

REVIEW

THE ANNUAL FINANCIAL STATEMENTS OF THE
GOVERNMENT OF INDIA,

FOR THE YEARS

1860-61 TO 1875-76.

BY THE

RIGHT HONORABLE THE SECRETARY OF STATE FOR INDIA,

CALCUTTA:

OFFICE OF THE SUPERINTENDENT OF GOVERNMENT PRINTING.

1875.

X71.2
A875
14832

CALCUTTA :

PRINTED BY THE SUPERINTENDENT OF GOVERNMENT PRINTING,
8, HASTINGS STREET.

CONTENTS.

	PAGE
1860-61, Sir Charles Wood, No. 205, dated 8th December 1860	1
1861-62, " " " 122, " 2nd August 1861	2
1862-63, " " " 83, " 9th June 1862	5
1863-64, " " " 115, " 16th July 1863	17
1864-65, " " " 170, " 16th July 1864	23
1865-66, " " " 151, " 22nd June 1865	31
1866-67, Earl de Grey and Ripon, No. 142, dated 25th June 1866	41
1867-68, Sir Stafford Northcote, " 220, " 14th June 1867	51
1868-69, " " " 288, " 9th July 1868	63
1869-70, Duke of Argyll, No. 262, dated 29th July 1869	76
1870-71, " " " 237, " 21st July 1870	86
1871-72, " " " 184, " 29th June 1871	106
1872-73, " " " 344, " 29th August 1872	112
1873-74, " " " 336, " 6th August 1873	123
1874-75, Marquis of Salisbury, No. 387, dated 23rd July 1874	137
1875-76, " " " 364, " 15th July 1875	150

REVIEW
OF
**THE ANNUAL FINANCIAL STATEMENTS OF THE GOVERNMENT
OF INDIA.**

BY THE

RIGHT HONOURABLE THE SECRETARY OF STATE FOR INDIA.

1860-61.

I HAVE received and considered in Council your Financial letter dated the 16th October 1860, No. 207, and the estimates of the Revenues and Charges of India in 1860-61 therewith forwarded.

SIR CHARLES WOOD.
No 205, dated 8th
December 1860

2. As stated in my Financial despatch dated the 27th ultimo, No. 189, it is gratifying to observe the improved result apparent in these statements, and that observation is especially applicable to the Military expenditure, the estimated reductions in which, as compared with your May estimates, amount to £885,118, making the total estimated Military reductions during the current year £3,320,463. This reduction affords

	Estimate, 1860-60. £	October Esti- mate, 1860-61. £
Military, general, including stores ...	17,048,877	13,772,427
Local, military ...	662,788	613,775
	17,711,665	£14,391,202
	14,391,202	
Less in 1860-61 ...	£3,320,463	

proof of the great exertions made by your Government, and by the Governments of Madras and Bombay, as well as by the subordinate officers of each Government, in effecting the reductions so imperatively called for.

3. The estimated decrease of £314,839 in the civil and political charges arises from a smaller amount being included on account of payments for compensation for losses during the mutiny, and affords no criterion of future expenditure.

4. The decrease in the Indian Navy and marine charges, estimated at £103,620, is temporary. I hope, however, that it will be practicable to effect considerable permanent reduction under this head.

5. Under buildings, roads, and other public works, there is an estimated reduction of charge of £503,064, but that can only be received as a postponement of expenditure.

6. Although, therefore, as regards the present year, the general result is to a certain extent satisfactory, no improvement is traceable in the more recent estimates in the permanent charges, except in the Military Department.

7. On the other hand, a serious increase is observable in the items embraced under the general head of charges of collection and other payments in realization of the revenues, including cost of salt and opium. Of the net increase shown in your most recent estimate, *viz.*, £504,293, £70,000 is attributable to an augmentation of the cost of salt and opium, and £75,500 to the estimated charge of collecting the income tax. But deducting these sums, there remains an increase under the other items of £358,793.

8. I fear it must be anticipated that the last estimate is nearer the average annual expenditure than that of May; but I am desirous of knowing more particularly than it is stated in your letter, upon what grounds the increase has been assumed.

9. There is also an increase of £126,770 under "Judicial and Police Charges," which it appears arises mainly from the retention at Bombay of extra levies of police, which it was supposed would be disbanded.

SIR CHARLES WOOD.
8th December 1860.

10. These estimated increases abundantly prove that the most strenuous and continued efforts on the part of your Government are demanded in order to keep down the civil expenditure.

11. You estimate that on the 30th April 1861, your cash balance will amount to £13,452,326; but you remark that great uncertainty exists as to the amount that may be actually realized from the income tax, that the demand on account of the China War may exceed the estimated sum, and that even if the present estimate be realized, yet, as the balances diminish after the 1st May in each year, you entertain some doubts as to your being able to remit the sum of £1,000,000, without the risk of inconvenience, and you desire to be informed whether, in the event of your being unable to make the remittance without the aid of a loan, such loan should be raised in India, or whether the amount required can be provided for out of the £3,000,000 which Parliament has granted power to borrow.

12. In regard to the uncertainty to which you refer as to the amount that may be realized from the income tax, I am unable to form an opinion; but I do not at present see any ground for apprehending that a larger amount than has been already estimated will be required to be disbursed by you on account of the China Expedition, and even if more should be required, the excess would be the same in effect as a remittance to this country of a similar amount. Of any such increase in the expenditure for the China Expedition, you will immediately apprise me.

13. Assuming that your estimate of the proceeds of the income tax is realized, and that the expenditure on account of the China Expedition does not exceed the amount which I anticipate, I see nothing to disturb your estimate of the cash balances, except the Railway expenditure.

14. In my Financial despatch dated the 10th July last, No. 110, I informed you that it was expedient that your disbursements on account of railways in the current year should be limited to £4,750,874. From the enclosures to your Financial letter dated the 6th September 1860, No. 184, it appeared that you considered that the outlay on that account in 1860-61 would be £5,405,000.

15. You subsequently informed me, by your Railway letter of the 18th September, No. 79, that measures had been taken to limit those disbursements to £4,750,000; but my Railway despatch of the 17th November, No. 94, relieved you from positive restriction as to Railway expenditure in the current year, especially where it would be calculated to delay those sections of lines which are approaching completion, or which you may consider of primary importance.

16. It is not improbable, therefore, that your disbursements on this account may reach £5,405,000, and may possibly go beyond that amount. By whatever sum those disbursements exceed £4,750,000, you will be deprived to that extent of the power of remitting to England. The sum of £1,112,711, which I stated in my Financial despatch of the 10th July 1860, No. 110, that I calculated on your being able to remit, will consequently be diminished by the amount in which your expenditure on railroads shall exceed £4,750,000; and if, as is probable, the Railway Companies should be unable to pay a similar amount into the Home Treasury, I shall be prepared to borrow under the power obtained during the last session of Parliament.

17. It is essential that you transmit to me early intimation of any probable disbursements on this account in excess of the allotment of £4,750,000 above referred to.

18. Under any circumstances, and with reference to my Financial despatch dated the 30th November 1860, No. 194, I must again strictly enjoin that no loan be opened in India without my previous sanction.

19. In the event of your finding that any change is likely to occur in the items comprised in your present estimate, you will not fail immediately to inform me.

1861-62.

SIR CHARLES WOOD.
No. 122, dated 2nd
August 1861.

I have to acknowledge the receipt of your Financial letter, dated the 2nd May 1861, No. 63, forwarding your budget estimates for the year 1861-62.

2. I have also received the printed proceedings of the Legislative Council

of India for April 1861, containing Mr. Laing's Financial statement (made on the 27th April) for the year 1861-62.

SIR CHARLES WOOD.
2nd August 1861

3. In his observations on the charges of 1860-61 as compared with 1859-60, Mr. Laing stated: "There was not a reduction of £3,300,000 as supposed by Sir Charles Wood, or even of £1,700,000 as estimated by Mr. Wilson, but a positive increase of £213,000 in the total expenditure of 1860-61 over that of 1859-60;" and he further stated that the military charges in India for the same year were £17,750,000, which statement is also contained in your Financial letter under reply.

4. I had previously received the actual accounts for 1859-60, which were sent from Calcutta on the 20th of March last. Those accounts showed an estimated decrease of charge in 1860-61 of £4,407,687, instead of an increase of £213,000, and that the military charge in India for the same year was £20,909,307.

5. The statements made by Mr. Laing and in your despatch were, therefore, perfectly inexplicable, and it was not until I had had the opportunity of personally communicating with Mr. Laing that I became aware that he had derived his information from an official statement prepared in the Financial Department in India, and published by your order in the *Calcutta Gazette* of the 20th February last.

6. That statement certainly showed an increase of expenditure in 1860-61 as compared with 1859-60 of £213,426, and that the military charges of 1859-60 were, as stated by Mr. Laing in the Legislative Council, £17,750,000.

7. I do not understand why Mr. Laing did not refer to the actual accounts of the expenditure of 1859-60, which had been transmitted to this country more than a month before he made his statement in the Legislative Council.

8. It is not, however, my purpose to comment on statements made in the Legislative Council, but to call your attention to the grave error in the preparation of the estimated account of the expenditure of 1859-60, which was published by the authority of your Government in the *Calcutta Gazette* of the 20th February last.

9. That account differed from the regular estimate by nearly £1,500,000, and from the actual account by upwards of £4,000,000; and as the actual accounts for 1859-60 were made up before the 20th March last and transmitted to me on that day, it is difficult to imagine on what grounds the Financial Department of your Government could have prepared so fallacious a statement towards the end of February.

10. I need not observe how much, giving to the world statements so erroneous tends to shake any confidence in the accuracy of Indian accounts, and how much it reflects on the conduct of the officers of the departments. I must beg that you will impress upon them the necessity of greater care in the preparation of estimates and accounts.

11. I cautioned you in my letter of the 24th April last, No. 67, against the publication of accounts which might tend to mislead, and certainly this last transaction shows that the caution was not unnecessary.

12. I must also call your attention to your omission to furnish any explanation of the differences exhibited in the actual accounts for 1859-60 as compared with the estimate for that year.

13. Your Financial letter dated the 20th March last, No. 50, which forwarded those accounts for presentation to Parliament, stated that you did not on that occasion think it necessary to offer any remarks on the differences between the estimated and actual receipts and expenditure of 1859-60, or, to defer the transmission of the accounts, to enter into any comparison of the actual returns of 1859-60 with the estimated returns of 1860-61; but I did not doubt that, as in regard to the corresponding accounts of the former year, you transmitted in your Financial letter of the 4th April 1860, No. 80, a detailed explanation of the differences between the estimated and actual accounts, you would have furnished me before this time with some explanation of the remarkable differences between the estimates and accounts of 1859-60.

14. In my Financial despatch dated the 17th May last, No. 85, I called your attention to this subject. No further information has, however, yet reached me, and I must, therefore, request that your accounts and estimates may

SIR CHARLES WOOD.
2nd August 1861.

henceforth be accompanied or speedily followed by explanations of the differences shown therein, as compared with your previous estimates and accounts.

15. I cannot enter into a detailed consideration of your budget estimates for 1861-62, as I am not in possession of the detailed appropriation estimates of the military charges which have not yet been received, but I proceed to communicate to you my view of the general result.

16. With regard to the income for next year, I can, of course, form no opinion except upon your representation. It is very satisfactory to find that the increase of the duty on salt has not acted unfavorably on the consumption, which I trust is owing to the generally improved condition of the people. The recent fall in the price of opium will necessarily diminish considerably the receipts from that source; but as the income from opium is at all times so fluctuating that it is impossible to calculate on it with any certainty, I can only hope that your estimate of receipt under this head is made with sufficient caution.

17. With regard to the charges, the proposed transfer of £500,000 to local budgets implies, as I understand it, the imposition of local taxation to that amount. I shall be very glad if that can be accomplished so as to relieve the general revenue within the year, but I am a little doubtful whether this can be done within that period. I do not understand whether you propose to diminish the expenditure on public works to this extent, if the transfer be not accomplished, so that at any rate the general revenue would be relieved from this amount of charge.

18. I am sorry to say that the reduction in the Home charges assumed by your Government has been made without sufficient foundation. The estimate transmitted by me in February was carefully considered, and I have no reason to suppose that they will be less. There is an arrear of charge on account of sums due to the Imperial Government which must be defrayed in this year, and which raises the amount above that which will, I trust, be the case in future.

19. For the present year, however, the Home charges will be £5,323,066 as stated in the estimate forwarded with my despatch dated the 2nd February last, No. 22, and not £5,005,760 as calculated in your budget.

20. I do not understand the grounds on which the item which is called loss by exchange on railway transactions is omitted in this year's charges. The expenditure in India on railroads will probably be nearly the same as last year, and a similar charge should, therefore, be entered at the same amount as in 1860-61, *viz.*, £473,324.

21. There is no doubt that there is a difference between both this charge and that of the guaranteed interest on railroad capital and all other charges on the revenues of India, as, in the event of the railroads making adequate returns, both of them may be recovered from surplus interest, but in the meantime they are chargeable on Indian revenues.

22. To the expenditure, therefore, as estimated in your budget despatch, must be added £317,306, being the difference between £5,005,760, the sum assumed for charges in England in the budget, and £5,323,066 as stated in the estimate sent from here, and also £473,324 on account of the charge for loss of exchange. These sums, when added to £41,054,699, will raise the total of the charges for 1861-62 to £41,845,329, and if transfer is not made to local budgets, or the expenditure on public works diminished to the anticipated extent of £500,000, a further sum of that amount will have to be added.

23. As the estimated revenue is £41,294,595, there will be a deficit of £550,734, or £1,050,734 according to the figures derived from your statement corrected as above. I regret that the result at which I have arrived should be less favorable than that contained in your despatch, but it seems to me to be more correct.

24. The estimated loss of revenue and increase of charge in the current year, owing to the famine in India, is, I observe, about £600,000. This, however, I trust, will not again occur. But it is obvious that further measures are necessary in order to attain an equilibrium of the revenues and charges of India.

25. Whether in the proposed modification of the income tax any addition can be obtained to the estimated produce of that tax, I cannot say; but I should hope that, even whilst rendering it less oppressive in its character, it may be made, to some extent at least, more productive.

26. It is, however, as I have often impressed upon you, to reduction of expense, rather than to increase of taxation, that your efforts must be mainly directed. Much as has been done in the reduction of the native army, I think that the numbers proposed by your Government are still higher than it is necessary or expedient to maintain, and I trust that you will be able to reduce this portion of the military force and charges still further.

SIR CHARLES WOOD,
2nd August 1861.

27. I will not, however, attempt to point out where, in my opinion, reduction might be made. Your Government and those of the other Presidencies are better able than I can be to select the proper fields for effecting a diminution of the public expenditure.

28. I am not unmindful of the exertions which have been made by the different authorities in India in this direction, but I am of opinion that there is still room for further measures of reduction, and I cannot too strongly impress upon you how indispensable it is to reduce every source of unproductive expenditure which is not absolutely necessary for the public service.

29. With regard to your estimate of cash balances, I am glad to observe that the balance at the end of 1860-61 is higher by about £1,400,000 than you had estimated in March last that it would be. This affords undeniable proof either of improved revenue, or of diminished expenditure, or of both, and is most satisfactory.

30. You estimate a cash balance at the end of 1861-62 of £14,264,302, and I apprehend that this is exclusive of the million which I have remitted to you from hence.

31. As regards the state of the Treasury in England, I estimate that there will be a deficiency of nearly a million and a half, and to that amount, at least, I expect you to remit before the end of the year.

32. I have obtained sanction for raising money by loan in the event of the Railway Companies not paying in sufficient funds to defray the Home payments, but it will be time enough to address you on this subject later in the year.

1862-63.

I have received and considered in Council your Financial letters dated, respectively, the 7th March, 18th and 19th April last, Nos. 38, 56, and 58, enclosing,—

SIR CHARLES WOOD,
No. 83, dated 9th
June 1862

* For presentation to Parliament. 1. The actual* Accounts of the Revenues and Charges of India for the year 1860-61, and

2. The Regular* Estimate for 1861-62.

3. An authorized Report of the financial statement made by one of the members of your Government in Council, and a report of permission given to introduce Bills "to amend Act X. of 1860 (to amend Act VII. of 1859, to alter the duties of customs on goods imported "or exported by sea)," and "to amend Act XXXII. of 1860 (for "imposing duties on profits arising from property, professions, "trades and offices)."

4. The Budget estimate of Revenue and Expenditure, and of Cash Balances and Transactions for 1862-63.

2. I had before received your Financial letter dated the 24th February last, No. 28, announcing your intention of immediately repealing the License Tax.

3. Before I proceed to refer to the contents of these despatches, it seems to me necessary that I should advert shortly to the question how far your Government is responsible for the statements and views which are put forward by one of its members who makes the financial statement.

4. It is, of course, impossible that your Government can be held responsible for all that falls from the member of your Council who is charged with this duty, but it must be remembered, nevertheless, that his statement must, in its main features, be the statement of the views of the Government on the financial state and prospects of India, and that the proposals which he makes must be such as the Governor General in Council has approved, and which he is prepared to carry into effect.

SIR CHARLES WOOD.

9th June 1862.

5. The measures to be adopted can only be brought forward with the concurrence and sanction of the Government, and it is impossible for the Government to exercise a sound discretion on the measures to be adopted unless it has previously satisfied itself of the accuracy of the statements and the sufficiency of the grounds on which the proposals are based.

6. It is unnecessary to point out to you that no member of your Government would be justified in making statements (which are given to the public through the medium of the authorized reports of the proceedings of the Council of the Governor General, when it sits for purposes of legislation) which are not in their main features consistent with the statements on which the Government has proceeded; and, therefore, I must consider your Government responsible for the general accuracy of the statements and soundness of the proposals which are made on subjects of finance by the member of your Government, who, on such matters, acts and speaks as its organ.

7. In endeavouring to obtain from the statements forwarded by you a clear view of the finances of each year, and to satisfy myself as to the accuracy of the conclusions at which you have arrived, and the expediency of the measures which you have adopted, I have experienced much inconvenience from the changes which have been made in the general headings of the Statements and Estimates of Revenues and Charges.

8. This is particularly the case in regard to a comparison of the Charges as shown in the Budget and Regular Estimates for 1861-62, of which the following is an example.

9. In the former there are two heads of charge "Civil and Political Establishments, including all Contingent Charges," and "Eastern Settlements," amounting together to 3,192,171*l.* These heads do not appear in the Regular Estimate, but there are several separate heads of "Salaries and Expenses of Public Departments," "Education, Science and Art," "Political Agencies and other Foreign Services," "Superannuation and Retired Allowances and Gratuities for charitable and other purposes," "Civil Contingencies," and "Miscellaneous," amounting together to the sum of 2,809,911*l.* I conclude that these latter heads comprise all that was included under the two heads quoted in the Budget Estimate, but I have no means of determining this accurately.

10. I do not object to changes being made which may simplify the form in which accounts and estimates are transmitted to me, but in all such cases, on the first occasion when the altered statement is sent, an account in the old form should accompany it, or such an explanation of the change as will make clear what the altered headings do include.

