these grants, they would have seen that the grants were made to Local Governments in order to assist them to carry out 'urgent projects which are ready and waiting for funds, which can be completed in a short time and which do not involve future expenditure beyond the means of Provincial revenues.' All Local Governments and Administrations were asked to send up lists of that kind of project—projects ready and waiting and able to be carried out at once. Clearly this is the sort of project to which a windfall of this kind should be devoted if full effect is to be secured and waste is to be avoided. Well, my Lord, what was the reply and what were the grants made? Criticism has been levelled at the grants given to Bengal and the United Provinces, as being large out of proportion. Bengal sent in projects for education and sanitation combined aggregating 185 lakhs; these were projects ready and waiting for funds; they got 34½ lakhs or under a fifth. The United Provinces sent in projects amounting to 101 lakhs; they got 26½ lakhs. Burma sent in projects amounting to 69½ lakhs; they got 15 lakhs. The Punjab sent in projects amounting to 34¼ lakhs; they got 14 lakhs, plus a grant of 5 lakhs placed for account purposes to their credit for the furtherance of research at Kasauli. Madras asked for 15½ lakhs, of which 1¼ lakhs was for an incomplete project, and got 11 lakhs. That, my Lord, I think, is some sauce for the Madras lamb. The Central Provinces asked for 6½ lakhs, and got 6. That, I think, is a sufficient answer to the gentlemen who have criticised the grants to the Central Provinces. I should indeed say that the Chief Commissioner asked for 10 or 5 lakhs for Sanitation, but there was only one project of Rs. 85,000 ready to be carried out. Nevertheless we allotted 2 lakhs for Sanitation in the Central Provinces.

"I have one remark to make about Burma. I confess that in regard to Education in Burma I went out of my way to see if we could not possibly make a larger grant to that Province in view of their needs. But, looking

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at the case with reference to other Provinces and testing it by the various tests which are applied in such cases, it seemed impossible to give more. If the grant had been allotted on the population test, Burma would have got 3·9 lakhs for education; if it had been given on the number of scholars who attend schools, Burma would have got 4·1 lakhs; if it had been given on public expenditure on Education, Burma would have got 6·1 lakhs. I therefore did not feel able to recommend to the Government of India—and I may say that this distribution list was twice before the Government of India and considered most carefully in Council—I did not feel it possible as representing the Education Department to recommend that Burma should get more than 8 lakhs.

“I think, after that explanation, the Council will agree with me that the criticisms made against these grants are unfounded and ought not to have been made. I will say nothing more about these grants except with reference to the remark made by the Hon'ble Mr. Andrew. It is a great mistake to suppose that the Government of India can be influenced by clamour in this Council to make grants as between Provinces. Those grants are made on principles which they consider right and just and fitting all the circumstances of the case.

“My Lord, the next point that I turn to is secondary education. The Hon'ble Mr. Subba Rao has raised the question regarding secondary education. He says that there has been a change in the policy of the Government; that the policy of grants-in-aid in favour of private institutions and institutions maintained by local bodies, which was announced in 1854, has been departed from. The ground on which he bases this charge is that the Government has comparatively recently decided to introduce certain model secondary schools into the Madras Presidency. My Lord, the policy of the Government of India has never been changed for a single day. The policy which was announced in 1854 could not be carried out for many years: it is in process of being carried out now. In 1859, and I think again in 1862, it was found that owing to the absence of private institutions which were free from difficulties over the religious question the policy could not be carried out thoroughly. In 1899, and again in 1904, in Lord Curzon's famous resolution on educational policy, the principles of 1854 were re-inforced, but it was stated that Government must in each branch of education maintain a model institution in order to keep up the standards of education. The reason for this is obvious and it constitutes no departure from policy whatsoever. The Hon'ble gentleman seems to think that private enterprise is going to suffer. Well, my Lord, consideration is being given to proposals for the improvement of secondary education, and I can assure the Hon'ble gentleman that there is no desire whatever on the part of Government to depart from the policy which has been established for over fifty years, and that it is the intention of Government, so far as funds permit, to assist private institutions as well as to raise up model institutions. There is no justification whatever in the figures for the assumption of a change in policy. Mr. Orange in his last Quinquennial Review takes the figures for the last fifteen years, up to 1907. Only 25 per cent. of the total number of pupils in India were reading in publicly managed institutions in 1907. Fifteen years before 28 per cent. were reading in such schools. Therefore, the proportion of pupils in public institutions has steadily decreased. In the same period Government subsidies to private institutions increased from 22½ lakhs to 44 lakhs, or practically double, and Local Boards increased their contributions from 14½ to 28 lakhs. I think these figures alone establish the fact that there is no foundation whatever for the view that Government intends to depart from the policy which it has so long accepted.