11. I must also call your attention to the great want of care which is apparent in these statements. To such of those errors as can be attributed to your having taken an erroneous view of the nature of certain charges, I shall hereafter refer. But the statement forwarded with each of your Financial letters dated the 18th and 19th April last, Nos. 56 and 58, entitled "General Abstract Statement of the Revenues and Charges of India for the year 1860-61, and as estimated for the years 1861-62 and 1862-63," contains an error of another description:—

For the year 1860-61, the total expenditure, <i>excluding</i>	£
Railways, is stated therein at	44,747,949
The revenues at	42,903,234
And the deficit, <i>excluding</i> Railways, is therefore ...	<u>1,844,715</u>

You have, however, stated it at 2,935,470*l.*

Total expenditure, excluding Railways	£
Guaranteed Interest, less Traffic Receipts	44,747,949
Total expenditure, including Railways	<u>45,838,704</u>

12. In the same account you state the expenditure, including the guaranteed interest on Railways, less traffic receipts, *viz.*, 1,090,755*l.* at 45,838,704*l.*

Charges, including Railways	£	45,838,704
Revenues	£	42,903,234
Deficit, including Railways ..	£	<u>2,935,470</u>

14. The whole deficit, including Railways, you state at 4,026,225^l., and it

Deficit, including Railways	£	2,935,470
Guaranteed Interest, less Traffic Receipts	£	1,090,755
	£	<u>4,026,225</u>

diture before you arrived at the deficit of 2,935,470^l.

15. If this were the only error in the Statement, the real deficit would

* In the Account of Receipts and Disbursements of the Home Treasury, transmitted to the Government of India with the Financial Despatch dated the 10th February last "the Charges on the Revenues of India" were stated at .. £5,467,919

As presented to Parliament in May 1862, those Charges are £5,394,646

The Home Charges are stated in the Account received from India at ... £4,339,710

13. Deducting the Revenues, as before, from this sum, it gives the sum of 2,935,470^l., which is, therefore, the deficit including, and not excluding, Railways. I regret to say that, by an arbitrary reduction of the Home Charges to the extent of upwards of 1,000,000^l.,* an error is made in unduly reducing the charge.

SIR CHARLES WOOD,
9th June 1862.

16. The real deficit is thus brought to very nearly the sum at which you state it, the two errors, one on each side of the account, balancing each other.

17. I now proceed to compare the estimate for 1860-61, with the actual accounts which I have now received.

18. The Regular Estimate presented to Parliament in May 1861 stated:—

The Charges in India at	£	39,610,885
The Charges in England at	£	5,384,340
And Guaranteed Interest on Railway Capital in India and England, less net Traffic Receipts	£	1,072,771
Total Charges	£	<u>46,067,996</u>
The total Revenues were estimated at	£	39,509,631
Showing an estimated excess of Expenditure over Income of	£	<u>6,558,365</u>

19. In the Actual Accounts now received from your Government,

The Charges in India are stated at	£	40,408,239
The Charges in England were	£	5,394,646
Guaranteed Interest on Railway Capital, less net Traffic Receipts	£	1,121,734
Total Charges	£	<u>46,924,619</u>
The Revenues amounted to	£	42,903,234
Showing an excess of Expenditure over Income of	£	<u>4,021,385</u>

being an improvement of 2,536,980^l., as compared with the Regular Estimate.

1860-61.		£
Revenues, per Actual Accounts	£	42,903,234
„ per Regular Estimate	£	39,509,631
Increase	£	<u>3,393,603</u>
		£
Charges, per Actual Accounts	£	40,408,239
„ per Regular Estimate	£	39,610,885
Increase	£	<u>797,354</u>

20. In the Revenue, the Actual Accounts as compared with the Estimate, show an improvement of no less than 3,393,603^l., while the Actual Charges in India have exceeded the Estimate by 797,354^l.

SIR CHARLES WOOD,
9th June 1862.

21. With reference to the increase in the Revenue, you state in your Financial letter of the 7th March last, that, under the old system, no means existed of making estimates with great accuracy; that in the estimates for 1860-61 sufficient allowance had not been made for the rapidly progressive increase consequent on the prosperity of the country after the suppression of the mutiny, and that the Revenue of India has been in reality more buoyant than, in the absence of accurate returns, your Government were fully aware of.

22. I am glad to find that your observations appear to be well warranted; and I trust that the expectations which you express of buoyancy of the Revenue will be fulfilled.

23. The Charges in India, which were estimated at 39,610,885*l.*, were actually 40,408,239*l.*, showing an increase of 797,354*l.*, of which, 451,001*l.* was in the Military Department, in regard to which you observe that it is not a larger difference than might have been anticipated in a year when heavy arrears from the mutiny were still not completely wound up, and great changes were in progress in almost every Department. Increases of 176,245*l.* also occurred in the Indian Navy and Marine Charges.

24. So far as relates to the Military and Marine Charges, the increases must, I apprehend, be regarded as the consequence of reductions which were ordered not having been effected so early as had been anticipated. With respect to the other principal heads of charge, the small increases are not more than the difference which may be expected to occur between estimated and actual expenditure.

25. Taking, however, the actual Revenues and Charges of the year 1860-61 together, the result must be regarded as very satisfactory, and I am much gratified by the active energy which has been shown by your Government, and by the Governments of Madras and Bombay, by the members of the Finance Department, and by the various other Departments under your Government and under those of the other Presidencies, in carrying into effect the very large reductions by which this satisfactory result has been attained.

26. I proceed now to the consideration of the Estimates for the year 1861-62.

27. I am glad to observe, by the Regular Estimate for that year, that the further experience and information acquired since last spring enables you to estimate the probable income for the year at a larger amount than was contemplated in the Budget Estimate of April 1861. You anticipate an increase in nearly all the principal heads of receipt, and the single exception, in the revenue from salt, is sufficiently accounted for by the diminution of duty-paid salt in the warehouses,

	<i>Revenues.</i>	£
Per Regular Estimate 1861-62	...	42,911,090
„ Budget Estimate	...	41,294,595
Increase in Regular Estimate	...	1,616,495

without there being any reason to suppose that the consumption has been affected. The estimated increase of in-

come above that of the Budget Estimate is 1,616,495*l.*

28. I am sorry, however, to observe that there is a corresponding augmentation in your estimate of expenditure, the increase being stated by you at 1,714,370*l.* Of that sum, 714,000*l.* is attributable to the increased rate paid to the cultivators of opium, and also to the increase of cultivation; and there is an augmented expenditure for Public Works. There is an increase under the head of Law and Justice; but, so far as relates to these items, the excess is not more than might reasonably be anticipated with reference to the changes in progress.

29. There are, however, items of expenditure omitted which I consider it is necessary to add, and the addition of which will, I am sorry to say, materially alter the financial result of the year, as shown in both the Budget and Regular Estimates received from your Government.

30. It was stated in your Financial letter dated the 2nd May 1861, No. 63, that the item of what is called "Loss by Exchange" (and which, in the Regular Estimate of 1860-61 was 473,324*l.*), had been omitted in the Budget Estimate of 1861-62. This item had been included for some years in the India Accounts, though entered under the general head of Miscellaneous Charges. In the years 1859-60 and 1860-61 it was, in accordance with direc-

tions from hence, shown separately. It seemed to me, therefore, not only wrong in principle, but as changing the character of the accounts, and giving an erroneous view of the charges on the Indian Revenues, to exclude it; and, therefore, in my Financial despatch of the 2nd August 1861, No. 122, I directed that this item should be included. As the expected expenditure on railroads in 1861-62 would be about the same as in 1860-61, I desired that the sum should be stated at 473,324*l.* It now turns out, as I learn by Mr. Laing's Minute enclosed in your Financial letter dated the 18th December 1861, No. 219, that, contrary to your intentions, it had already been included, by mistake, in the Budget Estimate under the head "Miscellaneous—Part of Civil and Political Establishments." On a careful examination; however, of your Regular Estimate, it appears to be omitted. No sum is separately stated for it, as should have been done if you had intended to include it; and I see no head of charge, under the items of Miscellaneous Expenditure, stated in the Regular Estimate, which would admit of its being included therein. I cannot but conclude, therefore, that it has been omitted. It will be necessary to add this item to the charge shown in your Regular Estimate for 1861-62.

SIR CHARLES WOOD,
9th June 1862.

31. In the Budget Estimate, Mr. Laing had, without assigning any sufficient reason, taken off 317,306*l.* from the Estimate of Home Expenditure sent to you from this country in February 1861, and which I also apprised you, in my despatch of the 2nd August 1861, ought to be included.

32. I observe, however, that, notwithstanding that direction, the total sum taken in the Regular Estimate for Home Expenditure is the same as that stated in the Budget Estimate, *viz.*, 5,005,760*l.*, and the only inference from this is that the necessary correction has not been made.

33. In your Budget Estimate of April 1861 it was anticipated that a sum of 500,000*l.* might be obtained from local taxation towards the expense of public works, in diminution of the charge on the public revenue, and that sum was deducted from the total charge. This expectation has not been realized, and that sum has, consequently, not been deducted from the general charge under that head in the Regular Estimate.

34. There must, consequently, be added to the Budget and Regular Estimates of Charges for 1861-62, as received from your Government, the following sums:—

	To the Budget Estimate, 1861-62.	To the Regular Estimate, 1861-62.
	£	£
Transfer to Local Budget, not effected	.. 500,000	—
Error in estimated Home Charges	... 317,306	317,306
Loss by exchange on Railway transactions	—	473,324
Total	817,306	790,630

After making these corrections, the charges will stand as follow:—

Budget Estimate, total charges, India and England	... £41,872,005
Regular " " " " " "	... 43,559,699

and the increase of estimated expenditure is, therefore, 1,687,694*l.*

35. In your Budget Estimate of 1861-62, you showed a probable surplus of 239,896*l.*

36. Applying the corrections which then appeared to be necessary, of 317,306*l.*, error in Home Charges, and 473,324*l.*, "Loss by Exchange," I anticipated a deficit of upwards of half a million, if the sum of 500,000*l.* were transferred to local budgets, or of upwards of one million, if that sum were not so transferred.

37. Your Regular Estimate now received shows a surplus of 142,021*l.* There must be added, however, to the Charges stated therein, 317,306*l.*, error in Home Charges, and also 473,324*l.*, "Loss by Exchange," which, though unintentionally included by you in the Budget, has been omitted in your Regular Estimate.

SIR CHARLES WOOD,

9th June 1862	Error in Home Charges	...	...	...	£	317,306
	Loss by Exchange	...	...	...		473,324
						<u>790,630</u>
	Estimated Surplus	...	...	...		142,021
				Deficit		<u>648,609</u>

39. But since the estimate of February 1861 was

Deficit as already shown	...	...	...	£	648,609
Home Charges—					
Estimate, February 1861	...	5,323,066			
" May 1862	...	5,310,308			
			12,758		
Guaranteed Interest—					
Estimate, February 1861	...	1,300,000			
" May 1862	...	1,259,662			
			40,338		
				53,096	
				<u>595,513</u>	

probable deficit of 1861-62: 595,513.

40. In the Regular Estimate presented to Parliament in May last, the estimated deficit of 1861-62 was stated at 122,189, but in that estimate the

Deficit, as per Regular Estimate presented to Parliament	...	122,189
Add—Loss by exchange on Railway transactions	...	473,324
		<u>595,513</u>

loss by exchange was not included, as it could not be determined with certainty, before the time when it was necessary to present the accounts, that it had been omitted in the estimate forwarded by you. The addition of that sum will make the deficit, as above, 595,513.

41. I now turn to the Budget Estimate for the current year, in which, I am sorry to say, errors of a similar description to those on which I have been remarking appear to exist.

42. If no change were made in the Assessed Taxes and Customs Duty, you estimate that the Revenue of 1862-63 would amount to 43,796,200. I do not at all question that estimate of probable receipts. Indeed, so far as I am enabled to form an opinion, it does not appear to be too sanguine, and, from the experience of former years, there seems to be ground for hope that the actual result may be more favourable than you estimate.

43. It is obvious that I must also adopt your estimate of expenditure in India.

44. I must observe, however, that so far as I can, make out from the figures, you have again omitted the item of what is called "Loss by Exchange." The probable expenditure on railroads in India for this year I assume at 5,500,000, and this item will, therefore, amount to 458,333.

45. There is, however, a more serious error in your Budget Estimate. With my Financial Despatch dated the 18th February last, I forwarded to you an estimate of the probable receipts and disbursements of the Home Treasury for the year 1862-63.

46. In that estimate the disbursements at home which are part of the annual charge on Indian Revenues were stated at 5,664,232.

47. From this sum you have deducted 702,246, and have stated the difference, 4,961,986, as the net home expenditure.

48. The sum of 702,246 is thus made up, as appears by the statement forwarded by you, viz. :—

Receipts.

From Her Majesty's Treasury, on account of charges of late		
China Expedition	...	£450,000
From the War Office and other Public Departments, in re-		
payment of advances in India on account of the Imperial		
Government	...	79,446
Miscellaneous Receipts	...	142,800
Interest from investment of Cash Balance, &c.	...	30,000
		<u>702,246</u>

38. If no alteration were required in the estimate sent to you in February 1861, these additions would convert your estimated surplus of 142,021 into a deficit of 648,609.

forwarded to you, more recent information has enabled me to reduce the Home Charges from 5,323,066 to 5,310,308, and the Guaranteed Interest on Railway Capital, less net Traffic Receipts, from 1,300,000 to 1,259,662. These alterations will make the

49. I cannot understand the principle on which you have included, in the income of the year 1862-63, the re-payment of advances made in India on account of the Imperial Government. They were properly included as receipts in the estimate of the receipts and disbursements of the Home Treasury as being part of the ways and means available for meeting Home disbursements.

SIR CHARLES WOOD,
9th June 1862.

50. The advances or payments in question formed no part of the annual charge of the year in which they were made, and the re-payment of them can form no part of the income of the year in which it occurs. It is contrary to the first principles of account to treat sums so repaid as part of the income of the year, and as such to deduct them from the charge on the revenues shown in the Home Estimate.

51. Allowing that the other two items in the above statement might be considered as income, the utmost sum to be deducted from the estimate of Home Charges would be 172,800*l.*, and therefore the amount of what you have called "net expenditure in England" for 1862-63 would be 5,491,432*l.*

Miscellaneous Receipts	...	...	...	£	142,800
Interest from investment of Cash Balance, &c.	...	...	...	£	30,000
					<u>172,800</u>
Estimated Home Charges	...	...	...	£	5,664,232
Less Miscellaneous Receipts, &c.	..	..	..	£	172,800
					<u>5,491,432</u>

52. Mr. Laing stated the estimated expenditure in India in 1862-63, before any increase was made thereto,

At	...	...	...	£	35,905,521
And he took the Home Charges at	...	...	...	£	4,961,936
The Guaranteed Interest on Railway Capital at	...	...	...	£	1,500,000
Making together	...	...	...	£	<u>42,367,507</u>
And estimated on these figures a surplus of	..	..	..	£	<u>1,428,693</u>

53. If the account be corrected according to the foregoing views, the expenditure will be—

In India, as estimated	...	...	...	£	35,905,521
England	...	...	...	£	5,491,432
Guaranteed Interest on Railway Capital	...	...	...	£	1,500,000
Loss by exchange on Railway transactions	...	...	...	£	458,333
					<u>43,355,286</u>

and, deducting this sum from the anticipated Revenue of 43,796,200*l.*, the surplus would actually be 440,914*l.*

Revenue	1862-63.	...	...	£	43,796,200
Charges, India and England	...	...	...	£	43,355,286
					<u>440,914</u>

54. The result of the year 1861-62 will be, there is too much reason to fear, a deficit of 595,513*l.*, and the year 1862-63, if no change took place either in Revenue or Charge, a surplus of 440,914*l.*

55. I have now to refer to the course which your Government has pursued in these two years, acting on the erroneous views of the finances stated by Mr. Laing.

56. In the year 1861-62 you abandoned the License Tax, of which the estimated produce was from 500,000*l.* to 600,000*l.*

57. In regard to 1862-63, you have introduced Bills which will sur-

Of Customs Revenue	...	...	...	£	475,000
„ Income Tax	...	...	...	£	250,000
Together	...	...	...	£	<u>725,000</u>

SIR CHARLES WOOD,

9th June 1862.

Public Works ...	...	...	...	...	£ 380,000
Education, Science and Art ...	...	...	...	...	146,453
					<u>526,453</u>

and you propose to increase expenditure on certain heads to the extent of 526,453l. If the proposed changes were all made, viz. :—

	£			£
Remissions of Revenue and increased Charges	1,251,453	Remissions of taxation ...	...	725,000
Surplus before those changes	440,914	and increased expenditure	...	526,453
				<u>1,251,453</u>
Deficit	£810,539	Together	...	...

the result of the year would be a deficit of 810,539l.

58. I trust that, with the warning which this bare statement conveys, it is unnecessary to press upon you further the absolute necessity of the utmost care and accuracy in all financial matters. The first and most imperative duty in dealing with the finances of any country is to form as correct an estimate of the income and expenditure as is possible.

59. I am quite aware that circumstances which could not be foreseen may derange the best previous calculations. It is wise to make a fair allowance for such contingencies, both as to the future revenue and expenditure, and, in this respect, I am bound to say that I think the calculations in India have been well and judiciously made.

60. The errors have arisen, I am sorry to observe, from the misuse of materials about which no doubt existed.

61. In the statement of the past expenditure of 1859-60, made in April 1861, the error was caused by using an inaccurate estimate, when the actual account was available. This, however, inaccurate as it was, led to no consequences, as there was no action to be taken upon it.

62. The errors in the Budget Estimate as to the future expenditure of 1861-62, were pointed out by me in my despatch of the 2nd August 1861, No. 122. Nevertheless, they have been repeated in the Regular Estimate for that year, and the License Tax has been abandoned.

63. In this case you have apparently been led into creating a deficit by the mistaken view which you took of your finances.

64. The miscalculation of your expenditure for 1862-63 arises partly from repeating again the error as to the so-called "Loss by Exchange," and partly from the erroneous application of repayments by the Imperial Government as part of the income of the year.

65. Again, taxes have been reduced, and further expenditure promised, on the faith of this erroneous view.

66. It is useless to discuss now what might have been the proper course for you to have pursued, if you had taken a correct view of your financial position, either in the past or in the present year.

67. The License Tax was abandoned in the course of the winter, and the Acts for reducing the duties of customs, and the tax on the lower classes of incomes, will have come into operation before this despatch reaches you.

68. Nor, indeed, should I wish now to keep up the duties which you have abandoned and reduced. I entirely approve of the selection which was made of the duties to be dealt with, and I anticipate the best results from these measures.

69. As, however, it is neither possible nor desirable to continue these taxes, it is only to a further reduction of expenditure that you can look for attaining a real equilibrium of income and charge, which I had hoped to see established in the course of this year at latest.

70. I do not, indeed, consider it at all impossible that this result may still be attained, within the current year, by strenuous exertions for such further reductions as, I am inclined to think, may be made without detriment to the public service.