“The Hon'ble Mr. Madge made some remarks about the backwardness of European education with which I entirely sympathise, and he asked what had happened to the training college proposal. Great difficulty was found in selecting a site for the training college. I may say that the matter is still under the consideration of the Government of India, and meanwhile a training class has been opened at Sanawar, and I am informed that considerable difficulty has been found in getting teachers to attend those schools.

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"The Hon'ble the Maharaja of Burdwan has invited me to take up the very difficult question of the location of the hostels in Calcutta. I am afraid that this is a local matter about which I cannot usefully say anything here. As regards a technological institute, that also is a matter on which no definite proposals are before the Government of India. But in more than one way the Government of India have shown their intense and earnest desire to promote a technological institution. The Hon'ble Maharaja of Burdwan ended up his speech by appealing to Government to open up new avenues of employment in the public service. My Lord, I do not think that this would settle the question of the provision of employment for India. I think we have to look to other sources of employment, and that industrial development, with its many-sided branches, is to be in future the source of our greatest hopes. I cannot do better than commend in this connection the advice given by the Hon'ble Mr. Mukerji in his presidential address at the Industrial Conference at Allahabad, that Indian gentlemen with capital should come forward, and invest their capital and take some risks for the good of their country."

The Hon'ble SIR GUY FLEETWOOD WILSON: "My Lord, we have listened to speeches to-day some of which were eloquent and all of which have been interesting, but they number 26. I think therefore that I am justified in asking Your Lordship to allow me to wind up the debate subject to any remarks Your Lordship may be pleased to address to Council in conclusion.

"I have to express my warmest thanks for the very kind reception which my Budget has received not only in this Council, but, I think I may say, throughout the country. I should like to add that I have been greatly touched by the kindly personal references to myself which have been made in this Chamber.

"I wish I could deal with all the speeches of Hon'ble Members as fully as they deserve, but time does not allow. I would, however, express my admiration for Mr. Haque's really eloquent speech as to the provision which we have made for the Coronation Durbar expenditure. I felt very confident when I put down a large sum for that service that the people of India, through their representatives, would cordially approve of my action, and I am glad to find from the speeches which have been made to-day that my anticipation was fully justified. I should like also to compliment the Hon'ble Mr. Chitnavis on a speech which was marked by sound commonsense and practical advice.

"Coming now to the Provincial civilian representatives, I must confess to a sense of some disappointment. The Provincial financial position has admittedly been greatly improved under the new permanent settlement which has been recast with every desire to err on the side of liberality as well as to maintain equal treatment between Provinces.

"And yet, led by the Oliver Twist of Madras, the Provincial representatives can do no better than ask for more. I do not propose to go into the merits of their contentions because, in my opinion, every point they have raised can be and should have been brought to the notice of Government by means of secretariat inter-communication.

"I make an exception in the case of Mr. Quin, who, in the more reasonable part of his address, asks for information. He has told us that the Government of Bombay cannot consider the settlements to be truly permanent unless they are assured that Local Governments will have powers of taxation, and will also be allowed to borrow themselves and to have fuller control over the borrowing of local bodies. On the first point, I can say nothing to-day, as the matter is under the Secretary of State's consideration. But borrowing powers do not seem to me to be in any way an essential part of a scheme for regulating our financial relations with the Provinces: and I can hold out no hope that the powers of borrowing enjoyed either by Local Governments or by local bodies are to be materially extended.