71. I regret that the increased appropriation of sums for education and for public works must be abandoned, but, even after this has been done, I

gather from Mr. Laing's statement that the Local Governments will still have considerable funds at their disposal for the promotion of works of importance.

SIR CHARLES WOOD,
9th June 1862.

		£	
Deficit, as shown in para. 57	...	810,539	If the appropriation of
Deduct from stoppage of proposed expenditure	...	526,453	526,453 <i>l.</i> for increased
	...	—	expenditure be not
Deficit	...	284,086	made, the estimated
		—	deficit of 1862-63 will
			be reduced to 284,086 <i>l.</i>

72. It will then be necessary to effect further reductions to the extent of rather more than 280,000*l.*, in order to attain an equilibrium.

73. I am glad to observe that you have appointed a Committee to inquire into the Commissariat, in which Department I am inclined to think that reductions may be effected, and I hope that some further reduction of Military charge is possible.

74. I need not impress upon you that, after creating a deficit, it is, more than ever, your imperative duty to enforce, in every Department, the strictest economy, so as to repair the mistake which has been made.

75. I am in hopes, also, although it is not safe to calculate on it yet, that, looking to the buoyancy which the revenue has recently displayed, the income of the year may be somewhat larger than you have anticipated.

76. It has been a source of great satisfaction to watch the financial improvement in India for some time past.

77. In my Financial despatch of the 2nd February 1861, No. 22, I anticipated that, by the further increase of the revenue which your Financial letter of the 18th June 1860, No. 143, led me to hope for, and by a further reduction of charges, the measures for effecting which were already in progress, the income and expenditure of 1861-62 would be nearly equalized.

78. Your Financial letter of the 5th February 1861, No. 16, however, took a more desponding view of the financial prospects of India, but the result has fully justified the expectation which I at that time entertained, inasmuch as if the License Tax had been imposed, as was intended at that time, and if it had realized the anticipated produce of 600,000*l.*, the revenue of last year would have about equalled its expenditure.

79. In the present year I hope that an equilibrium may be obtained; but, at all events, that most desirable object ought to be accomplished in the course of next year.

80. It is also a cause of great satisfaction that a very heavy item of expenditure, that on many of the public works is of what is ordinarily called a reproductive character, and tends to increase the revenue in future years.

81. Of this character also is the charge for guaranteed interest, and also that which has been termed "Loss by Exchange," which arises out of the rate at which the rupee is taken in the accounts with the Railway Companies. Both payments are indispensable under the existing contracts for the construction of the railroads in India, and I cannot doubt the advantage which will be derived from those great works in developing the resources and facilitating the administration of that country, as well as in affording a means of reducing hereafter the military expenditure.

82. In the course now of a very few years we may look for the completion of the great lines of railway, and the increasing traffic receipts, as the lines come into a working state, will, I trust diminish year by year the charge for guaranteed interest.

83. The charge arising out of the arrangement for accounting for the rupee at 1*s.* 10*d.* will cease with the advances for the construction of railways under existing contracts, and, if the present rate of exchange should remain, an advantage corresponding to the present charge will accrue to the revenue on the net receipts of the railways paid into the Indian Treasuries.

84. The sums paid on account of these two heads of charge may, therefore, perhaps be recovered in the course of several years to come, but this depends upon contingencies, some of which may not occur at all; others may not occur for many years, or to the extent which would repay the sums advanced, and I consider it, therefore, the proper course, as I pointed out to you in my Financial despatch dated the 2nd August last, No. 122, and in accordance with the practice up to this time, to continue them, as has hitherto

SIR CHARLES WOOD,
9th June 1862,

been done, among the annual charges on the Indian revenues. The only alternative would be to borrow, year by year, the sum necessary to repay these charges, and add the amount to the Indian debt, but such a course would, in my opinion, be most inexpedient.

85. Whilst, therefore, these items of charge swell the present expenditure, they must, in the course of years, be eventually diminished, and, on a full review of the state of India and of its resources, I cannot entertain any doubt, if the blessings of peace are preserved to us, of the gradual and steady improvement of the main sources of the revenue, as anticipated by Mr. Laing in his financial statement.

86. There is every appearance of the increasing welfare of the people; active exertions are being made to develop in every way the resources of the country, and I sincerely trust that, by a constant attention on the part of your Government to promote the well-being of the vast population under your rule, their political and social state may be rendered such as not only to ensure their happiness, but also, coupled with a prudent economy, to produce a state of financial prosperity beyond the example of any former years.

General Abstract Statement of the Revenues and Charges of India for the year 1860-61, and as estimated for the years 1861-62 and 1862-63.

	1860-61.	1861-62.	1862-63. Estimate.		1860-61.	1861-62	1862-63. Estimate.
	£	£	£		£	£	£
REVENUE AND RECEIPTS.				EXPENDITURE.			
Land, Sayer, and Abkaree	21,016,742	21,183,970	21,588,000	Allowances, Refunds, and Drawbacks	174,832	241,036	230,700
Assessed Taxes	1,002,972	1,942,990	1,583,100	Land Revenue, Sayer, and Abkaree	2,209,251	2,183,888	2,266,700
Customs	2,965,808	2,851,270	2,475,000	Assessed Taxes	75,998	180,934	60,000
Salt	5,002,864	5,110,540	5,054,700	Customs	189,933	238,232	253,800
Opium	6,876,759	6,219,500	6,300,000	Salt	740,142	710,480	725,600
Stamps	1,182,781	1,552,530	1,850,000	Opium	918,487	2,050,000	2,100,000
Post Office	608,524	429,150	480,000	Stamps	58,390	55,329	85,000
Electric Telegraph	53,639	67,080	70,700	Post Office	525,637	555,000	600,000
Mint	288,280	252,920	257,100	Electric Telegraph	153,032	110,276	162,600
Law and Justice and Police	416,853	438,440	493,000	Mint	201,280	118,327	170,700
Marine	283,705	289,020	200,000	Allowances and Assignments under Treaties and Engagements... ..	1,318,067	2,352,994	1,755,100
Public Works	796,533	451,550	650,000	Allowances to District and Village Officers	1,273,240	14,828	531,900
Tributes and Contributions	781,164	796,940	685,300	Miscellaneous	—	56,329	35,800
Miscellaneous	504,944	439,520	450,000	Contingencies, Special and Temporary	—	5,690	8,000
Military	1,261,762	850,000	800,000		7,811,069	8,853,342	8,983,400
Interest	60,314	35,670	33,500	Army	15,838,980	12,800,000	13,200,000
				Indian Navy, Marine	1,048,224	622,888	472,000
				Public Works	4,164,654	3,881,640	4,280,000
				Salaries and expenses of Public Departments	1,080,401	1,157,330	1,203,000
				Law and Justice	2,033,865	1,991,811	2,100,000
				Police	2,219,202	2,187,537	2,051,100
				Education, Science and Art	394,826	353,547	500,000
				Political Agencies and other Foreign Services	177,930	169,767	187,300
				Superannuation and Retired Allowances, and Gratuities for Charitable and other purposes	582,302	611,114	658,800
				Miscellaneous	759,726	330,432	228,600
				Civil Contingencies	1,064,996	827,721	118,100
				Interest	3,232,104	3,316,180	3,367,100
				Expenditure in India	40,408,239	36,468,309	36,329,400
				Net Expenditure in England (see Statement A) for 1862-63	4,389,710	* 5,005,760	4,961,986
				Total Expenditure, excluding Railways	44,747,949	41,469,069	41,291,386
				Guaranteed Interest on Railway Capital, less Net Traffic Receipts	1,090,755	1,300,000	1,500,000
				Total Expenditure, including Railways	45,838,704	42,769,069	42,791,386
Deficit, excluding Railways	*2,935,470	surplus	surplus	Surplus, excluding Railways	deficit	1,442,021	1,679,814
Deficit, including Railways	*4,026,225	surplus	surplus	Surplus, including Railways	deficit	142,021	179,814

FINANCIAL DEPT.,
16th April 1862.

E. DRUMMOND,
Officiating Secretary to the Government of India.

* These deficits are obviously misstated,—
If the total expenditure, *excluding* Railways, be
and the revenues

Again—
If the total expenditure, *including* Railways, be
and the Revenues

The deficit, *excluding* Railways, would be ... £1,344,715

The deficit, *including* Railways, would be .. £2,935,470

INDIA OFFICE,
7th June 1862.

As pointed out in paragraphs 11 to 14 of the Financial Despatch to India, dated 9th June 1862, No. 83.

SIR CHARLES WOOD,

9th June 1862.

A.

HOME CHARGES IN 1862-63.

	£	£
DEBT.		
Dividends to Proprietors of East India Stock	629,970	
Interest on Loans contracted in England	1,550,000	
Total Dividends and Interest ... ..	...	2,179,970
CIVIL.		
Charges General Home Establishment, &c.	162,800	
Amount payable under the Postal arrangement	70,000	
Red Sea and India Telegraph Company—charge to India	18,000	
Mission to the Court of Persia—charge to India	12,000	
Her Majesty's establishment in China—charge to India	15,000	
Miscellaneous (including India Office, site and building, 220,000 <i>l.</i> , and new stores warehouses, 39,000 <i>l.</i>)	339,500	
Pensions and Retired allowances, <i>viz.</i> :—		
Civil pensions, including St. Helena establishment	225,000	
Annuities of the Madras Civil Fund of 1818	4,800	
Furlough and Absentee allowances	92,500	
Telegraph through Persia	230,000	
Total Civil charge ... ..	.....	1,169,600
MILITARY.		
EFFECTIVE CHARGES.		
Imperial Government for Troops serving in India	779,612	
Passage of Troops	89,000	
Passage and outfit of Officers	40,000	
Furlough allowances	220,000	
Total effective charges	1,128,612	
NON-EFFECTIVE CHARGES.		
Imperial Government for Troops serving in India	225,050	
Retired pay, including Colonels' allowances	805,000	
Pensions, Lord Clive's Fund	98,000	
Total non-effective charges	1,128,050	
Total Military charges ... ..	.....	2,256,662
MARINE.		
Pensions and Retired allowances, Indian Navy, and Bengal Pilot Service	27,100	
Maritime compensation	18,900	
Furlough Absentee allowances	12,000	
Total Marine charges ... ..	...	58,000
Total charges in England ... ..	...	5,664,232
DEDUCT RECEIPTS.		
From Her Majesty's Treasury on account of charges of late China Expedition	450,000	
From the War Office and other public Departments in repayment of advances in India on account of the Imperial Government	79,446	
Miscellaneous receipts	142,800	
Interest from investment of Cash Balance, &c.	30,000	
Total receipts ... ..	...	702,246
Net expenditure in England ... ..	...	4,961,986

1863-64.

I have considered in Council your Financial letter dated the 23rd March last, No. 37, the Actual Accounts of the Revenues and Charges of India for 1861-62, the Regular Estimates for 1862-63, therewith forwarded, the Financial Statement made on behalf of the Government of India by Sir Charles Trevelyan on the 30th April, the Abstracts of the Budget Estimate, and Estimate of Cash Balances for the year 1863-64, which were transmitted with your Financial letter dated the 5th May last, No. 58, and your Financial letter dated the 22nd May, No. 62, containing your observations on that Estimate, and I now proceed to make such observations upon them as seem to me to be required.

SIR CHARLES WOOD.
No. 115 dated 16th
July 1863.

2. As regards the Revenues and Charges of the year 1861-62, the Regular Estimate transmitted with your Financial letter dated the 7th March 1862, No. 38, gave the following as the probable amounts:—

Revenues	...	£42,911,090
Charges—In India	... £36,463,309	
In England	... 5,005,760	
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	... 1,300,000	
		<u>42,769,069</u>
Estimated Surplus 1861-62	... ..	<u>£ 142,021</u>

3. In my Financial despatch dated the 9th June 1862, No. 83, I pointed out to you, that, adopting generally your Estimate of Revenues and Charges, but adding to the latter the amount of the loss by exchange, and making certain necessary adjustments therein in regard to the items of

Home Charges and Guaranteed Interest on Railway Capital, the probable result would be a deficit of 595,513*l.*

4. The Actual Accounts which have now been received from you and presented to Parliament, after the correction I was enabled to make as to Home expenditure, whilst they show an increase of expenditure, show a still larger increase of receipt, the effect of which, I am

happy to say, is to reduce the deficit on the year to only 50,628*l.*

5. The increase of charge in India was 309,123*l.*, and that of guaranteed interest on Railway Capital 165,418*l.* These increases were counterbalanced to some extent by a decrease of Home Charge of 101,044*l.*, while the net increase of revenue was 918,382*l.* If this extraordinary increase of revenue had not occurred, the final result would have

been a deficit of no less than 969,010*l.*

6. The most considerable improvement in the Revenue was under the head of Land, which exceeded the Estimate by 862,930*l.*, of which the only explanation given in your letter is, that 427,900*l.* of the increase is attributable to an alteration in the mode of stating the accounts in the North-West

SIR CHARLES WOOD.

16th July 1863.

Provinces, "where instalments of revenue are often paid in anticipation of the days fixed for their receipt, and such payments have hitherto been placed in suspense until the commencement of the year to which they properly belong," whereas, under the Budget Rules, all payments, whether due to the year or in anticipation, are at once credited as Revenue of the year in which they are made. It appears also, from Sir Charles Trevelyan's statement, that a much larger sum was obtained from the sale of Khas Mehals in 1861-62 than in 1862-63, and it is probable, therefore, that the large amount of Revenue in 1861-62 under the head of Land is in some measure attributable to those sales. Both sources of increase in that year must, therefore, apparently be regarded as exceptional, and not likely to recur.

7. The other principal increases beyond the Estimate were under the heads of Assessed Taxes, 111,706*l.*; Opium, 139,769*l.*; Stamps, 140,687*l.*; Mint, 127,815*l.*; and Public Works, 137,308*l.*, the last being partly due to arrears of Canal Collections in the North-West Provinces, and partly to larger receipts of tolls and fees, and sums transferred from local funds.

8. The increases already specified, and others of smaller amount, gave a total increase of 1,644,383*l.*, but, on the other hand, decreases of Revenue occurred amounting to 726,001*l.*,

Increases of Revenue	...	...	...£ 1,644,383
Decreases of ditto	...	...	... 726,001
Net Increase			.. £ 918,382

of which 547,459*l.* under Salt is described as the result of a much larger quantity of English salt, which had paid duty in previous years, having been taken out for consumption in 1861-62 and substituted for salt of Indian manufacture, which would have paid duty in that year.

9. Although the Charges in India under all heads exceeded the Estimate, as already observed, by 309,123*l.*, the increase under Army was 881,900*l.*, which is stated by you to be due wholly to payments of arrears, not calculated on in the Regular Estimate, and to the omission from that Estimate of the cost of stores from

England. There is ground for hoping that in future years similar errors of estimate will not occur, but it is obvious that there is a tendency in the Military Charges to exceed the sums estimated, and the large excess of 881,900*l.* in them indicates the necessity for constant watchfulness, in regard to these Charges, on the part of your Government.

10. It is important to notice that the comparatively favourable result of the year 1861-62 is in great measure attributable to increased receipt and diminished charge in the Opium Revenue, the receipts from which exceeded the Estimate by 139,769*l.*, while the actual cost and charges of collection were 600,535*l.* below the Estimate.

11. I now turn to the Regular Estimate for 1862-63, which exhibits a marked improvement as compared with the Budget Estimate.

12. Your Budget Estimate for that year stated the revenues and charges as follows:—

Revenues	...	...	...	...	£42,971,200
Charges in India	...	...	...	£36,329,400	
Do. in England	...	...	...	4,961,986	
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	...	...	...	1,500,000	
					<u>42,791,386</u>
Estimated Surplus	...	...	...		£ 179,814

13. But, as shown in my Financial Despatch of the 9th June 1862, the loss by exchange had been omitted, and the probable charges in England were under-stated in your Estimate; and, when the necessary adjustments had been made in regard to those items, the probable deficit, assuming that your Estimate of Revenues and Charges were in other respects realised, would have exceeded 800,000*l.*

1862-63.			
Revenues, per Revised Estimate of Dec. 1862	...	...	£43,990,000
Do. per Budget Estimate	...	...	42,971,200
Increase	...	...	£1,018,800
Charges in India, per revised Estimate of Dec. 1862, including loss by Exchange	...	...	£37,490,000
Do in England	...	...	5,491,432
Guaranteed Interest on Railway Capital	...	...	1,500,000
			£44,481,432
Charges in India, per Budget Estimate	...	£36,329,400	
Add loss by Exchange	...	458,333	
Charges in England	...	5,491,432	
Guaranteed Interest on Railway Capital	...	1,500,000	
			43,779,165
Increase	...	..	£ 702,267

14. In the review of the Budget Estimate which you sent to me in December last, you reckoned on a deficit of 491,432*l.* This was an improvement of about 300,000*l.* on the Budget Estimate, and resulted from an anticipated augmentation in the Revenue of 1,018,800*l.*, which was counterbalanced to the amount of 702,267*l.* by an anticipated increase in the Charges as shown in the margin.

SIR CHARLES WOOD.
16th July 1863.

15. A further improvement appears in the Regular Estimate of March last, according to which, with certain alterations made therein, as explained by Sir Charles Trevelyan, in regard to Charges in England, and Guaranteed Railway Interest, the result would have been a surplus on the year of 936,925*l.* I have, however, been enabled to make still further changes in regard to the Home Charges, and the Regular Estimate, as presented to Parliament, shows a probable surplus of 1,280,596*l.* The following is an Abstract of the probable Revenues and Charges for the year:—

Revenues	...	...	£45,105,700
Charges in India	...	...	£37,228,900
Do. in England	...	...	4,941,835
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	...	...	1,654,369
			43,825,104
Estimated Surplus	...	..	£ 1,280,596

16. It therefore appears that your last Estimate of the Revenue of 1862-63 exceeds the Budget Estimate by 2,134,500*l.* Of this increase 1,550,000*l.* is in the revenue from Opium, 282,800*l.* from Salt, and 304,000*l.* under the heads of Land, Sayer, and Abkaree. There are estimated increases from other sources of Revenue, but they are balanced by decreases under some of the heads.

17. The continuous advance in the revenue from Salt is especially satisfactory, as affording evidence of steady improvement in the condition of the people.

18. You now consider that the Charges in India will exceed the Budget Estimate including 458,333*l.* Loss by Exchange on Railway transactions), by the sum of 441,167*l.* The Loss by Exchange is,

however, estimated by you at only 366,300*l.* The principal increase of Charge is 266,000*l.* under Army, and is attributable to the non-realization of an expectation which prevailed when the Budget Estimate was framed, that India would be immediately relieved of 22 Troops of European Cavalry and one Regiment of European Infantry, as well as to the circumstance that the disbanding a Regiment of Native Cavalry, which your Government had decided on in April 1862, had not been effected.

19. The Home Charges have not amounted to the sum estimated in my Financial despatch of the 9th June 1862, No. 83, in consequence mainly of a considerable part of the estimated expenditure on account of the new India Office and Persian Telegraph Cable having been postponed until the present official year.

20. I should have been glad if the improvement apparent in the Revenue had been more general, and not so much dependent on the single source of Opium; but nevertheless, the prospect of a surplus on the year of 1,280,596*l.* is very gratifying.