"The Hon'ble Mr. Dadabhoy has dealt with the opium question with becoming reserve. Indeed, I think his only object in alluding to opium (discussion in regard to which I have already strongly deprecated) is to raise the question of a grant from the Imperial Exchequer as a compensation to India for a loss of revenue from this source. I am afraid I cannot hold out any hope of compensation, but the very fact that Mr. Dadabhoy has alluded

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to the question to-day in debate will no doubt bring the matter prominently to the notice of the Home Government.

"I am not quite clear as to the purport of the remarks which have fallen from the Hon'ble Mr. Dadabhoy about silver. Last year, when we imposed the tax, Mr. Dadabhoy foretold dire disaster, because the price of silver would fall and our China trade would be ruined. We have now had the tax for a year and neither of these consequences has happened. Silver is still above 2s. an ounce, and the China trade has not been affected. Yet the Hon'ble gentleman is again full of gloomy prophecies: not on this occasion because we have taxed silver, but because a speculative syndicate have bought more silver than they can hold (the description is his own, not mine) and there will be a slump unless we help them. This is surely a very remarkable proposition to put before this Council, and I must strongly deprecate it. I must also deprecate the exaggerated description which the Hon'ble gentleman has given of the proposition. There is certainly an unusually large quantity of silver in stock in India at the present moment: but the total import of the current year is by no means the highest on record, and it has frequently been exceeded in years when the trade was healthy and normal, and not dislocated by imprudent speculation.

"There is one point in Mr. Dadabhoy's speech to which I must draw attention. He states that Mr. Haldane has announced in Parliament that the Indian Army may have to be reinforced. I do not know what authority he has for making that statement. I, myself, have only seen a statement to the effect that Mr. Haldane does not anticipate the possibility of reducing the British forces in India, which is a very different thing.

"I am sure that my Hon'ble friend will not expect me to follow him into the question of Protection *versus* Free Trade. That is a subject which could certainly not be dismissed in a few sentences, nor is this the moment to put up a large discussion on so very important a question.

"Mr. Gokhale's interesting speech on Federal Finance has been answered fully, and I think conclusively, by the Hon'ble Mr. Meston.

"As I said in my Financial Statement, there can be no question now of departing from the well-established principle which governs the relations between the Provinces and the Government of India in regard to Finance.

"Had I had a *tabula rasa* to deal with, it might possibly have been different.

"But even if, in the distant future, the relations were inverted and took the form of what, for want of a better term, I shall call a tribute system, the present re-adjustment would have been an essential preliminary.

"Then, even better than now, would be made manifest the super-excellent service in this connection which Mr. Meston has rendered to the Finance of India.

"One point raised by the Hon'ble Sir Vithaldas has been dealt with by Mr. Meston; but I propose to deal with two other points which Mr. Meston has left untouched.

"The Hon'ble Sir Vithaldas Thackersey, in the course of his most interesting remarks on our currency system, has reminded me that one of my distinguished fore-runners, Mr. Clinton Dawkins, announced that a gold mint would be opened in Bombay. That was exactly eleven years ago, and nothing has been done in the matter since.

"I acknowledge the justice of my Hon'ble friend's comments on this curious episode, and I will tell him exactly what happened.

"In 1899 the Government of India were invited, as the result of the recommendations of the Fowler Committee, to make preparations for the coinage of gold in India. A scheme was prepared for a gold mint at Bombay; and, as Mr. Clinton Dawkins said in 1900, all that then remained to do was to satisfy the Royal Mint about the suitability of the premises and appliances at Bombay. This unfortunately was never done; as a number of technical and other difficulties were raised by the Royal Mint, which ultimately wore out the patience of Lord Curzon's Government. In the interval the Kolar gold-mining companies had mostly entered into agreements for the sale of their produce in England; and the prospect of their bringing their gold to be

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refined and coined at Bombay—which was to be the *pièce de résistance* of our gold mint—was thus deferred. In the circumstances it was decided in 1902 to drop the project and to wait until a stronger demand for a local gold coinage should arise.