SIR CHARLES WOOD.
16th July 1863.

		<i>Revenues.</i>		£
Regular Estimate, 1862-63	...	...	...	45,105,700
Actual Accounts, 1861-62	...	...	...	43,829,472
Increase in 1862-63	...	...	...	1,276,228
		<i>Opium.</i>		
Regular Estimate, 1862-63	...	...	...	7,850,000
Actual Accounts, 1861-62	...	...	...	6,359,269
Increase in 1862-63	...	...	...	1,490,731
		<i>Salt.</i>		
Regular Estimate, 1862-63	...	...	...	5,337,500
Actual Accounts, 1861-62	...	...	...	4,563,081
Increase in 1862-63	...	...	...	774,419
		<i>Assessed Taxes.</i>		
Actual Accounts, 1861-62	...	...	...	2,054,696
Regular Estimate, 1862-63	...	...	...	1,789,800
Decrease in 1862-63	...	...	...	264,896
		<i>Customs.</i>		
Actual Accounts, 1861-62	...	...	...	2,876,139
Regular Estimate, 1862-63	...	...	...	2,387,500
Decrease in 1862-63	...	...	...	488,639

22. The Charges in India shown in the Regular

				£
Charges in India, Actual, 1861-62	...	...	...	37,245,756
Do. Regular Estimate, 1862-63	...	...	...	37,228,500
Decrease in 1862-63	...	...	...	16,856
		<i>Army.</i>		
Actual Accounts, 1861-62	...	...	...	13,681,900
Regular Estimate, 1862-63	...	...	...	12,466,000
Decrease in 1862-63	...	...	...	1,215,900

Claims and Demands upon the Revenues, including Charges of Collection and Cost of Salt and Opium.

Regular Estimate, 1862-63	...	...	...	8,726,700
Actual Accounts, 1861-62	...	...	...	7,766,872
Increase in 1862-63	...	...	...	959,828

Regular Estimate, 1862-63.

				£
Opium, Cost	...	...	...	1,829,000
Charges	...	...	...	164,500
				1,993,500

Actual Accounts, 1861-62.

Opium, Cost	...	...	...	1,296,861
Charges	...	...	...	152,604
				1,449,465
Increase in 1862-63	...	...	...	544,035

Interest.

Regular Estimate, 1862-63	...	...	...	3,410,000
Actual Accounts, 1861-62	...	...	...	3,134,897
Increase in 1862-63	...	...	...	275,103

23. These changes do not call for further remark.

24. I now come to your Budget Estimate for 1863-64.

				£
Budget Estimate, before remissions, 1863-64	...	...	...	45,306,200
Regular Estimate, 1862-63	...	...	...	45,105,700
Increase in 1863-64	...	...	...	200,500
Budget Estimate as above, 1863-64	...	...	...	45,306,200
Actual, 1861-62	...	...	...	43,829,472
Increase in 1863-64	...	...	...	1,476,728

21. Comparing the Regular Estimate for 1862-63 with the Actual Accounts of 1861-62, there is an estimated net improvement in the total Revenues of 1,276,228*l.*, increases amounting to 2,671,266*l.* being apparent under certain heads, and decreases amounting to 1,395,038*l.* under other heads. In Opium there was an increase of no less than 1,490,731*l.*, and from Salt of 774,419*l.* The decreases occurred under Assessed Taxes, Customs, and other heads.

22. The Charges in India shown in the Regular Estimate for 1862-63, viz., 37,228,900*l.*, are nearly of the same amount as the Actual Charges of 1861-62, which were 37,245,756*l.*, the reduction in 1862-63 being only 16,856*l.* But although the total charges are so nearly of the same amount, considerable changes occurred under some of the principal heads. The Regular Estimate for 1862-63 shows an estimated decrease of Army Charges of 1,215,900*l.* On the other hand, there was an increase of no less than 959,828*l.* in the total of the claims and demands upon the Revenues, including Charges of Collection and Cost of Salt and Opium, of which 544,035*l.* was increased Cost and Charges of Opium, and there was also an increased Estimate of 275,103*l.* under the head of interest.

25. If no alterations had been contemplated by your Government in the Income Tax or Customs Duties, the estimated total Revenue of the year would have been 45,306,200*l.*, being 200,500*l.* in excess of the Regular Estimate

for 1862-63, and 1,476,728*l.* above the actual Revenue realized in 1861-62. SIR CHARLES WOOD.

16th July 1863.

	Actual, 1861-62.	Regular Estimate, 1862-63.	Budget Estimate, 1863-64, before remissions
	£	£	£
Land, Sayer, and Forest ...	20,145,398	20,007,000	19,958,900
Abkaree ...	1,786,157	1,885,000	1,839,300
Assessed Taxes ...	2,054,696	1,789,800	1,591,200
Customs ...	2,876,139	2,337,500	2,389,600
Salt ...	4,563,081	5,337,500	5,402,400
Opium ...	6,359,269	7,850,000	8,000,000
Stamps ...	1,693,217	1,532,900	1,523,600
Mint ...	380,735	368,100	350,000
Post Office ...	402,135	430,000	430,000
Electric Telegraph ...	73,452	82,400	85,000
Law and Justice, and Police ...	511,513	518,400	680,200
Marine ...	155,723	278,600	350,000
Public Works ...	588,658	607,500	600,000
Tributes and Contributions ...	730,162	691,000	744,000
Miscellaneous . Civil ...	468,500	400,000	450,000
" Military ...	956,219	900,000	822,000
Interest ...	34,218	40,000	90,000
	43,829,472	45,105,700	46,306,200

Assessed Taxes.

Regular Estimate, 1862-63	£	1,789,800
Budget Estimate, 1863-64	£	1,591,200
Decrease in 1862-63	£	198,600

It appears, from a comparison of receipts under the several heads, that the only material estimated decrease in 1863-64, as compared with the Regular Estimate for 1862-63, is under the head of Assessed Taxes, amounting to 198,600*l.*, while the receipt from Opium is estimated at the sum of 8,000,000*l.*, being 1,640,731*l.* above the actual Opium Revenue of 1861-62. The other principal increase is 161,800*l.* under Law and Justice, and Police, and is explained in Sir Charles Trevelyan's Statement as arising from the circumstance that large municipal contributions towards the expense of the Police, which were previously carried to Local Funds, have now been credited as Revenue.

	Actual 1861-62.	Regular Estimate, 1862-63.	Budget Estimate, 1863-64.
	£	£	£
Allowances, Refunds, and Drawbacks	341,538	371,700	270,800
Land Revenue (including Forest) and Abkaree	2,030,489	2,230,000	2,354,500
Assessed Taxes	121,043	76,400	51,400
Customs	243,547	260,800	244,300
Salt	646,931	556,500	293,100
Opium	1,449,465	1,993,500	2,003,500
Stamps	68,263	97,500	91,000
Mint	106,688	200,000	147,500
Post Office	481,328	550,000	600,000
Electric Telegraph	358,223	380,000	341,200
Allowances and Assignments under Treaties and Engagements	1,640,466	1,567,500	1,745,700
Allowances to District and Village Officers	599,682	535,000	536,200
Miscellaneous	20,742	54,500	50,800
Contingencies, Special and Temporary	...	25,000	8,400
Army	13,681,900	12,466,000	12,646,900
Marine Charges	686,193	500,000	307,000
Public Works	4,742,183	4,600,000	4,995,100
Salaries, and Expenses of Public Departments	1,106,749	1,201,000	1,178,400
Law and Justice	1,951,217	2,175,000	2,329,700
Police	2,163,163	2,100,000	2,280,000
Education, Science and Art	342,593	400,000	461,600
Political Agencies and other Foreign Services	210,670	200,000	225,200
Superannuation and Retired Allowances and Gratuities for charitable and other purposes	703,297	702,500	710,000
Miscellaneous	209,702	250,000	262,300
Civil Contingencies, Special and Temporary	204,782	126,000	57,700
Interest	3,134,397	3,410,000	3,333,000
	37,245,756	37,228,900	37,525,300

26. The charges in India, which amounted in 1861-62 to 37,245,756*l.*, and are stated in the Regular Estimate for 1862-63 at 37,228,900*l.* are estimated for 1863-64 at 37,525,300*l.*, the difference under all heads for 1863-64 being an estimated increase of about 300,000*l.* But although the total Charges in India differ by only that sum, the Charges under some of the heads vary considerably. The following increases of charge are shown in the Budget Estimate for 1863-64, as compared with the Regular Estimate for 1862-63.

SIR CHARLES WOOD.
16th July 1863.

Charges of collection of Land, Forest, and Abkaree				£
Revenues	...	...	...	124,500
Army	...	...	...	180,900
Public Works	...	...	...	395,100
Law and Justice	...	...	...	154,700
Police	...	...	...	180,000
Education, Science, and Art...	...	...	...	61,600

27. The principal decreases of charge, shown on a comparison of the same Estimates, are as under—

				£
Allowances, Refunds, and Drawbacks	...	...	...	100,900
Charges of collecting Salt	...	...	...	263,400
Mint	...	...	...	52,500
Marine Charges	...	...	...	193,000
Civil Contingencies	...	...	...	88,300
Interest	...	...	...	77,000

28. As the increased charge of collecting the Land Revenue arises from additional establishments employed to revise assessments, preparatory to a permanent settlement of the Land Revenue, the increase may be regarded as temporary.

29. The increased estimate under Army is, however, of a more serious nature, the charge being estimated at 12,646,900*l.* In the Financial letter from the Government of India, dated the 2nd May 1861, No. 63, it was observed, that “the result of the detailed estimates of the Military Finance Department, of the cost in India for a year of the establishment of European and Native Army now fixed, is 12,199,240*l.*, to which has been added 600,760*l.*, which is the nearest estimate that can be formed of the additional amount that may be required this year to meet gratuities to Native troops disbanded, bounty to local Europeans on re-enlistment, and the extra pay and other expenses which will go on until the reductions now ordered can be fully carried out.

“The first estimate of 12,199,240*l.* is based on positive data; the second, of 600,760*l.*, is necessarily, to some extent, conjectural. This brings the total Military expenditure in India to 12,800,000*l.* in 1861-62, as against 15,279,005*l.* in 1860-61, showing a saving of 2,479,005*l.* It is right to observe, however, that for about 500,000*l.* or 600,000*l.* of this saving we are indebted to a suspension of the usual demand for stores, owing to the immense accumulations of former years, which are now being used up. This, however, will continue, to a considerable extent, for the next year or two, and in the course of that time, if the country continues tranquil, as we have every reason to hope, we trust that further economy may be found possible, so as to keep the Military expenditure in India at a figure little, if at all, exceeding 12,000,000*l.*, which was the cost of the established Army before the “mutiny.”

30. I have already, at paragraph 9 of this despatch, remarked on the excess of Military expenditure in India in 1861-62, above the Estimate for that year referred to in the foregoing observations of the Government of India, and it is obvious that the continuous efforts of your Government will be required to bring down the Military Charges to the standard which was considered sufficient in that letter.

31. I approve of your having made an increased appropriation in 1863-64 for Public Works, and I should have cordially approved a still larger expenditure on that account if you had considered it possible to make it advantageously.

32. It must be unnecessary for me again to repeat what I have so often impressed upon your Government, as to the expediency of proceeding as rapidly as possible with public works of acknowledged utility. At the present time expenditure for these purposes is of the greatest importance for

meeting the demands for the extension of production in India, and with the surplus which you anticipate, and the large Cash Balances in reserve, Her Majesty's Government are desirous that your expenditure on works of irrigation, cotton roads, or other works calculated to aid the commercial industry of the country should only be limited by the necessity for taking care that full value for the outlay is obtained.

SIR CHARLES WOOD.
16th July 1863

33. The improvement of the Judicial Establishments, and the consolidation of the Supreme and Sudder Courts into High Courts, account for the increased charge under Law and Justice, and the increase under Police is explained as the expense attending the extension of the new Police to Bengal Proper, and the abolition of the Police Battalions, and the old Thannadaree Police.

34. I approve the increased grant for Education, Science and Art.

35. The decrease of Charge connected with the Salt Revenue, consequent on the closing of the salt pans, which has been rendered practicable by the increased consumption of Salt imported from England, arising from the prejudices of the Natives as to its use having given way, is satisfactory as being permanent in its nature. The other heads of Charge in which reductions are shown do not call for remark.

36. On a review of the probable income and expenditure of 1863-64, you considered it expedient to remit 1 per cent. of the Income Tax, by which a loss of Revenue is estimated to be sustained of 285,000*l.*, and to make certain reductions in the Customs duties, causing a probable diminution in 1863-64 of 50,000*l.* I understand that these reductions have given great satisfaction, and I have only to express my approval of them, and especially of the reduction of the duty on iron, a raw material entering largely into numerous articles of manufacture.

37. After making these remissions, you estimate that

The Revenue of 1863-64 will amount to	..	...	£44,971,200
The Charges in India to	...	...	£37,525,300
Do. England	...	...	5,347,300
Guaranteed Interest on Railway Capital, less Net Traffic Receipts.	..	1,617,825	
			£44,490,425

Estimated surplus	..		£ 480,775
			=====

38. It is impossible not to feel some degree of anxiety in regard to your Estimate of Revenue, when so large a receipt from Opium is calculated on as 8,000,000*l.*, but it is, nevertheless, by no means improbable that your estimate may be realized, and even if some falling off should occur, your estimated surplus of 480,775*l.* seems to me to afford a reasonable margin.

39. I shall hereafter refer to the subject of your Cash Balances, and the arrangements to be made in reference thereto.

1864-65.

I have considered in Council your Financial letter dated the 17th March 1864, No. 43, the Actual Accounts of the Revenues and Charges of India for 1862-63, and the Regular Estimate for 1863-64 forwarded

SIR CHARLES WOOD.
No. 170, dated 16th
July 1864.

SIR CHARLES WOOD. therewith, and your Financial letter dated the 9th April 1864, No. 53; with the Budget Estimate for 1864-65.

16th July 1864.

2. In forwarding the Actual Accounts of 1862-63, you state that, compared with the Regular Estimate, the accounts of that year "show improvement to the extent of 1,130,177*l.*, which sum is composed as follows, *viz.* :—

			£
"Increase of Revenues and Receipts	...	...	38,052
"Decrease of Expenditure	...	...	1,092,125
"Together			£1,130,177"

3. It is quite true that, if the comparison be limited to the Regular Estimate for 1862-63, as furnished by your Government, giving an

1862-63.						
	Regular Estimate as received from India.		Regular Estimate as presented to Parliament in May 1863.		Actual Accounts.	
	£	£	£	£	£	£
Revenues	...	45,105,700	...	45,105,700	...	45,143,752
Expenditure in India	37,228,900	-	37,228,900	-	36,800,805	-
Net Expenditure in England	5,491,432	-	4,941,835	-	4,943,428	-
Guaranteed Interest on Railway Capital, &c., less net traffic receipts	1,688,260	-	1,654,369	-	1,572,173	-
	44,408,532		43,825,104		43,316,406	
Surplus	£697,168		£1,280,596		£1,827,346	

estimated surplus of 697,168*l.*, the Actual Accounts show an improvement amounting to the sum stated by you. But it was pointed out in my Financial despatch dated the 16th July 1863, No. 115, that, after making certain adjustments on former estimates, in regard to Home charges, there would probably be a surplus of 1,280,596*l.*, and

that sum was accordingly shown as the probable excess of income over expenditure in the Regular Estimate for 1862-63, presented to Parliament in May 1863.

4. It is consequently with that estimate that a comparison should properly be made, for, of the sum of 1,130,177*l.*, by which you state that the Actual Accounts give a more favourable result than the Regular Estimate, the reduction of no less than 583,428*l.* under the heads of Expenditure in England, and net Guaranteed Railway Interest, had been already taken into account in the Regular Estimate presented to Parliament.

Net Expenditure in England	...	£	549,597
Guaranteed Interest on Railway Capital, less net traffic receipts			33,831
			£583,428

5. Comparing the principal heads of Actual Revenues and Charges in India with the Regular Estimate for 1862-63, the revenues show a net improvement of 38,052*l.* resulting from changes in the several heads. Of these, the most important increases are 140,147*l.* under Land, and 205,476*l.* in the receipts from Opium. The increase from Land is especially satisfactory, arising, as it does, from an extension of cultivation caused by the high price of agricultural produce. The increase under Opium was anticipated by your Government, and calls for no remark. The principal head in

which the actual receipts have been less than the estimate is Public Works, and is attributable to the amount having been over-estimated to the extent of 163,947*l*.

SIR CHARLES WOOD,
16th July, 1864.

6. The actual expenditure for 1862-63 was within the estimate under most heads, the only important exceptions being increases of 298,325*l*. in Army, and 244,590*l*. in Indian Navy and Marine Charges. The increase of Army Charges appears to have been mainly attributable to the adjustment in 1862-63 of certain outstanding expenditure of former years. The excess of Indian Navy and Marine Charges is attributed by you to the measures for the reduction of the Indian Navy not having been sufficiently effective.

	Increase.	Decrease.
	£	£
Allowances, refunds, and drawbacks	...	29,634
Land Revenue, Sayer, and Abkaree	...	153,030
Assessed Taxes	...	3,724
Customs	...	82,094
Salt	...	55,089
Opium	...	137,222
Stamps	597	...
Mint	...	19,277
Post Office	...	68,804
Electric Telegraph	...	27,311
Allowances and Assignments under Treaties and Engagements	...	31,837
Allowances to District and Village Officers, &c.	33,046	...
Miscellaneous	...	27,919
Contingencies, special and temporary	...	15,217
Army	298,325	...
Indian Navy and Marine	244,590	...
Public Works, including loss by exchange	...	199,368
Salaries and Expenses of Public Departments	...	109,064
Law and Justice	...	100,854
Police	41,269	...
Education, Science, and Art	361	...
Political Agencies and other Foreign Services	41,515	...
Superannuation and Retired Allowances and Gratuities for Charitable and other purposes	38,396	...
Miscellaneous	15,405	...
Civil Contingencies	...	22,835
Interest	...	58,320
	713,504	1,141,599
Deduct increase	...	713,504
Net decrease	...	428,095

7. Notwithstanding these and other smaller increases of charge, the actual Charges in India for 1862-63 show a net decrease of 428,095*l* as compared with the Regular Estimate.

8. Combining the transactions in India and England, it will be seen that the improvement in the Actual Accounts, as compared with the Regular Estimate, is as follows:—

	£	£
Increase of Revenue	...	38,052
Decrease of Expenditure in India	428,095	...
Ditto in Guaranteed Interest on Railway Capital paid in India and in England, less net traffic receipts	82,196	...
	510,291	...
Increase of net Expenditure in England...	1,593	508,698
Total improvement in Actual Account	...	546,750
Whereby the estimated surplus of	...	1,280,596
Has been increased to	...	1,827,346

SIR CHARLES WOOD.
16th July 1864.

9. The previous year, 1861-62, had closed with a deficit of 50,628*l.* The existence of a surplus of 1,827,346*l.* in 1862-63 is consequently very satisfactory, but it is important to remember that a very large portion of it is derived from the increased receipts in 1862-63 under the head of Opium, the most fluctuating source of Indian Revenue.

10. The Regular Estimate for 1863-64 is less favourable than your Budget Estimate for that year, both in the Revenues and Charges in India, the Revenues being now estimated at 44,753,500*l.*, instead of 44,971,200*l.*, and the Charges in India at 38,140,456*l.*, instead of 37,525,300*l.* These differences amount to 832,856*l.* and if no change had occurred in the Home Charges, the estimated surplus in the Budget of 480,775*l.* would have been converted into a deficit of 352,081*l.* You were, however, informed by my Financial despatch dated the 9th March 1864, No. 54, that the Home Charges in 1863-64 would probably be less than the amount entered in your Budget Estimate by 312,118*l.*, and that reduction, added to a further dimi-

		1863-64.	
		Revenues.	Charges.
Per Budget Estimate	...	£ 44,971,200	
" Regular "	...	£ 44,753,500	
Revenues less	...		£ 217,700
India, per Regular Estimate	...	£ 38,140,456	
" " Budget "	...	£ 37,525,300	
			£ 615,156
			£ 832,856

have been converted into a deficit of 352,081*l.* You were, however, informed by my Financial despatch dated the 9th March 1864, No. 54, that the Home Charges in 1863-64 would probably be less than the amount entered in your Budget Estimate by 312,118*l.*, and that reduction, added to a further dimi-

Charges in England, per Budget Estimate	...	£ 5,347,300	
Ditto per Estimate forwarded in my Financial Despatch of 9th March last, No. 54	...	£ 5,035,182	
Less	...		£ 312,118
Guaranteed Railway Interest, less net Traffic Receipts, per Budget Estimate	...	£ 1,617,825	
Ditto, per Regular Estimate received from India	...	£ 1,546,333	
			£ 71,492
Decreased Charge in England	...	£ 383,610	
			£ 352,081
			£ 31,529

nation estimated by you of 71,492*l.*, in the net Guaranteed Interest on Railway Capital, gave, according to the information in your possession, a probable surplus of 31,529*l.* in 1863-64.

11. The most recent estimate, however, of net Charges in England in 1863-64 is 4,782,747*l.*, being 252,435*l.* less than the amount stated in my despatch of the 30th January 1864, No. 13, and although the net Guaranteed Railway Interest is estimated at 26,075*l.* more than the

amount included in your Regular Estimate, the probable surplus of 1863-64 is thus increased to 257,889*l.* which is accordingly shown as the estimated result in the Regular Estimate presented to Parliament.

Charges in England per Regular Estimate received from India	...	£ 5,035,182	
Ditto, per most recent Estimate	...	£ 4,782,747	
Guaranteed Railway Interest, less net Traffic Receipts, per most recent Estimate	...	£ 1,572,408	
Ditto, Regular Estimate received from India	...	£ 1,546,333	
			£ 26,075
Add Surplus per Regular-Estimate received from India	...	£ 226,360	
			£ 31,529
			£ 257,889

12. The decrease in the Revenues of 217,700*l.*, shown in the Regular, SIR CHARLES WOOD.

16th July 1864

1863-64.		Regular Estimate compared with Budget Estimate.	
		Increase.	Decrease.
<i>Revenues.</i>		£	£
Land	...	572,100	....
Forest	...	41,900	..
Abkaree	...	154,700	..
Assessed Taxes	...	88,800	..
Customs	...	..	15,400
Salt	...	..	124,100
Opium	...	..	1,150,000
Stamps	...	208,600	..
Mint	...	40,000	..
Law and Justice and Police	...	56,800	..
Public Works	..	..	250,700
Miscellaneous Civil	...	260,000	..
Military	...	..	125,400
Interest	..	25,000	..
		1,447,900	1,665,600
			1,447,900
Net decrease	...	....	£217,700

as compared with the Budget Estimate, arises from changes under the heads specified in the margin, and includes an estimated deficiency of no less than 1,150,000*l.* in the receipts from Opium, which is attributed to the fact that, while in 1862-63 every available chest was sent to Bombay and paid the Pass Duty, in 1863-64 a large number of chests are held back, awaiting a better state of the money market.

The other decreases of revenue are attributed to exceptional causes, and do not call for remark. It is satisfactory to find that, in the important head of Land Revenue, the improvement is progressive, and is estimated to exceed by 572,100*l.* the amount stated in the Budget Estimate, arising altogether, as stated by Sir Charles Trevelyan, from increased cultivation. The increases under other heads of Revenue amount to 875,800*l.*, but do not call for observation.

13. The increases in the Charges in India, shown in the Regular Estimate, amount to 615,156*l.* of which 150,309*l.* is in the Army Charges, arising mainly out of the Sitana Expedition, and 244,344*l.* in Marine Charges, the effect of the Marine Establishments at Bombay not having been reduced to the extent intended. A further increase of 163,475*l.* is shown in expenditure on Public Works, but it appears to be doubtful whether this amount will be expended.

Comparison of the Regular Estimate 1863-64 with the Actual Accounts 1862-63.

<i>Revenues.</i>	Actual Accounts, 1862-63,	Regular Estimate, 1863-64.	Increase.	Decrease.
	£	£	£	£
Land	19,570,147	20,281,000	710,853	..
Forest	520,580	291,900	..	228,680
Abkaree	1,951,080	1,994,000	42,920	..
Assessed Taxes	1,882,212	1,395,000	..	487,212
Customs	2,464,366	2,324,200	..	140,166
Salt	5,244,150	5,278,300	34,150	..
Opium	8,055,476	6,850,000	..	1,205,476
Stamps	1,489,638	1,732,200	242,562	..
Mint	371,116	390,000	18,884	..
Post Office	425,528	430,000	4,472	..
Electric Telegraph	75,525	85,000	9,475	..
Law and Justice and Police	494,342	737,000	242,158	..
Marine	189,046	350,000	160,954	..
Public Works	443,553	349,300	..	94,253
Tributes and Contributions	725,763	744,000	18,237	..
Miscellaneous Civil	404,057	710,000	305,943	..
Military	802,309	696,600	..	105,709
Interest	34,364	115,000	80,636	..
	45,143,752	44,753,500	1,871,244	2,261,496
	44,753,500			1,871,244
	£390,252			£390,252

14. Comparing the Revenues and Charges shown in the Regular Estimate for 1863-64 with the Actual results of 1862-63, it appears that the revenues of 1863-64 are estimated at 390,252*l.* less, and the expenditure at 1,339,651*l.* more than the actual Revenues and Charges of 1862-63.

15. Under certain heads of Revenue there is an estimated increase of 1,871,244*l.*, but the estimated decrease under other

SIR CHARLES WOOD.
16th July 1864.

heads amounts to 2,261,496*l.* The largest estimated increase in 1863-64 are 710,853*l.* from Land Revenue, 242,562*l.* from Stamps, and 242,158*l.* from Law and Justice and Police. On the other hand, the principal decreases are 487,212*l.* in the Assessed Taxes, attributable to reduction in the Income Tax, and 1,205,476*l.* from Opium, the causes of which have been adverted to in para. 12 of this Despatch.

16. Although, therefore, the total revenue of the year is estimated at 390,252*l.* below 1862-64, it is satisfactory to find that the deficiency is the consequence of a reduction of taxation, and that the large falling off in the receipts from Opium is estimated to be fully made up by increases under the more permanent heads of revenue.

<i>Expenditure.</i>	Actual, 1862-63.	Regular Estimate, 1863-64.	Increase.	Decrease.
	£	£	£	£
Allowances, Refunds, and Drawbacks...	342,066	315,300	...	26,766
Land Revenue, Forest and Abkaree	2,076,970	2,340,900	263,930	...
Assessed Taxes	72,676	45,200	...	27,476
Customs	178,706	179,500	794	...
Salt	501,411	336,900	...	164,511
Opium	1,856,278	2,109,400	253,122	...
Stamps	98,097	99,500	1,403	...
Mint	180,723	182,800	2,077	...
Post Office	481,196	515,400	34,204	...
Electric Telegraph	352,689	335,100	...	17,589
Allowances and Assignments, &c.	1,735,663	1,714,900	...	20,763
Allowances to District, &c., Officers	568,046	577,200	9,154	...
Miscellaneous	26,581	43,700	17,119	...
Contingencies, &c.	2,783	11,000	1,217	...
Army	12,764,325	12,765,281	956	...
Marine Charges	744,590	551,200	...	193,390
Public Works, &c.	4,400,632	5,158,575	757,943	...
Salaries, &c., of Public Departments	1,091,936	1,172,300	80,364	...
Law and Justice	2,074,146	2,178,700	104,554	...
Police	2,141,269	2,410,300	269,031	...
Education, Science, and Art	400,361	502,300	101,939	...
Political Agencies, &c.	241,515	188,800	...	52,715
Superannuation Allowances, &c.	740,896	741,500	604	...
Miscellaneous	265,405	278,500	13,095	...
Civil Contingencies	103,165	141,200	38,035	...
Interest	3,351,680	3,245,000	...	106,680
			1,949,541	609,890
			609,890	...
Expenditure in India: Net Increase	.....	.....	1,339,651	...
Net Expenditure in England	4,943,423	5,035,182	91,754	...
Guaranteed Interest on Railway Capital, &c.	1,572,174	1,546,333	...	25,841
			1,431,405	25,841
			25,841	...
Total Expenditure	Net Increase	.....	1,405,564	...

17. In the Charges, the Regular Estimate for 1863-64 shows a net increase of 1,339,651*l.* That amount includes augmentations in the Charges of Collection of Land Revenue of 263,930*l.*, and of Opium of 253,122*l.* The largest increase, however, is in the Public Works expenditure, and amounts to 757,943*l.* The Army Charges are estimated at nearly the same amount as that incurred in the previous year, and the Police Charges at an increase of 269,031*l.*

18. There are also estimated augmentations of charge of 104,554*l.* for Law and Justice, and of 101,939*l.* for Education, Science, and Art, with smaller increase under other heads.

Net increase in the estimated Charges for 1863-64, as compared with actual of 1862-63	...	...	...	£ 1,339,651
Charges of Collection:				
Land Revenue, Forest, and Abkaree	...	£263,930	...	
Cost and Charges of Opium	...	253,122	...	
				517,052
				822,599

19. The increases in the collection of Land Revenue, and cost and charges of Opium, do not call for any observation. These two items account for 527,052*l.* of the net increase on the year,

20. The increase of 757,943*l.* under Public Works must be regarded as SIR CHARLES WOOD: to some extent remunerative. This expenditure, therefore, as well as the increased charges for Law and Justice, Police Charges, and Education, 16th July 1864 Science and Art, appear to be unobjectionable.

Budget Estimate, 1864-65. 21. I now turn to your Budget Estimate for 1864-65.

22. You estimate the total Revenues and Receipts of the year at

	£46,163,870
The Expenditure in India at	£38,787,742
Net Expenditure in England	4,929,924
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	1,622,916
	45,340,582
Estimated surplus	£823,288

23. The estimated Revenues of 1864-65 exceed by 1,410,370*l.* the amount shown in your Regular Estimate of 1863-64.

24. In the Budget Estimate for 1864-65 the Land Revenue shows a diminution of 16,000*l.*, which you consider a low estimate, and there are increases both in the Forest and Abkaree receipts.

25. Of the total increase of 1,410,370*l.*, no less than 1,350,000*l.* is from

	Actual, 1862-63.	Regular Estimate, 1863-64	Budget Estimate, 1864-65.
	£	£	£
Land ..	19,570,147	20,281,000	20,265,000
Forest ..	520,580	291,900	320,150
Abkaree ..	1,951,080	1,994,000	2,087,680
Assessed Taxes ..	1,882,212	1,395,000	1,187,660
Customs ..	2,464,366	2,324,200	2,311,060
Salt ..	5,244,150	5,278,300	5,442,510
Opium ..	8,055,476	6,850,000	8,200,000
Stamps ..	1,489,638	1,732,200	1,744,270
Mint ..	371,116	390,000	428,500
Post Office ..	425,528	430,000	485,440
Electric Telegraph ..	75,525	85,000	103,450
Law and Justice and Police ..	494,842	737,000	660,740
Marine ..	189,046	350,000	350,000
Public Works ..	443,553	349,300	617,610
Tributes and Contributions ..	725,763	744,000	744,900
Miscellaneous: Civil ..	404,057	710,000	375,200
Military ..	802,309	696,600	661,300
Interest ..	34,364	115,000	178,400
TOTAL	45,143,752	44,753,500	46,163,870

Opium. You consider that the amount which you have estimated to be realized from this source is a low estimate. Confining the view to the average price obtained, to the limited quantity sent to China during the year 1863-64, and to the accumulated Stock which has consequently been held over to the present year, your expectation may not be

unreasonable, but I am not without apprehension that a diminution of the demand for Opium in China may possibly affect the estimate which you have made, and it is obviously important that in any estimate a considerable margin should be allowed in regard to so uncertain a branch of revenue as Opium.

	£	
Salt.		
1864-65, per Budget Estimate	5,442,510	26. In the receipts from Salt you estimate that there will be an increase of 164,210 <i>l.</i> , which you attribute to a general improvement in all parts of India.
1863-64, per Regular Estimate	5,278,300	
	164,210	

27. The increase in Public Works receipts is exceptional, arising, as stated by you, from a sum of 250,000*l.* being estimated to be received from the sale of building allotments on the Esplanade at Bombay.

28. The only considerable decrease of revenue is from "Assessed Taxes," and is attributable to the reduction of the assessment of Income Tax to 3 per cent. taking full effect in 1864-65.

	£	
Charges in India.		
1864-65, per Budget Estimate	38,787,742	29. The Charges in India for 1864-65 are estimated at 38,787,742 <i>l.</i> , being 647,286 <i>l.</i> in excess of the Regular Estimate for 1863-64.
1863-64, per Regular Estimate	38,140,456	
Increase in 1864-65	647,286	

SIR CHARLES WOOD.
16th July 1864.

Charges and Collection of Land Revenue, Forest and
Abkaree.

	£
1864-65, per Budget Estimate	... 2,611,350
1863-64, per Regular Estimate	... 2,340,900
	270,450

"Land Revenue Settlements, the result of which, it is hoped, will be to

30. The most considerable increase is 270,450*l.* in the Charges of collection of Land Revenue, Forest, and Abkaree, which you attribute first to "the employment of establishments in every province to revise the existing

"give to many parts of India the advantage of a permanent limitation of the Land Tax," from which you anticipate that the charge for the settlement and collection of the Land Revenue will be much diminished; and secondly, to the measures taken for the conservation of the Forests.

	Actual, 1862-63.	Regular Estimate, 1863-64.	Budget Estimate, 1864-65.
	£	£	£
Allowances, Refunds and Drawbacks ...	342,066	315,300	237,640
Land Revenue, Forest, and Abkaree ...	2,076,970	2,340,900	2,611,350
Assessed Taxes ...	72,676	45,200	46,513
Customs ...	173,706	179,500	174,753
Salt ...	501,411	336,900	330,797
Opium ...	1,856,278	2,109,400	2,254,162
Stamps ...	98,097	99,500	98,864
Mint ...	180,723	182,800	236,165
Post Office ...	481,196	515,400	492,495
Electric Telegraph ...	352,689	335,100	345,978
Allowances and Assignments under Treaties and Engagements	1,735,663	1,714,900	1,704,132
Allowances to District and Village Officers...	563,046	577,200	588,681
Miscellaneous ...	26,581	43,700	45,216
Contingencies, special and temporary ...	9,783	11,000	1,218
Army ...	12,764,325	12,765,281	12,653,189
Marine Charges ...	744,590	551,200	538,780
Public Works, including one per cent. Income Tax Fund, and loss by Exchange on Railway Transactions	4,400,632	5,158,575	5,358,730
Salaries and Expenses of Public Departments ...	1,091,936	1,172,300	1,187,265
Law and Justice ...	2,074,146	2,178,700	2,354,311
Police ...	2,141,269	2,410,300	2,358,540
Education, Science and Art ...	400,361	502,300	561,175
Political Agencies and other Foreign Services ...	241,515	188,800	226,807
Superannuation and Retired Allowances and Gratuities for Charitable and other purposes ...	740,896	741,500	796,764
Miscellaneous ...	265,405	278,500	279,289
Civil Contingencies ...	103,165	141,200	41,200
Interest ...	3,351,680	3,245,000	3,213,729
Expenditure in India ...	36,800,805	38,140,456	38,787,742
Net Expenditure in England ...	4,943,428	5,035,182	4,929,924
Guaranteed Interest on Railway Capital, less net Traffic Receipts ...	1,572,174	1,546,333	1,622,916
TOTAL EXPENDITURE ...	43,316,407	44,721,971	45,340,582
Surplus, including Railways ...	1,827,345	31,529	823,288
	45,143,752	44,753,500	46,163,870

31. The other principal increases of charge are 144,761*l.* in cost and charges of "Opium," which you describe as "of the nature of an investment to be reproduced in increased receipts," 200,155*l.* on Public Works, 175,611*l.* on Law and Justice, and 58,875*l.* on account

of Education, Science and Art.

32. The increased charge in 1864-65 on account of Public Works includes a special grant to Bombay of 200,000*l.*, irrespective of 204,330*l.* estimated to be required for public buildings at that Presidency. It appears that the Government of Bombay consider that the grant assigned to that Presidency, *viz.*, 620,000*l.*, for works of public improvement, exclusive of the sums above specified, and a proportion of the estimated charge of 300,000*l.* for extraordinary military works, is insufficient; but while it is of great importance that public works of acknowledged utility should be proceeded with as rapidly as possible, you justly remark that the works should at the same time be kept within such limits as not to disturb violently the labour market; and the statement of the Government of Bombay, that the price of materials and labour has so increased that 60 lakhs of rupees will not now do more than 30 or 40 lakhs would have effected three years ago, appears to indicate that the public works which you have authorized are as extensive as could be undertaken with a due regard to economical construction.

33. The increase of 175,611*l.*, under Law and Justice, appears to be consequent on the appointment of additional Judges, and the increase of the salaries of the inferior Judges in Bengal.

34. The increased grant for Education, Science and Art has my approval.

35. Notwithstanding the adoption of measures calculated to increase the efficiency of the Army, and the increased expenditure arising from enhanced prices in the Madras and Bombay Presidencies, it is gratifying to observe that the Army and Police Charges show reductions of 112,092*l.* and 51,760*l.* respectively, as compared with the Regular Estimate for 1863-64.

36. The remaining heads of charge do not call for observation.

37. Considering that the Income Tax will expire on the 31st July 1865, and that the amount calculated must be provided for from some other source, it is satisfactory to me that you determined to refrain from adopting any measure calculated to reduce the estimated surplus of 823,288*l.*

38. The alterations which you have made in the import duties being counterbalanced by changes in the valuations, are not estimated by you to be productive of any increase or loss of revenue, and do not call for remarks.