“I am glad that the Hon’ble Member has raised the question to-day. His views on the importance of a gold coinage in India must necessarily carry great weight, and much has happened since 1902 which justifies the re-opening of a question so closely associated with the success of our gold standard. I shall have pleasure in examining the subject again at an early date, and I shall take care that the weighty expression of opinion which we have heard from my Hon’ble friend to-day is fully represented to the Home Government.

“Another point on which I must confess to a strong personal interest has been raised by the Hon’ble Sir Vithaldas. The great reform in our paper currency which was initiated a year ago, when our ten-rupee and our fifty-rupee notes were made legal tender throughout the whole of India,—that reform has answered all my expectations. It has greatly increased the popularity of our note system; it has gone far to remove a serious inconvenience to the travelling public; and it has been carried through without any appreciable strain on our reserves. But the reform was incomplete. My scheme contemplated the ultimate ‘universalization’ of the 100-rupee note, if and when the first part of the experiment should prove itself a success. Nor was evidence wanting that a strong public demand exists for a 100-rupee note which should be free from the trammels of our currency circles, and should have the full privilege of being legal tender all over India. It was made perfectly clear—even if any doubts on the point had remained—that the paper currency of denominations up to and including the 100-rupee note represents the daily till-money, so to speak, of the country; while the denominations above Rs. 100 are used in hoards or reserves or as stores of value, and do not change hands with any real frequency. The dividing line therefore between universal notes and circle notes was manifestly to be drawn above, and not below, the 100-rupee note. In this way only could the public convenience be fully served, and the popularity of our paper currency fully stimulated.

“These considerations have been carefully weighed against certain disadvantages—tangible disadvantages, but not, I trust, insuperable—which attach to the system of ‘universal’ notes. As the result I am glad to be in the position to announce that we have decided to make the 100-rupee notes universal at once. A notification under section 2 of the Indian Paper Currency Act, 1910, will issue this week, and steps will be taken promptly to design a suitable form of all-India note to replace the old circle notes now in currency. It is a matter of no small gratification to me that a reform of this importance has now been completed.

“It only remains for me to congratulate Sir Vithaldas on a really valuable contribution to the debate and to express my renewed thanks to the Council for the approval with which my efforts have been received and for the patient hearing which Your Lordship and the Council have been pleased to extend to me.”

His Excellency THE PRESIDENT: “With the close of this discussion we come to a fitting termination of what has been a busy and useful session. The debates on the Budget, both at this stage and when the figures were under detailed scrutiny three weeks ago, have been practical and suggestive; and my Government are indebted to a number of Hon’ble Members for advice and criticism of much value, which, even where we cannot act upon them at the moment, will receive our careful consideration. Into the details of the financial arrangements embodied in the Budget, it would be superfluous for me to enter. I gather that they meet with the general approval of the Council; and I can only add the hope that the coming year will fulfil our expectations, that prosperity will grow, that there will be a good monsoon and that India will be spared the too oft recurring sadness of pestilence and famine.

“In their broad features our finances seem to me to reflect with much fidelity the general condition of the country. The financial position, like our

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political position, has greatly improved since the gloomy days of 1908. We have obtained a breathing-space, which should enable us to look into the future and prepare ourselves for what it may bring. That it will bring problems of much complexity, no one of us can doubt. The sacrifices, for example, which we are making for the reformation of China will impose a heavy burden on the Indian Exchequer, and no small hardship upon many of our own people and several of the Feudatory States. But there are other difficulties ahead of us, the effect of which it is less easy to gauge. There are the very pressing claims of education, of the public health, of medical relief, of industrial development, and of many other social needs which must necessarily increase with the growing political sense of India. All these will cast liabilities on the public purse, impossible to estimate in advance, but certainly heavy and increasing. As in the realm of politics, so also in our finances, I have every confidence that we shall solve the problems and surmount the difficulties that the future has in store for us. But they warn us of the need for caution in our financial methods and sobriety in our public expenditure.

"In most of the recent criticisms on our financial position, I have been struck by a certain note of impatience. In the business world, our trade is described as moving more slowly than it should, our industries as not expanding rapidly enough, and our organisation of capital in India as needlessly backward. In this Council the same note has been sounded. There seems to be a feeling that we are old-fashioned in our ideas about debt, that we make too much perhaps of our opium losses; and we are urged to spend more rapidly on education, to give more abundantly to the Provinces, and so forth. In all this there is much with which I can sympathize. Impatience, when it means a striving after the more speedy attainment of high ideals, is admirable. But there is a form of impatience in national finance which has its dangers. For the progress of a country must rest on a solid basis of national credit; and we could not do a greater disservice to the advance of India in education or industry or social well-being than by doing anything which would weaken our credit or shake public confidence in our financial methods or embarrass our solvency in the future.

"From this point of view I think that our financial conservatism is fully justified. I do not think it is overdone, or that any one can accuse us of standing still. Our normal revenues are steadily growing; our exchange is stable; our operations on the money market have been successful; and we have given, in our grants of nearly one million sterling for education and sanitation, a more imposing contribution to those services than in any previous year of our history. Turn to our commerce and it tells the same tale; for the value of our external trade in the current year is now approaching £375 millions sterling—by far the highest figure on record. Our position on all sides is thus one of much strength.

"It is no time, however, for indiscriminate optimism. Apart from the special financial problems to which I have referred, apart also from the varying fortunes of the seasons on which our prosperity so largely depends, we see all round us unmistakable signs of the economic changes which now have India in their grip. To some of these signs the Hon'ble the Finance Member has alluded—the growing employment of gold, the release of hoarded rupees, the enlarged use of our paper currency. Others are visible in the growth of joint-stock banking, and the rapid spread of co-operative credit societies. We have entered upon a period of economic unrest and transition; and if our Indian finance is to come through in safety, our watch-words must be caution and economy. Caution we have shown, and I trust we shall continue to show. Economy is ever present to my mind; and I cordially endorse the undertaking that has been given by my Government to examine the whole question of our departmental expenditure, both civil and military, with a view to restraining its growth as well as to actual reductions wherever practicable. Retrenchment is not always an agreeable task, and it is difficult to reconcile with some of our ideals of administration. But in the present circumstances of India, public economy is the clearest of necessities; and I am confident that its fruits will justify the sacrifices that it may entail.

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“On this subject I have only a few more words to say. They relate to the permanent financial settlements which, with the approval of His Majesty's Government, we have now concluded with the Provinces. That measure has attracted a certain amount of natural and very temperate criticism, although I gather that most of the Provinces recognise the substantial liberality which animated it. I wish, however, to put the matter to the Council in the light of what I have just been saying. If caution and economy are necessary in Imperial finance, they are equally imperative in the management of that portion of the public funds which is under Provincial control. But how the Provinces are to help us effectively in the careful administration of our finances, I cannot see unless their share of responsibility is definitely and permanently fixed. I regret that some of the Provinces should find the arrangement less favourable to them than they had hoped. I doubt if complete equality of treatment would ever be attainable, and I can only give the assurance that my Government has done its best to remove all substantial grievances. Besides, being an essential step towards the greater stability of Indian finance, the permanent settlements confer a large measure of true decentralization; and I feel sure that I may now call on the Provinces, as our partners in the work of good government, to co-operate with us in that economy without which true efficiency is impossible.

“Although it cannot be said that the matter to which I now wish to refer is dependent on the Budget at present under discussion, I would like to touch on the subject of the accommodation provided for the Supreme Legislative Council, upon which a question was put some time ago by an Hon'ble Member.