39. From the estimate of Cash Balances it appears that, after providing for railway advances and other payments in India on account of the Home Treasury, and for my drafts on India during the year to the amount specified in my Financial despatch of the 30th January 1864, No. 13, you estimate that a Cash Balance will remain in the Indian Treasuries, on the 30th April 1865, of 13,819,697*l.*

40. That amount is in excess of what is required for the ordinary purposes of your Government, and as debentures are still outstanding, and will become payable in 1866, to the amount of 4,868,000*l.*, it may possibly be expedient, during the current year, to increase the amount of my drafts, in order to be prepared to pay off the whole or a portion of those debentures on their arrival at maturity.

41. This will, however, in some degree depend on the rates obtainable for bills on India, and I shall give you timely notice of any change in the amount of drafts for which you will have to provide.

1865-66.

I have considered in Council your Financial letter dated the 22nd March 1865, No. 57, with your observations in regard to the Finance and Revenue Accounts of the year 1863-64, and the Regular Estimate for 1864-65, and your Financial letter of the 6th April, No. 66, forwarding the particulars of the Budget Estimate for 1865-66.

SIR CHARLES WOOD.
No. 151, dated 22nd
June 1865

2. The Actual Accounts of 1863-64 show that

The Revenues and Receipts amounted to	...	...	£	44,613,032
The Charges in India to	...	...	£	38,087,772
Charges in England to	...	...		4,777,630
Guaranteed Interest on Railway, &c., Capital	...	...		1,669,283
net	...	...		44,534,685
Surplus	...	...		78,347

3. In your Financial letter No. 57, the Actual Accounts of 1863-64 are compared with the Regular Estimate as furnished by your Government. That Estimate was, however, revised in this country, as regarded Expenditure in England and Guaranteed Railway Interest. It is, therefore, with the Estimate so revised and presented to Parliament that a comparison must be made.

4. The Estimate stated the probable

Revenues and Receipts at	...	...	£	44,753,500
The Charges in India at	...	...	£	38,140,456
Charges in England at	...	...		4,782,747
Guaranteed Interest on Railway, &c., Capital,	...	...		1,572,408
less net Traffic Receipts, at	...	...		44,495,611
Estimated Surplus	...	...		257,889

SIR CHARLES WOOD

22nd June 1865.

5. It appears, therefore, that the Actuals were less than the estimated

REVENUES.	Regular Estimate, 1863-64.	Actual Accounts, 1863-64.	Increase.	Decrease.
	£	£	£	£
Land	20,281,000	20,303,423	22,423	...
Forest (Sayer and Miscellaneous Revenue) ...	291,900	304,443	12,543	...
Abkarree	1,994,000	2,060,270	66,270	...
Assessed Taxes	1,395,000	1,433,622	88,622	...
Customs (exclusive of Salt) ...	2,324,200	2,334,061	59,861	...
Salt	5,278,300	5,035,696	...	242,604
Opium	6,850,000	6,831,999	...	18,001
Stamps	1,732,200	1,735,216	3,016	...
Mint	390,000	369,759	...	20,241
Post Office	430,000	459,892	29,892	...
Electric Telegraph	85,000	91,762	6,762	...
Law and Justice and Police ...	737,000	631,798	...	105,202
Marine	350,000	307,715	...	42,285
Public Works	349,300	461,785	112,485	...
Tributes and Contributions ...	744,000	715,990	...	28,010
Miscellaneous:				
Civil	710,000	615,903	...	94,097
Military	696,600	747,431	50,831	...
Interest	115,000	72,277	...	42,723
	44,753,500	44,613,032	452,695	593,163
	44,613,032			452,695
	140,468			140,468

EXPENDITURE.	Regular Estimate, 1863-64.	Actual Accounts, 1863-64.	Increase.	Decrease.
	£	£	£	£
Allowances, Refunds, and Drawbacks	315,300	333,565	18,265	...
Land Revenue, Forest, and Abkarree	2,340,900	2,384,412	43,512	...
Assessed Taxes	45,200	45,116	...	84
Customs	179,500	177,491	...	2,009
Salt	336,900	305,065	...	31,835
Opium	2,109,400	2,306,493	109,993	...
Stamps	99,500	103,393	3,893	...
Mint	182,800	162,182	...	20,618
Post Office	515,400	502,671	...	12,729
Electric Telegraph	335,100	321,856	...	13,244
Allowances and Assignments under Treaties and Engagements	1,714,900	1,721,335	6,435	...
Allowances to District and Village Officers	577,200	585,089	7,889	...
Miscellaneous	43,700	26,625	...	17,075
Contingencies, special and temporary	11,000	841	...	10,159
	8,806,800	8,976,134		
Army	12,765,281	12,697,069		68,212
Marine Charges	551,200	567,555	16,355	...
Public Works, including loss by Exchange on Railway Transactions	5,158,575	5,375,523	216,948	...
Salaries and Expenses of Public Departments	1,172,300	1,157,451	...	14,849
Law and Justice	2,178,700	2,120,636	...	58,064
Police	2,410,300	2,300,482	...	109,818
Education, Science and Art ...	502,300	441,856	...	60,444
Political Agencies, and other Foreign Services ...	188,800	214,148	25,348	...
Superannuation and Retired Allowances, and Gratuities for Charitable and other purposes	741,500	692,218	...	49,282
Miscellaneous	278,500	334,856	56,356	...
Civil Contingencies	141,200	116,594	...	24,606
Interest	3,245,000	3,093,250	...	151,750
Expenditure in India	38,140,456	38,087,772	592,094	644,778
Net Expenditure in England ...	4,782,747	4,777,630	...	5,117
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,572,408	1,669,283	96,875	...
TOTAL EXPENDITURE	44,495,611	44,534,685	688,969	649,895
		44,495,611	649,895	
		39,074	39,074	

Revenues and Receipts by 140,468*l.*, there having been increased receipts under certain heads to the amount of 452,695*l.*, and decreases under others amounting to 593,163*l.* The largest difference was a decrease of 242,604*l.* in the receipt from Salt, arising from the stagnation in Bengal of the trade in imported salt, consequent on the large stocks in the hands of merchants at the commencement of the year. The variations in the other receipts were of smaller amount, and do not call for remark.

6. The total Charges in India were 52,684*l.* lower than the amount estimated. There were increases under certain heads to the amount of 592,094*l.*, which were more than counterbalance by decreases amounting to 644,778*l.* In Opium there was an increase of 197,093*l.*, caused by additional advances for the cultivation of that drug. There were also increased charges for Public Works.

7. The actual Charges in England differed but little from the Estimate. The Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts, exceeded the Estimate by 96,875*l.*

8. The year 1862-63 had closed with a surplus of 1,827,345*l.* As, in the following year, 1863-64, the surplus was only 78,347*l.*, it is important to ascertain to what changes the less favourable result in the latter year is to be ascribed.

SEE CHARLES WOOD.
22nd June 1865.

				£
1862-63, Revenues and Receipts ...	...	...	...	45,143,752
1863-64, ditto	...	...	...	44,613,032
				<u>530,720</u>
				£
1863-64, Charges in India ...	...	...	...	38,077,772
" ditto in England ...	...	...	...	4,777,630
" Guaranteed Interest, &c.	...	...	...	1,669,283
				<u>44,534,685</u>
				£
1862-63, Charges in India ...	...	...	...	36,800,805
Ditto in England ...	...	...	...	4,943,428
Guaranteed Interest, &c.	...	...	...	1,572,174
				<u>43,316,407</u>
				1,218,278
				<u>1,748,998</u>

9. The Revenues and Receipts of 1863-64 were less by 530,720*l.* than those of 1862-63, and the Charges exceeded those of 1862-63 by 1,218,278*l.*

10. On referring to the detailed statement of the Revenue, it appears that the reduced receipt in 1863-64 is the result of in-

creases and decreases under various heads.

From Opium the receipts in 1863-64 were less than in 1862-63 by 1,223,477*l.*, although the receipts in 1863-64 exceeded those of

Receipts from Opium.

					£
1862-63 ...	...	...	...	...	8,055,476
1863-64 ...	...	...	...	...	6,831,999
					<u>1,223,477</u>

any year previous to 1862-63. The receipts from

Forest (Sayer and Miscellaneous Revenue), Assessed Taxes, Customs, and Salt were also less in 1863-64; but, on the other hand, there were increased receipts from Land, Abkarree, Stamps, Post Office, and other less important items, whereby the net decrease was reduced to the amount stated above.

	Actual, 1862-63.	Actual, 1863-64.	Decrease.
	£	£	£
Forest (Sayer and Miscellaneous Revenue) ...	520,580	304,443	216,137
Assessed Taxes ...	1,882,212	1,483,622	398,590
Customs ...	2,464,366	2,384,061	80,305
Salt ...	5,244,150	5,035,696	208,454

	Actual, 1862-63.	Actual, 1863-64.	Increase.
	£	£	£
Land ...	19,570,147	20,303,423	733,276
Abkarree ...	1,951,080	2,060,270	109,190
Stamps ...	1,489,638	1,735,216	245,578
Post Office ...	425,528	459,882	34,354

11. The increase in the total charges of 1863-64, as compared with 1862-63, results from considerable differences under the several heads. The cost and charges of Salt were less in 1863-64 by 196,346*l.* There was a diminution of 177,035*l.* in the Marine Charges and reductions under some other heads, but in the charges of collect-

Cost and Charges of Salt.

		£
1862-63 ...	...	501,411
1863-64 ...	...	305,065
Decrease in 1863-64 ...	...	<u>196,346</u>

Charges of collecting Land Revenue.

		£
1863-64 ...	...	2,384,412
1862-63 ...	...	2,076,970
Increase in 1863-64 ...	...	<u>307,442</u>

Marine Charges.

		£
1862-63 ...	...	744,590
1863-64 ...	...	567,555
Decrease in 1863-64 ...	...	<u>177,035</u>

Opium.

		£
1863-64 ...	...	2,306,493
1862-63 ...	...	1,856,278
Increase in 1863-64 ...	...	<u>450,215</u>

Public Works.

			£
1863-64 ...	...	...	5,375,523
1862-63 ...	...	...	4,400,632
Increase in 1863-64 ...	...	...	<u>974,891</u>

SIR CHARLES WOOD.
22nd June 1865.

ing the Land Revenue there was an increase of 307,442*l.*; in the cost and charges of Opium, of 450,215*l.*; and in the expenditure on Public Works, of 974,891*l.*, besides increased charges in the salaries and expenses of Public Departments, in Law and Justice, Police, and Education, Science and Art.

12. As observed in my Financial despatch dated 16th July 1864, No. 170, a very large portion of the surplus of 1862-63 was derived from an unexpectedly favourable net receipt from Opium, "the most fluctuating source of Indian revenue." Taking the Opium Receipts and Charges to-

		<i>Opium.</i>		
			£	£
1862-63, Receipts	...	...	8,055,476	
" Charges	...	...	1,856,278	
		Net Receipt		6,199,198
1863-64, Receipts	...	...	6,831,999	
" Charges	...	...	2,306,493	
		Net Receipt		4,525,506
				<u>1,673,692</u>

gether in the years 1862-63 and 1863-64, it will be seen that the falling off in the net receipt under this head amounts to 1,673,692*l.*, and mainly accounts for the important change from a sur-

plus of 1,827,345*l.* in 1862-63 to that of 78,347*l.* in 1863-64. This fact proves that it must be always expedient to estimate the income from Opium with great caution.

13. The Regular Estimate of 1864-65 closes with a probable deficit of 263,377*l.*, instead of a surplus of 823,288*l.*, as anticipated in your budget estimate, a change for the worse wholly attributable to increased charges, as the Revenues and Receipts for that year, which were estimated in April 1864. at 46,163,870*l.*, are now expected to reach 46,284,106*l.*

14. Considerable variations between the budget and regular estimates are, nevertheless, apparent in the several heads of Revenue, the largest of which is a diminution of 685,880*l.* in the estimated receipt from Opium. This falling off is attributed by you to a reduction in the price at the Calcutta sales, consequent on increased production, which had checked the export of Opium from Malwa and Guzerat. There is an anticipated decrease of 170,200*l.* in the Budget Estimate of Land Revenue, from the probable effects of deficiency of rain in the North-West Provinces and Oude, the inundation in the Masulipatam District, and diminished receipts from the sale of Khas Mehals.

15. There are also estimated diminutions of 138,220*l.* in the Post Office

REVENUES AND RECEIPTS.	Budget Estimate, 1864-65.	Regular Estimate, 1864-65.	Increase in Regular Estimate.	Decrease in Regular Estimate.
	£	£	£	£
Land	20,265,000	20,094,800	...	170,200
Forest	320,150	356,130	35,980	...
Abkarree	2,087,680	2,272,950	185,270	...
Assessed Taxes	1,187,660	1,236,490	48,830	...
Customs	2,311,060	2,255,470	...	55,590
Salt	5,442,510	5,624,250	181,740	...
Opium	8,200,000	7,514,120	...	685,880
Stamps	1,744,270	1,912,140	167,870	...
Mint	428,500	414,800	...	13,700
Post Office	485,440	347,220	...	138,220
Electric Telegraph	103,450	93,590	...	9,860
Law and Justice and Police	660,740	716,470	55,730	...
Marine	350,000	312,270	...	37,730
Public Works	617,610	1,016,650	399,040	...
Tributes and Contributions	744,900	742,280	...	2,620
Miscellaneous: Civil	375,200	492,976	117,776	...
Military	661,300	700,000	38,700	...
Interest	178,400	181,500	3,100	...
	<u>46,163,870</u>	<u>46,284,106</u>	<u>1,231,036</u>	<u>1,113,800</u>
			120,236	120,236

revenues, arising from "the abolition of the bullock train," and of 55,590*l.* in the Customs, the import trade continuing in a depressed state. These and small decreases in the Mint, Marine, and Electric Telegraph receipts are, however, more than compensated by increases under other heads. The several increases and decreases are shown in the margin, and they indicate that your budget estimate of April 1864 was carefully made.

16. The charges included in the Regular Estimate for 1864-65, SIR CHARLES WOOD,

22nd June 1865.

EXPENDITURE.	Budget Estimate, 1864-65.	Regular Estimate, 1864-65.	Increase in Regular Estimate.	Decrease in Regular Estimate.
	£	£	£	£
Allowances, Refunds, and Drawbacks ...	287,640	289,470	1,830	...
Land Revenue, Forests, and Abkarree ...	2,611,350	2,601,300	...	10,050
Assessed Taxes ...	46,513	40,370	...	6,143
Customs ...	174,753	190,350	15,597	...
Salt ...	330,797	361,740	30,943	...
Opium ...	2,254,161	2,707,840	453,679	...
Stamps ...	98,864	97,100	...	1,764
Mint ...	236,165	138,340	...	97,825
Post Office ...	492,495	416,310	...	76,185
Electric Telegraph ...	345,978	385,000	39,022	...
Allowances and Assignments under Treaties and Engagements ...	* 1,704,132	1,712,900	8,768	...
Allowances to District and Village Officers ...	588,681	629,940	41,259	...
Miscellaneous ...	45,216	81,510	35,076	...
Contingencies, special and temporary ...	1,218			
	9,217,963	9,652,170	...	...
Army ...	12,658,189	13,327,760	674,571	...
Marine Charges ...	538,780	532,410	...	6,370
Public Works, including one per cent. Income Tax Fund and less by Exchange on Railway Transactions ...	5,358,730	5,685,817	327,087	...
Salaries and Expenses of Public Departments ...	1,187,265	1,171,220	...	16,045
Law and Justice ...	2,354,311	2,306,890	...	47,421
Police ...	2,358,540	2,347,240	...	11,300
Education, Science and Art ...	561,175	585,780	24,605	...
Political Agencies and other Foreign Services ...	226,807	238,760	11,953	...
Superannuation and Retired Allowances, and Gratuities for Charitable and other purposes ...	796,764	962,730	165,966	...
Miscellaneous ...	279,289	408,520	88,031	...
Civil Contingencies ...	41,200			
Interest ...	3,213,729	3,130,500	...	83,229
	38,787,742	40,349,797	1,918,387	356,332
		38,787,742	356,332	
		1,562,055	1,562,055	

and the Budget Estimate for that year, are also stated in the margin. The increases under certain heads amounted to 1,918,387L., the reductions under others amounting to 356,332L.

17. Among the increases in the charges, a sum of 453,679L. was for additional advances for the cultivation of Opium. The Army Charges are estimated to exceed by 674,571L. the sum stated in the budget. Of that amount 272,500L. is ascribed by you to the increased price of provisions, 160,000L. to the Bhootan War, and the remainder to the substitution of full for half batta, increased pay to Medical Officers, and other causes. The expenditure on Public Works is estimated to exceed the budget estimate by 327,087L., the principal items consisting of additional grants to Bombay, and expenditure for the repair of damages caused by the cyclone. The apparent increase of 165,966L. in the charge for Superannuation and Retired Allowances, and Gratuities for Charitable and other purposes, is

nominal, as in the Bombay Budget Estimate the donations to Service Funds had been omitted. The other variations were of comparatively small amount.

SIR CHARLES WOOD.

22nd June 1865.

18. The regular estimate for 1864-65, as compared with the actual accounts of 1863-64, shows a net increase in the Revenues and Receipts of 1,671,074*l*.

Regular Estimate for 1864-65, compared with the Actual Accounts of 1863-64.

REVENUES AND RECEIPTS.	Actual, 1863-64.	Regular Estimate, 1864-65.	Increase in Regular Estimate.	Decrease in Regular Estimate.
	£	£	£	£
Land	20,303,423	20,094,800	...	208,623
Forest (Sayer and Miscellaneous Revenue) ...	304,443	356,130	51,687	...
Abkarree	2,060,270	2,272,950	212,680	...
Assessed Taxes	1,463,622	1,236,490	...	227,132
Customs (exclusive of Salt)	2,384,061	2,255,470	...	128,591
Salt	5,035,696	5,624,250	588,554	...
Opium	6,831,999	7,514,120	682,121	...
Stamps	1,735,216	1,912,140	176,924	...
Mint	369,759	414,800	45,041	...
Post Office	459,882	347,220	...	112,662
Electric Telegraph	91,762	93,590	1,828	...
Law and Justice and Police	631,798	716,470	84,672	...
Marine	307,715	312,270	4,555	...
Public Works	461,785	1,016,650	554,865	...
Tributes and Contributions	715,990	742,280	26,290	...
Miscellaneous :				
Civil	615,909	492,976	...	122,927
Military	747,431	700,000	...	47,431
Interest	72,277	181,500	109,223	...
	44,613,032	46,284,106	2,538,440	867,366
		44,613,032	867,366	
		1,671,074	1,671,074	

19. That estimate, however, shows decreases under certain heads, the causes of which, in the Land Revenue, Customs, and Post Office Receipts, I have already referred to. The decrease in Assessed Taxes is consequent on the reduction of the rate from 4 to 3 per cent.

20. The Forest, Abkarree, Salt, and Stamp Revenues show a steady improvement, and an increase of 682,121*l*. is expected in the receipts from Opium. You also estimate an increase of 554,865*l*. in the receipts from Public Works, from the proceeds of the sale of building sites at Bombay.

21. The state of the revenue is, therefore, satisfactory. It is in respect of the charges that the prospect is calculated to cause anxiety.

22. The total charges in India and England in 1863-64, and as estimated for 1864-65, are as follow:—

	1863-64.	Regular Estimate, 1864-65.
	£	£
Charges in India	38,087,772	40,349,797
Ditto in England	4,777,630	4,802,401
Guaranteed Interest on Railway, &c., Capital, net	1,669,283	1,395,285
	44,534,685	46,547,483

23. The estimated charges of 1864-65, therefore, exceed the actual charges of 1863-64 by 2,012,798*l*; and, if the view be confined to the charges in India, the increase is still larger, amounting to 2,262,025*l*.

SIR CHARLES WOOD.
22nd June 1865.

EXPENDITURE.	1863-64.	Regular Estimate, 1864-55.	Increase.	Decrease.
	£	£	£ •	£
Allowances, Refunds, and Drawbacks ...	333,565	2,89,470	...	44,095
Land Revenue, Forest and Abkaree ...	2,384,412	2,601,300	216,888	...
Assessed Taxes ...	45,116	40,370	...	4,746
Customs ...	177,491	190,350	12,859	...
Salt ...	305,065	361,740	56,675	...
Opium ...	2,306,493	2,707,840	401,347	...
Stamps ...	103,393	97,100	...	6,293
Mint ...	182,182	138,340	...	23,842
Post Office ...	502,671	416,310	...	86,361
Electric Telegraph Allowances and Assignments under Treaties and Engagements ...	321,856	385,000	63,144	...
Allowances to District and Village Officers	1,721,335	1,712,900	...	8,435
Miscellaneous ..	586,089	629,940	44,851	...
Contingencies, special and temporary ...	25,625	81,510	54,044	...
	841			
	6,976,134	9,652,170		
Army ...	12,697,069	13,327,760	630,691	...
Marine Charges ...	567,555	532,410	...	35,145
Public Works, including one per cent Income Tax Fund, and loss by Exchange on Railway Transactions ...	5,375,523	5,685,817	310,294	..
Salaries and expenses of Public Departments ...	1,157,451	1,171,220	13,769	..
Law and Justice ...	2,120,636	2,306,890	186,254	...
Police ...	2,300,482	2,347,240	46,758	...
Education, Science and Art	441,856	585,780	143,924	...
Political Agencies and other Foreign Services	214,148	238,760	24,612	...
Superannuation and Retired Allowances and Gratuities for Charitable and other purposes ...	692,218	962,730	270,512	...
Miscellaneous ...	334,856	408,520	...	42,930
Civil Contingencies	116,594			
Interest ...	3,093,250	3,120,500	37,250	...
EXPENDITURE IN INDIA ..	38,087,772	40,349,797	2,513,872	251,847
		38,087,772	251,847	
		2,262,025	2,262,025	

24. The charges more immediately relating to the Collection of the Revenue show an increase of 676,036*l*. Of that sum, 216,888*l*. occurs under Land Revenue, Forest and Abkaree, and 401,347*l* in the cost and charges of Opium.

25. It will be seen on reference to the statement in the margin, that, with the exception of Marine Charges and Miscellaneous, in which there are decreases of small amount, there is an increase under every head of Charge.

26. The most considerable is in the Army Charges, which, in 1864-65, are estimated to amount to 13,327,760*l*, or 630,691*l*, in excess of the Army Charge of the previous year.

27. This large increase arises from several causes, but mainly from the expenditure sanctioned to meet the increased cost of provisions, from additional charges connected with the Bhootan War, and from the substitution of full for half batta. The whole of this expenditure may have been unavoidable, but there is a manifest tendency of the Military expenditure to increase.

28. The causes of the increase in the Charges for Public Works have been already referred to in para. 17.

29. The apparent increase in the Superannuation and Retired Allowances, and Gratuities for Charitable and other purposes, is to some extent nominal, the charge for Marine Pensions hitherto included among Marine Charges having been recently transferred to this head. The other increases do not call for observation.

SIR CHARLES WOOD.
22nd June 1865.

30. In your Budget for 1865-66 you have estimated—

Budget-Estimate, 1865-66.	The charges in India at	£	40,487,060
		£	5,202,692*
* Charges in England, 1865-66, according to estimate forwarded with Financial despatch to India, dated the 16th January 1875, No. 4 ...	The Charges in England may be estimated at	£	5,202,692*
Less Miscellaneous Receipts ...	Guaranteed Interest on Railway, &c., Capital, less Net Traffic Receipts, at	£	1,234,000
		£	46,923,752
Deduct Charge for Transports over-estimated, <i>vide</i> Financial letter to India, dated 9th May 1865, No. 114 ..	Including 60,000%, the earnings of the Indo-European Telegraph, but excluding your proposed additional Export Duties, the total Revenues and Receipts of that year are estimated at	£	46,548,760
	Estimated Deficit ...	£	374,992
		£	5,202,692

31. The estimated Revenues of 1865-66 are consequently 264,654*l.* in

Budget Estimate, 1865-66	Revenues and Receipts.	£	46,548,760
Regular Estimate, 1864-65		£	46,284,106
	Increase in 1865-66	£	264,654

	Regular- Estimate, 1864-65.	Budget- Estimate, 1865-66.	Increase.	Decrease
	£	£	£	£
Land ...	20,094,800	20,208,190	113,390	...
Forest (Sayer and Miscellaneous Revenue)	356,130	333,000	26,870	...
Abkaree ...	2,272,950	2,335,320	62,370	...
Assessed Taxes ...	1,236,490	551,140	...	685,350
Customs (exclusive of Salt)	2,255,470	2,191,280	...	64,190
Salt ...	5,624,250	5,782,880	158,630	...
Opium ...	7,514,120	7,723,600	209,480	...
Stamps ...	1,912,140	2,058,500	146,360	...
Mint ...	414,800	461,640	46,840	...
Post Office ...	347,220	370,180	22,960	...
Electric Telegraph ...	93,590	190,350	96,760	...
Law and Justice and Police	716,470	848,790	132,320	...
Marine ...	312,270	225,630	...	86,640
Public Works ...	1,016,650	1,000,000	...	16,650
Tributes and Contributions	742,280	722,350	...	19,930
Miscellaneous: Civil	492,976	413,300	...	79,676
Military	700,000	850,000	150,000	...
Interest	181,500	232,610	51,110	...
	46,284,106	46,548,760	1,217,090	952,436
		46,284,106	952,436	
		264,654	264,654	

32. The reduction of the duty on saltpetre from two rupees to one rupee per maund, and the depressed state of the import trade, fully account for the falling off in the estimated receipts from Customs, while the reduction in the Assessed Taxes results from the expiration of the Income Tax.

	Regular Estimate, 1864-65.	Budget Estimate, 1865-66.	Increase	Decrease.
	£	£	£	£
India ...	40,349,797	40,487,060	137,263	...
England ...	4,802,401	5,202,692	400,291	...
Guaranteed Railway Interest, less net Traffic Receipts ...	1,395,285	1,234,000	...	161,285
	46,547,483	46,923,752	376,269	...

are 376,269*l.* in excess of the Regular Estimate for 1864-65, the Charges in India exceeding that estimate by 137,263*l.* Although the total charges approximate so nearly to the Regular Estimate, there are considerable variations under the several heads.

EXPENDITURE.	Regular Estimate, 1864-65.	Budget Estimate, 1865-66	Increase.	Decrease.
	£	£	£	£
Allowances, Refunds, and Drawbacks	289,470	242,960	...	46,510
Land Revenue, Forest, and Abkaree	2,601,800	2,740,640	139,340	
Assessed Taxes	40,370	19,390		20,980
Customs	190,350	190,660	310	
Salt	361,740	347,620	..	14,120
Opium	2,707,840	1,954,800	..	753,040
Stamps	97,100	102,340	5,240	
Mint	138,340	133,480	—	4,860
Post Office	416,310	431,490	15,180	
Electric Telegraph	385,000	441,150	56,150	
Allowances and Assignments under Treaties and Engagements	1,712,900	1,682,900	...	30,000
Allowances to District and Village Officers	629,940	543,860	..	86,080
Miscellaneous Contingencies, special and temporary	81,510	100,100	18,590	
Army	9,652,170	8,931,390		
Marine Charges	13,327,760	13,754,550	426,800	
Public Works, including loss by Exchange on Railway Transactions	532,410	538,200	5,790	
Salaries and Expenses of Public Departments	5,685,817	5,888,640	202,823	
Law and Justice	1,171,220	1,231,560	60,340	
Police	2,306,890	2,517,580	210,690	
Education, Science and Art	2,347,240	2,442,590	95,350	
Political Agencies and other Foreign Services	585,780	622,210	36,430	
Superannuation and Retired Allowances, and Gratuities for Charitable and other purposes	238,760	234,940	..	3,820
Miscellaneous Civil Contingencies	962,730	811,970	..	150,760
Interest	408,520	311,630	..	96,920
	3,130,500	3,201,820	71,320	
	40,349,797	40,487,060	1,344,353	1,207,090
		40,349,797	1,207,092	
		137,263	137,263	

34. In the the SIR CHARLES WOOD
22nd June 1865
 Charges of collection of the Revenues, there is a decrease of 720,780*l.* The Political Agencies and other Foreign Services are less by 3,820*l.*, the Superannuation and Retired Allowances and Gratuities for Charitable and other purposes (which are, nevertheless, in excess of former years) are also less by 150,760*l.*, and the Miscellaneous by 96,920*l.*, than the estimate for 1864-65, but under every other head there is an increase.

35. The Army Charges exceed the estimate for 1864-65 by 426,800*l.*, there having been, as noticed in para. 26 of this despatch, an increase of 630,691*l.* in the Regular Estimate of 1864-65, as compared with 1863-64.

36. You observe that the increase includes the expenses of the Bhootan War, as

well as an increased estimate for "extraordinaries," and that, although since the beginning of last year there have been reductions of

- " The East India Regiment,
- " Four Regiments of Madras Native Infantry,
- " Two Regiments of British Infantry transferred to the Home Establishment,
- " Reductions of Artillery equal to seven European and three Native Batteries,
- " Five Troops of the Mahratta Horse,"

which reductions at any previous time would have made a sensible effect in decreasing the expenditure of the Army " such has been the increase of prices " and wages, that the entire result has disappeared in the great increase " which has taken place in the cost of the remainder of the Force."

37. Taking into consideration these reductions, and the fact that there is, nevertheless, a considerable augmentation of the Army Charges generally, it is obvious that the Military expenditure demands your most serious attention. The Budget Estimate, as sent to this country, only shows the receipts

SIR CHARLES WOOD.
22nd June 1865.

and expenditure under the principals heads, and the observations in your Financial letter do not furnish much additional information. It is, consequently, impracticable to make any comparison in detail of the Army Charges of different years; but I am not without apprehension that, in some departments of Military expenditure, augmentation may be occurring which it would be practicable to avoid.

38. The estimated Public Works expenditure for 1865-66 includes 500,000*l.* for works of Irrigation, and 1,000,000*l.* for new barracks, and exceeds the expenditure of 1864-65 by 202,823*l.*

39. The increase of 60,340*l.* in the salaries and expenses of Public Departments appears to arise from the creation of seven new Currency Circles, the revival of the office of Financial Commissioner in Oude, the appointment of a new Deputy Auditor and Accountant General for British Burmah, and additional cost attendant on the revision of the Secretariats in the Military and Public Works Departments.

40. An augmentation of 210,690*l.* in the Charge for Law and Justice is explained by you as arising "from the increased cost of clothing and provisioning prisoners in jails, and the additions which have been made to the "salaries of the establishments."

41. Of the increase of 95,350*l.* in the Police Charges, no explanation is furnished.

42. The result shown by your Budget Estimate for 1865-66 is, consequently, a deficit of 374,992*l.* Your proposition to levy export duties on certain articles, by which you expected to raise 330,000*l.*, and to add to the income of the year the sum of 1,200,000*l.*, to be raised in England on loan, thus showing a surplus, has been already replied to in my Financial despatch dated the 9th May last, No. 114.

43. In that despatch I informed you that I could not sanction the Bill for imposing export duties, and I requested that you would issue orders to prevent their being levied. Before that despatch reached you, it is probable that some duties may have been received, and steps must, therefore, be taken by your Government for refunding the amount.

44. In regard to the expenditure, the increase of the Army Charges has been already noticed. The same tendency is observable in the salaries and expenses of Public Departments, the Charges for Law and Justice, for Police, Education, Science and Art, for Superannuation and Retired Allowances, and Gratuities for Charitable and other purposes. There can be no doubt that the administrative improvement of the last few years will account, in some degree, for the additional annual cost; but I must earnestly request your attention to the necessity that exists for effecting every practicable reduction in the expenditure of each Department of the Government.

45. The determination of the amount of annual expenditure imperatively required is an essential preliminary to the consideration of the question, whether any, and, if any, what further taxation is called for.

46. It appears from your estimate of Cash Balances that, after providing for Railway advances and other payments in India on account of the Home Treasury, and the sum of 7,200,000*l.* for my drafts during the year 1865-66, you anticipated that the Cash Balances in the Indian Treasuries on the 30th April 1866 would amount to 10,860,430*l.* As, however, you had included in your estimate a sum of 330,000*l.* from additional export duties, which have been disallowed, your balances can only be estimated at 10,530,430*l.*, but that sum appears to be adequate for the ordinary purposes of your Government.

47. In my Financial despatch dated the 16th January 1865, No. 4, I informed you that it was necessary for you to provide the sum of 8,400,000*l.* to meet my drafts during the year 1865-66. But, under the representations which you have made of your inability to provide that amount, those drafts will be limited to 1,700,000*l.*, viz., 3,000,000*l.*, during the first six months of the year, and 4,200,000*l.* during the last six months.

48. Whatever amount may be required to provide for the deficiency can probably be met from the existing resources in this country, without having recourse to any new loan.

1866-67.

Para. 1. I have considered in Council your Financial letters dated the 7th and 27th March last, Nos. 61 and 79, the latter forwarding the Finance and Revenue Accounts for 1864-65, and the Regular Estimate for 1865-66, for presentation to Parliament, together with your subsequent Financial letter dated the 29th March, No. 82, which transmitted the abstract of the Budget Estimate for the year 1866-67.

EARL DE GREY AND
RIPON.
No 142, dated the
25th June 1866.

2. It appears from the Actual Accounts of 1864-65, that--

	£	£
The Revenues and Receipts of that year amount- ed to	...	45,652,897
The Charges in India, including stores from Eng- land, to	39,452,220	
The Charges in England, net, to	4,802,401	
The guaranteed Interest on Railway, &c., capital, net, to	1,591,797	
	<hr/>	45,846,418
Deficit	...	<hr/> <hr/> £193,521

3. In the Regular Estimate for 1864-65, presented to Parliament in May 1865, the deficit was estimated at 263,377*l.* The smaller deficit shown in the Actual Accounts results from a net decrease in the Revenues and Receipts of 631,209*l.*, and in the Charges of 701,065*l.*

	1864-65.				£
Revenues per Regular Estimate	...	...	...	...	46,284,106
Actual Accounts	...	...	...	...	45,652,897
					<hr/> 631,209
Charges per Regular Estimate	...	...	...	...	46,547,463
Actual Accounts	...	...	...	...	45,846,418
					<hr/> 701,065

4. Under some heads of Revenue and Receipt the Actual Accounts exhibit augmentations amounting to 269,057*l.*, and under other heads decreases to the amount of 900,266*l.* These charges do not call for remark, the most considerable of them, which is a diminution of 427,977*l.* in the receipts of the Public Works Department, being explained by you as arising from the "actual realizations of the proceeds of the land sales at Bombay not having turned out so high as was anticipated."

5. The differences between the estimated and actual expenditure were more important, there having been increases under some heads to the amount of 713,066*l.*, and decreases under others of 1,495,498*l.*

6. The principal increases of Charge are specified in the margin.

1864-65.
Increases of Charge.

	Per Regular Estimate.	Actual.	Increase.
	£	£	£
Army	13,327,760	13,494,467	166,707
Superannuation and Retired Allowances, and Gratuities for Charitable and other purposes	962,730	1,041,667	78,937
Interest	3,130,500	3,261,261	130,761
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,395,285	1,591,797	196,512

Of that under "Army," no other explanation is given by you than that the Regular Estimate was insufficient. That estimate had, however, exceeded the Budget Estimate by no less than 674,571*l.*, and provision was made in it for the charge occasioned by the Bhootan War, for increases on ac-

count of dearness of provisions, for the substitution of full for half batta, increased pay to medical officers, and for additional transport charges for

EARL DE GREY AND
RIPON.
25th June 1866.

sending to Europe extra regiments of Infantry and batteries of Artillery. Of the still further augmentation of Army Charges shown in the Actual Accounts, some explanation should have been given.

7. The observation made by you, that "the increase under Superannuation and Retired Allowances, &c., arises chiefly from annuities of the Civil Fund of 1818 (17,877*l.*), and the deficiency on the 1st May 1864 in the "unappropriated branch of the Civil Service Annuity Fund from 1st May 1825 (59,538*l.*) having been charged in the accounts of 1864-65," does not explain whether the charges in question were omitted from the Regular Estimate, or whether they are in excess of the expenditure which was anticipated when that estimate was framed.

8. The increase under Interest is explained as arising from an omission in the Regular Estimate, and that under Guaranteed Interest from an over-estimate on account of the traffic earnings. The increases under other heads are unimportant.

9. The principal decreases of charge were under Opium, Electric Tele-

	1864-65.		
	Regular Estimate.	Actual	Decrease.
	£	£	£
Opium	2,707,840	2,376,981	330,859
Electric Telegraph	385,000	263,750	121,250
Public Works	5,685,817	5,131,245	554,572

graph, and Public Works. In regard to Opium, you anticipated in your Regular Estimate that additional advances for the cultivation of the drug would be called for, and it now appears that those advances

were not made. Of the decreases under Electric Telegraph and Public Works, no explanation is given by you.

10. In the statement forwarded with your letter of the 29th March, No. 82, the Income and Expenditure of 1864-65, 1865-66, and 1866-67, are stated under the revised heads recently adopted by your Government, the Stores from England being for the first time shown separately. Your abstract of the Budget Estimate for 1865-66, however, includes the export duties which were disallowed by the Financial despatch of the 9th May 1865, No. 114, and will be also excluded in this Despatch.

	1865-66.			
	Budget Estimate.	Regular Estimate.	Increase.	Decrease.
	£	£	£	£
Revenues and Receipts ...	46,548,760	47,041,540	492,780	..

	Budget Estimate.	Regular Estimate.	Increase.	Decrease.
	£	£	£	£
	Expenditure in India, including Stores from Europe ...	40,487,060	40,980,270	493,210
Net expenditure in England ...	5,202,692	4,987,009	..	215,683
Guaranteed Interest on Railway Capital, less Net Traffic Receipts ...	1,234,000	1,053,676	..	180,324
Total Charges ...£	46,923,752	47,020,955	493,210	396,007
		46,923,752	396,007	
		£ 97,203	97,203	

Regular Estimate, 1865-66.