“It has always appeared to me that the accommodation provided for this Council is entirely inadequate and should be on a much more important and dignified scale. I sympathize entirely with the desire of the Hon'ble Mr. Sinha that a properly equipped Library attached to the Council Chamber should be furnished to Hon'ble Members, where they could have access to books of reference and other books of utility in debate. There should also be Committee rooms where groups could meet and confer with each other, which would be very difficult to do here. Further, it seems to me utterly impracticable and absurd that during the session of the Council the work of the Government of India should be practically at a standstill and paralysed by the fact that the Secretaries of Government have to be present in Council even when the affairs of their own Department are not under discussion. This defect could easily be remedied if in another Council building each Secretary were provided with a small room where he could, when not required in the Council Chamber, continue to transact the business of his Department and yet be available at a moment's notice for his duty as Member of the Legislative Council. I do not dilate upon the discomfort of this Council Chamber, especially during some days of this month when the temperature was exceptionally high. I think we have all borne our burden and the heat of the day with fortitude and resignation, but I do not know whether these will be constant qualities in the future. I greatly regret that the limitations of Government House prevent me from offering better accommodation to the Council; but although Government House is a very fine and stately building, I had, during the visit of the German Crown Prince, to lodge many of his suite in tents, and when Their Majesties do me the honour of coming to Government House next winter, I shall have to put the overflow under canvas in the garden and possibly on the Maidan. I think therefore that Members of Council should consider whether the time has not arrived to discuss the question of finding a suitable site and of building a new Council Hall more in accordance with the needs and dignity of the Supreme Legislative Council. To do so would of course cost money, and it is with some hesitation that I make this suggestion with the watchful eye of the Cerberus of the Finance Department upon me and with the prediction ringing in my ears of a shrinking revenue in the future. I feel, however, that it is not merely a question of comfort, but of efficiency that is at stake, and if such views as I have just outlined meet with the approval of Hon'ble Members, I hope that at the next meeting of Council they will favour the Government and Council with an expression of their opinions. In

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the meantime I hope that it is not necessary for me to say that so long as I live in Government House, I shall always esteem it a great honour for my Legislative Council to meet under my roof.

“There is one other subject upon which I should like to say a few words before Hon’ble Members leave Calcutta. The King-Emperor proposes, as you are all aware, to hold a great Durbar at Delhi in December next, and it has been a great pleasure to listen to the words said here by Hon’ble Members to-day and to record the wave, I might say the tidal wave, of enthusiasm that has swept the country from end to end on the receipt of the news in India. I can picture to myself the striking warmth and cordiality of the reception that the King-Emperor and the Queen will receive from all classes on their arrival in this country, and I may add that it is the desire of our King-Emperor to see as many as possible of His Majesty’s Indian subjects. With this object in view arrangements are being made at Delhi, so that opportunities may be given to all to see Their Majesties. It will, I think, be no indiscretion on my part to state that according to present arrangements Their Majesties hope to arrive at Bombay on the 2nd December, and in Delhi on the 7th December, when the State Entry will be made. Owing to the lack of space at the Railway Station, those taking part in the reception there will necessarily be few in number; but it is proposed that Their Majesties shall be received by the Representatives of British India at a position to be selected on the Ridge of Delhi where ample space will be secured. I am leaving to-morrow night for Delhi on purpose to supervise these arrangements and to select a suitable spot. The date of the actual Durbar has been fixed for the 12th, and every preparation is being made for a Coronation ceremony worthy of our King-Emperor and in accordance with the dignity of the Sovereign of this great Empire. I may mention that I am endeavouring to arrange that the actual crowning ceremony may be witnessed by about 100,000 of our fellow-subjects, of whom the vast majority will be Indians. Amongst other incidents of interest that will take place will be a review of troops, a reception by His Majesty of Indian officers of British Indian regiments, and a fête for the people, who will also be given the opportunity of seeing their Emperor and King. I am in hope that Their Majesties will arrive in Calcutta before the New Year—on the 30th December.

“I have ventured to detain you longer than I intended as I wish to take Hon’ble Members of my Council into my confidence and to give you some idea of the preparations now being made to afford Their Majesties a fitting welcome on the great and auspicious occasion that is before us.

“I should like to add one word of thanks to the Hon’ble Mr. Dadabhoy for his sympathetic reference to the accident and illness of Lord Crewe. From information I have received his illness was a case of overwork due to the conscientious manner in which he threw himself into the work of the India Office, of which no detail was too trivial to engage his serious attention. I share the hopes of the Hon’ble Member and of all here that this distinguished and liberal-minded statesman, who is one of my best and oldest friends, may soon be restored to health and to his duties at the India Office.

“In conclusion, I thank you all for your valuable co-operation in the legislative work of this session; and I now declare the Council adjourned *sine die*.”

J. M. MACPHERSON,

*Secretary to the Government of India,**Legislative Department.*

CALCUTTA; }
The 7th April 1911. }

APPENDIX A.

(Vide page 564.)

STATEMENTS SHOWING THE AVERAGE FEE PER MONTH PER PUPIL COLLECTED IN VARIOUS CLASSES OF BOYS' INSTITUTIONS IN THE SEVERAL PROVINCES.

Average fee per month per pupil collected in boys' institutions in Madras.

Class.	Government.		Municipal and District Boards.		Aided.	
	1904.	1910.	1904.	1910.	1904.	1910.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1 Arts Colleges	6 13 10	6 9 3	5 15 4	5 15 6	4 14 3	6 1 6
2 Law Colleges	13 15 8	7 3 6	...	...	...	...
3 High Schools	1 5 0	1 8 10	2 1 3	1 10 6	1 8 6	1 6
4 Middle English Schools	0 4 4	0 2 10	0 15 2	0 11 8	0 11 3	0 11 7
5 Middle Vernacular Schools	0 5 10	0 3 0	0 3 2	0 2 6	0 5 4	0 3 0
6 Primary Schools	0 0 6	0 0 9	0 1 4	0 0 10	0 1 3	0 1 0

Average fee per month per pupil collected in boys' institutions in Bombay.

Class.	Government.		Municipal and District Boards.		Aided.	
	1904.	1910.	1904.	1910.	1904.	1910.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1 Arts Colleges	8 0 2	8 3 3	...	...	5 11 6	5 12 5
2 Law Colleges	4 6 9	5 10 3	...	...	...	...
3 High Schools	2 1 3	2 1 8	0 15 11	1 4 7	1 10 7	1 12 10
4 Middle English Schools	1 13 0	1 11 6	1 1 1	0 13 1	0 15 7	0 15 2
5 Middle Vernacular Schools
6 Primary Schools	0 1 8	0 2 0	0 0 10	0 0 10	0 1 9	0 2 2

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Average fee per month per pupil collected in boys' institutions in Bengal.

Class.	Government.		Municipal and District Boards.		Aided.	
	1904.	1910.	1904.	1910.	1904.	1910.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1 Arts Colleges	7 7 8	9 6 0	4 14 10	3 3 7	3 7 9	4 7 7
2 Law Colleges	3 9 6	5 9 7	5 6 2	6 9 6	...	...
3 High Schools	1 14 10	1 13 7	1 11 7	1 12 2	1 2 3	1 6 7
4 Middle English Schools	1 7 4	3 13 5	0 7 0	0 5 6	0 7 5	0 8 7
5 Middle Vernacular Schools	0 2 5	0 2 10	0 4 3	0 3 6	0 4 11	0 4 7
6 Primary Schools	0 0 5	0 0 9	0 1 3	0 0 4	0 2 0	0 2 1

Average fee per month per pupil collected in boys' institutions in the United Provinces.

Class.	Government.		District and Municipal Boards.		Aided.	
	1904.	1910.	1904.	1910.	1904.	1910.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1 Arts Colleges	7 10 8	7 10 9	...	...	5 3 2	5 4 8
2 Law Colleges	5 3 9	...	...	...	2 13 0	...
3 High Schools	1 10 0	1 7 9	1 1 3	1 7 7	1 7 8	1 9 7
4 Middle English Schools	0 14 11	...	0 11 10	0 13 10	0 10 0	0 10 7
5 Middle Vernacular Schools	0 1 8	0 1 11	0 2 7	0 3 1	0 1 4	0 1 10
6 Primary Schools	0 4 10	...	0 0 4	0 0 5	0 0 3	0 0 2

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Average fee per month per pupil collected in boys' institutions in the Punjab.

Class.	Government.		Municipal and District Boards.		Aided.	
	1904.	1910.	1904.	1910.	1904.	1910.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1 Arts Colleges	7 8 2	6 13 8	...	...	5 6 11	5 3 8
2 Law Colleges . . . . .	...	...	...	...	8 3 4	...
3 High Schools	1 2 0	1 3 11	1 5 11	0 14 10	1 3 8	0 15 11
4 Middle English Schools . . . . .	...	...	0 11 8	0 10 5	0 10 2	0 9 7
5 Middle Vernacular Schools . . . . .	...	...	0 3 1	0 2 9	...	0 1 1
6 Primary Schools	0 4 1	0 0 11	0 0 11	0 0 8	0 0 8	0 0 7

Average fee per month per pupil collected in boys' institutions in Burma.

Class.	Government.		Municipal and District Boards.		Aided.	
	1904.	1910.	1904.	1910.	1904.	1910.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1 Arts Colleges	7 2 7	7 3 9	...	...	2 5 10	5 10 9
2 Law Colleges . . . . .	...	...	...	...	...	...
3 High Schools	3 0 0	2 10 7	2 4 11	2 10 7	1 14 1	1 13 5
4 Middle English Schools	1 14 7	2 0 3	1 14 5	2 6 7	1 6 7	1 13 2
5 Middle Vernacular Schools . . . . .	...	0 2 9	...	0 2 3	...	0 1 8
6 Primary Schools	0 11 2	0 6 1	1 7 5	0 1 8	0 0 2	0 1 6

362 BUDGET OF THE GOVERNMENT OF INDIA FOR 1911-12.

Average fee per month per pupil collected in boys' institutions in the Central Provinces.

Class.	Government.		Municipal and District Boards.		Aided.	
	1904.	1910.	1904.	1910.	1904.	1910.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1 Arts Colleges	6 8 7	4 13 10	...	...	3 6 6	3 6 9
2 Law Colleges	4 5 5	5 0 8	...	...	...	...
3 High Schools	2 0 11	1 6 2	...	1 10 2	1 12 0	1 7 2
4 Middle English Schools	0 5 2	0 4 1	0 8 4	0 5 3	0 13 8	0 12 11
5 Middle Vernacular Schools	0 0 1	...	0 0 1	0 0 1	0 0 2	0 0 4
6 Primary Schools	0 0 6	0 0 5	0 0 1	0 0 1	0 1 10	0 1 3

Average fee per month per pupil collected in boys' institutions in Eastern Bengal and Assam.

Class.	Government.		Municipal and District Boards.		Aided.	
	1904.	1910.	1904.	1910.	1904.	1910.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1 Arts Colleges	5 5 7	5 3 9	...	...	...	2 11 3
2 Law Colleges . . . . .	...	3 12 3	...	...	...	...
3 High Schools	1 10 5	1 9 8	...	1 8 0	1 2 10	1 15 11
4 Middle English Schools	0 4 11	0 6 0	0 7 4	0 7 8	0 6 2	0 7 6
5 Middle Vernacular Schools	0 4 8	0 4 4	1 15 11	0 5 3	0 4 1	0 4 9
6 Primary Schools . . . . .	...	0 0 7	0 0 4	0 0 7	0 0 8	0 2 0

Average fee per month per pupil collected in boys' institutions in the North-West Frontier Province.

Class.	Government.		Municipal and District Boards.		Aided.	
	1904.	1910.	1904.	1910.	1904.	1910.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1 Arts Colleges	4 11 6
2 Law Colleges
3 High Schools	0 11 8	0 10 11	0 13 4	0 9 6
4 Middle English Schools	0 6 9	0 5 6	...	...
5 Middle Vernacular Schools	0 1 0	0 1 0	...	...
6 Primary Schools	0 5 9	0 0 3	0 0 2	0 1 9	0 0 10