Revenue and Receipts ... ..	..	£ 47,041,540
Expenditure :		
In India, including Stores from England ...	40,980,270	
In England	4,987,009	
Guaranteed Interest on Railway, &c., Capital, less Net Traffic Receipts ...	1,053,676	
		47,020,955
Estimated Deficit		20,585

11. The Regular, as compared with the Budget Estimate for 1865-66, shows an improvement in the Revenues and Receipts of 492,780*l.*, and an addition of 97,903*l.* to the total Charges in India and England, the net improvement being 395,577*l.* Instead of the deficit anticipated in the Budget Estimate, of 374,992*l.*, the Regular Estimate consequently shows a surplus of 20,585*l.*

12. But although the estimated final result differs only to the extent of 395,577*l.*, the differences between the Regular and Budget Estimates of 1865-66 are very considerable.

EARL DE GREY AND
RIPON.
25th June 1866.

REVENUES AND RECEIPTS.	Budget Estimate, 1865-66.	Regular Estimate, 1865-66.	Increase.	Decrease.
	£	£	£	£
Land ...	20,217,495	20,066,200	..	151,295
Tributes and Contributions from				
Native States ...	722,350	690,600	...	31,750
Forest ...	383,000	414,300	31,300	...
Abkarees ...	2,335,320	2,271,700	...	63,620
Income Tax ...	551,140	671,900	120,760	...
Customs, exclusive of Salt ...	2,191,280	2,384,700	193,420	...
Salt ...	5,782,880	5,396,200	...	386,680
Opium ...	7,723,600	8,638,800	915,200	...
Stamps ...	2,058,500	2,024,900	...	33,600
Mint ...	461,640	438,500	...	23,140
Post Office ...	370,180	357,450	...	12,730
Electric Telegraph ...	190,350	124,950	...	65,400
Law and Justice ...	616,104	585,600	...	30,504
Police ...	223,590	182,600	...	40,990
Marine ...	225,630	237,900	12,270	...
Education ...	53,625	55,300	1,675	...
Interest ...	232,401	239,200	6,799	...
Miscellaneous ...	359,675	565,600	205,925	...
Army, Miscellaneous ...	850,000	678,740	...	171,260
Public Works, ditto ...	1,000,000	1,016,400	16,400	...
	46,548,760	47,041,540	1,503,749	1,010,969
		46,548,760	1,010,969	
		492,780	492,780	

13. In the Revenues and Receipts, the increases and decreases amounted to 1,503,749*l.* and 1,010,969*l.*, respectively.

14. Consequent on the increase in the price of Opium, the receipt from that source is estimated to exceed by no less than 915,200*l.* the sum included in the Budget Estimate, and an improvement of 193,420*l.* is also anticipated under the head of Customs. The other increases are unimportant.

15. Of the estimated decreases in the receipts, the most considerable is under Salt. It is accounted for by an over-estimate having been made in the Budget for Bengal, the Punjab, and Bombay, the only actual decrease, which was in the North-West Provinces, being attributable to a temporary decline in the Salt Trade in those Provinces. The decrease of 151,295*l.* in the Land Revenue appears to have arisen from the proceeds of the sale of Khas Mehals in Bengal having been estimated too largely, from the re-settlement in the Kristna District, and an unfavourable season in Madras, and from the transfer of water-rents from canals, &c., at Bombay to the head of Public Works.

16. The decrease under Telegraph is the result of recent orders issued by you for including the receipts and charges of the Indo-European Telegraph Line under Supplies to and from London. The expediency of that proceeding appears to be doubtful, and I am desirous that an explanation of the reasons which induced you to adopt it may be furnished to me.

17. The other variations in the Revenues do not call for remark.

Charges in India, including Stores from England:—

	Regular Estimate 1865-66	Budget	£
Regular Estimate 1865-66	40,980,270
Budget	40,487,060
			<u>£493,210</u>

18. The Regular Estimate of Charges in India, including stores from England, exceeds the Budget

Estimate by 493,210*l.*, as shown in the margin.

NOTE.—As the enclosures to the Financial letter from India, No. 82, as well as the Regular Estimate for 1865-66, state the stores from England, Medical Services, Stationery, and Printing, &c., separately, according to the new arrangement adopted by your Government, some of the items given here, and in the subsequent part of this Despatch necessarily differ from those contained in the Financial despatch to India, dated the 22nd June 1865, No. 151.

EARL DE GREY AND
KIPON.
25th June 1866.

EXPENDITURE.	Budget Estimate, 1865-66.	Regular Estimate, 1865-66.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt	2,703,130	2,725,053	21,923	...
Interest on Service Funds and other Accounts ...	498,690	526,108	27,418	...
Allowances, Refunds, and Draw-backs	242,960	418,730	175,770	...
Land Revenue	2,044,626	2,008,225	...	36,401
Forest	251,991	248,989	...	3,002
Abkaree (Excise)	260,322	267,721	6,899	...
Income Tax	18,281	15,372	...	2,909
Customs	190,624	195,157	4,533	...
Salt	342,613	345,463	2,850	...
Opium	1,946,479	1,935,670	...	10,809
Stamps	82,924	81,471	...	1,453
Mint	122,404	151,609	29,205	...
Post Office	425,925	432,886	6,961	...
Telegraph	434,992	351,698	...	83,294
Allowances to District and Village Officers	533,240	410,496	...	122,744
Administration and Public Departments	1,071,880	1,080,310	8,430	...
Law and Justice	2,484,309	2,439,018	...	45,291
Police	2,436,836	2,398,770	...	38,066
Marine	522,291	536,495	14,204	...
Education, Science and Art	619,889	660,549	40,660	...
Ecclesiastical	156,678	159,724	3,046	...
Medical Services	285,688	281,888	...	3,800
Stationery and Printing	148,902	139,064	...	9,838
Political Agencies and other Foreign Services	198,157	192,363	...	5,794
Allowances and Assignments under Treaties and Engagements	1,685,109	1,910,542	225,433	...
Miscellaneous	352,147	387,373	35,226	...
Superannuation, Retired, and Compassionate Allowances ...	665,147	686,626	21,479	...
Army	13,406,427	13,568,630	162,203	...
Public Works	5,865,149	5,352,700	...	512,449
Expenditure in India	39,998,310	39,908,700	...	...
Stores from England, heretofore included in Indian Expenditure	488,750	1,071,570	582,820	...
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	1,234,000	1,053,676	...	180,324
Net Expenditure in England	5,202,692	4,987,009	...	215,683
Total Expenditure, India and England	46,923,752	47,020,955	1,369,060	1,271,857
		46,923,752	1,271,857	
		97,203	97,203	

19. The increase of 225,433*l.* in Allowances and Assignments under Treaties and Engagements was in a great degree nominal, and was caused by the transfer to that head of certain allowances at Bombay, hitherto shown under Allowances to District and Village Officers, in which there was a consequent decrease.

20. In the Army Charges, the Regular Estimate shows an increase of 162,203*l.*, from augmented expenditure in connexion with the operations against Bhootan, and the increased price of grain.

21. The most considerable augmentation, however, is in the value of the Stores from England, and but for that item, the Expenditure in India would have been less in the Regular than in the Budget Estimate. In Sir Charles Wood's Financial despatch dated the 8th February 1866, No. 27, your attention was called to the increased demand for Stores in 1865-66, and measures were suggested for limiting as much as possible the demands from India on that account. I conclude that those suggestions will have been promptly acted on by your Government.

22. The decreases in the Charges in India, apparent in the Regular Estimate, are unimportant, with the exception of the expenditure for Public Works, which was 512,449*l.* below the Budget Estimate. No explanation is given by you of this difference further than that—

	£		£
The diminution in Public Works proper was ...	...	...	601,969
The loss by Exchange on Railway Transactions ...	...	...	49,975
			651,944
The charge of Supervision and Cost of Land for Railways being larger in the Regular Estimate by ...	...	...	139,495
The net reduction being ...	...	...	512,449

23. The reduction in the Net Guaranteed Interest on Railway and other Capital is wholly attributable to a larger estimate of Net Traffic Receipts, and that in the Charges in England to the expenditure on account of ships for the transport of troops between England and India not being required within the year.

24. Comparing the Regular Estimate for 1865-66 with the Actual Accounts of 1864-65, there is apparent a net estimated increase of Revenues and Receipts in 1865-66 of 1,388,643*l.*, and in the Charges of 1,174,537*l.*

REVENUES AND RECEIPTS,	Actual, 1864-65	Regular Estimate, 1865-66.	Increase.	Decrease.
	£	£	£	£
Land Revenue ...	20,095,061	20,066,200	.	28,861
Tributes and Contributions from Native States ...	681,144	690,600	9,456	.
Forest ...	351,757	414,800	62,543	.
Abkaree (Excise) ...	2,224,036	2,271,700	47,664	.
Income Tax ...	1,281,817	671,900	.	609,917
Customs ...	2,296,929	2,384,700	87,771	.
Salt ...	5,523,584	5,396,200	.	127,384
Opium ...	7,361,405	8,638,800	1,277,395	.
Stamps ...	1,972,098	2,024,900	52,802	.
Mint ...	377,859	438,500	60,641	.
Post Office ...	362,333	357,450	.	4,883
Telegraph ...	99,099	124,950	25,851	.
Law and Justice ...	527,830	585,600	57,770	.
Police ...	148,166	182,600	34,434	.
Marine ...	308,095	237,900	.	70,195
Education ...	50,353	55,300	4,947	.
Interest ...	247,624	239,200	.	8,424
Miscellaneous ...	419,467	565,600	146,133	.
Army Miscellaneous ...	735,567	678,740	.	56,827
Public Works ditto ...	588,673	1,016,400	427,727	.
	45,652,897	47,041,540	2,295,134	906,491
		45,652,897	906,491	
		1,388,643	1,388,643	

25. The Revenues and Receipts are shown in the margin, and it is satisfactory to observe that, with the exception of the Land Revenue, Income Tax, Salt, and Post Office, there are increases under almost every head of Revenue and Receipt in the Estimate of 1865-66.

26. The estimated decrease in Land Revenue is unimportant; that under Income Tax is attributable to the expiration of the tax. The reduction of 127,384*l.* in the Receipts from Salt appears to be temporary, and the cause has been already referred to in paragraph 15 of this Despatch.

27. The prospect of the Revenue is, on the whole, satisfactory.

NOTE.—The "Actual" Receipts and Expenditure of 1864-65 are taken from the Statement transmitted with the letter from India, No. 82, in which the new arrangement was adopted. "Education" is a new item, and the receipts from Land Revenue, Law and Justice, and Police, and Civil Miscellaneous, differ somewhat from the Actual Accounts of 1864-65 presented to Parliament. The totals of both accounts are the same.

EARL DE GREY AND
RIPON.

25th June 1866.

28. The view of the charges is calculated to cause some anxiety. The

EXPENDITURE.	Actual, 1864-65.	Regular Estimate, 1865-66.	Increase.	Decrease.
	£	£	£	£
Interest on funded and unfunded Debt ...	2,963,901	2,725,053	...	238,848
Interest on service funds and other accounts ...	297,360	526,108	228,748	...
Allowances, refunds, and draw-backs ...	257,513	418,730	161,217	...
Land revenue ...	1,908,292	2,008,225	104,933	...
Forest ...	187,321	248,989	61,668	...
Abkaree (Excise) ...	228,090	267,721	39,631	...
Income tax ...	35,065	15,372	...	19,693
Customs ...	207,064	195,157	...	11,907
Salt ...	313,404	345,163	32,059	...
Opium ...	2,368,666	1,935,670	...	432,996
Stamps ...	77,581	81,471	3,890	...
Mint ...	157,468	151,609	...	5,859
Post Office ...	426,456	432,886	6,430	...
Telegraph ...	261,028	351,698	90,670	...
Allowances to district and village officers ...	595,094	410,496	...	184,598
Administration and public departments ...	985,983	1,080,310	94,327	...
Law and Justice ...	2,243,065	2,439,018	195,953	...
Police ...	2,361,011	2,398,770	37,759	...
Marine ...	571,627	536,495	...	35,132
Education, Science and Art ...	530,249	660,549	130,300	...
Ecclesiastical ...	148,854	159,724	10,870	...
Medical services ...	245,680	281,888	36,208	...
Stationery and Printing ...	123,346	139,064	15,718	...
Political Agencies and other Foreign services ...	240,648	192,368	...	48,285
Allowances and Assignments under Treaties and Engagements ...	1,675,037	1,910,542	235,505	...
Miscellaneous ...	402,066	387,373	...	14,693
Superannuation, Retired and Compassionate allowances ...	909,425	686,626	...	222,799
Army ...	13,181,957	13,568,630	386,673	...
Public Works ...	5,120,620	5,352,700	232,080	...
Stores from England ...	433,349	1,071,570	638,221	...
Total, including stores from England ...	39,452,220	40,980,270	2,742,860	1,214,810
Guaranteed interest on Railway capital, less net traffic receipts	1,591,797	1,053,676	...	538,121
Net expenditure in England ...	4,802,401	4,987,008	184,608	...
Total expenditure, India and Eng-land ...	45,846,418	47,020,955	2,927,468	1,752,931
	£	1,174,537	1,174,537	

estimated increases in 1865-66, under some heads, amounted to 2,927,468*l.*, while there was a diminution in other heads of 1,752,931*l.* the net increase being, therefore, no less than 1,174,537*l.*

29. There is an estimated increase in 1865-66 in almost every branch of expenditure, the only exceptions, of considerable amount, being in the cost and charges of opium, in the allowances to district and village officers, and in superannuation and retired allowances. The opium charges were lower, owing to reductions in the quantity provided, and in the price paid to the ryots; the allowances to district and village officers were reduced by a transfer of certain charges to the head

of Allowances and Assignments under Treaties and Engagements, which were consequently augmented, and the difference in the Superannuation, Retired, and Compassionate allowances is attributable to the charge on the same account in 1864-65 having included certain exceptional items.

EARL DE GREY AND
RIPON.
25th June 1866.

30. The charges of collecting the Land, Forest, and Abkaree revenue have been progressively increasing since 1861-62, owing to the entertainment of temporary establishments for the Land Revenue Settlement, to increased allowances consequent on the rise of wages and prices, and to the organization of the Forest establishment.

31. The increase of 195,953*l.* in the charge of Law and Justice, is caused by augmented cost of clothing, and provisioning prisoners in jails, and by additions to salaries.

32. Of the causes of the increased Army charges, no very clear explanation can be obtained from the information furnished by your Government.

33. The sum expended on Public Works in 1865-66, although considerably within the budget estimate for that year, exceeded the sum expended in 1864-65 by 232,080*l.*

34. All the foregoing augmentations are independent of the cost of stores from England, which exceeded in 1865-66 by 638,221*l.* the amount expended in 1864-65, and which up to this time it has been the practice to include among the charges of the several departments.

35. The net charges in England are estimated to exceed in 1865-66 the charge for 1864-65 by 184,608*l.*, and this is accounted for by the additional expenditure of 177,021*l.* in 1865-66 for the construction of vessels for the conveyance of troops to and from India.

36. The actual accounts of 1864-65 close with a deficit of 193,521*l.* The regular estimate for 1865-66 shows a surplus of 20,555*l.*, notwithstanding the increased charge for public works. On the whole, a comparison of the two years is not unsatisfactory, but it is important to bear in mind that in the regular estimate for 1865-66, the charge for guaranteed railway interest is considerably diminished in consequence of the large increase in the net traffic receipts, and the favourable result shown in the estimate for that year is, in a still greater degree, attributable to the large receipt of 8,638,800*l.* from Opium, being the largest amount ever realized in one year from that source of income.

<i>Charges in England net.</i>			£
Regular estimate, 1865-66	...	...	4,987,009
Actual accounts, 1864-65	...	...	4,802,401
Increase in 1865-66	...	...	<u>184,608</u>

	Actual 1864-65.	Regular estimate, 1865-66.
	£	£
Expenditure on public works	5,120,620	5,352,700
Guaranteed interest on railway capital	1,591,797	1,053,676
	<u>6,712,417</u>	<u>6,406,376</u>
More in 1864-65	...	...
	<u>316,041</u>	

EARL DE GREY AND
RIPON.

25th June 1866.

37. Your Budget for 1866-67 estimates the Charges in India, including

Budget Estimate, 1866-67.

* Charges in England, per Estimate transmitted with Financial Despatch to India, dated the 16th January 1866, No. 7
Less Miscellaneous Receipts

5,147,200
125,000
£5,022,200

Stores from England at ... £ 41,270,070
The Charges in England at ... 5,022,200*
The Guaranteed Interest on Railway, &c., Capital, less Net Traffic Receipts at ... 533,330

46,825,600

Total Revenue and Receipts ... 46,752,800

Estimated Deficit ... £72,800

REVENUE AND RECEIPTS.	Regular Estimate, 1865-66.	Budget Estimate, 1866-67.	Increase.	Decrease.
	£	£	£	£
Land Revenue	20,066,200	20,254,300	188,100	..
Tributes and Contributions from Native States	690,600	683,750	..	6,850
Forest	414,300	462,740	48,440	..
Abkaree (Excise)	2,271,700	2,309,000	37,300	..
Income Tax	671,900	10,000	..	661,900
Customs	2,384,700	2,414,100	29,400	..
Salt	5,396,200	5,533,260	137,060	..
Opium	8,638,800	8,500,000	..	138,800
Stamps	2,024,900	2,000,660	..	24,240
Mint	438,500	409,800	..	28,700
Post Office	857,450	391,220	33,770	..
Telegraph	124,950	183,880	58,930	..
Law and Justice	585,600	645,700	60,100	..
Police	182,600	236,900	54,300	..
Marine	237,900	263,700	25,800	..
Education	55,300	59,150	3,850	..
Interest	239,200	255,840	16,640	..
Miscellaneous	565,600	400,000	..	165,600
Army, Miscellaneous	678,740	760,000	81,260	..
Public Works, Miscellaneous ..	1,016,400	978,800	..	37,600
	47,041,540	46,752,800	774,950	1,063,690
	46,752,800			774,950
	288,740			288,740

38. The Revenues and Receipts are consequently estimated at 288,740*l.* less than the Regular Estimate for 1865-66. The loss of Income caused by the cessation of the Income Tax, however, amounted to 661,900*l.*, and although the estimated receipts from Stamps, Mint, and Public Works, are somewhat below the sums included under those heads in the Regular Estimate for 1865-66, the Revenue generally continues to show a steady improvement.

EXPENDITURE.	Regular Estimate, 1865-66.	Budget Estimate, 1866-67.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt ...	2,725,053	2,725,410	357	
Interest on Service Funds and Accounts ...	526,108	461,830		64,278
Allowances, Refunds and Drawbacks ..	481,730	248,720		170,010
Land Revenue " ...	2,008,225	2,058,570	50,345	
Forest ...	248,989	300,450	51,461	
Abkaree (Excise) ..	267,721	237,200		30,521
Income Tax ...	15,372	...		15,372
Customs ..	195,157	197,950	2,793	
Salt ..	345,463	344,240		1,223
Opium ..	1,935,670	1,762,940		172,730
Stamps ..	81,471	86,990	5,519	
Mint ...	151,609	139,600		12,009
Post Office ..	432,886	455,830	22,944	
Telegraph ..	351,698	406,840	55,142	
* Allowances to District and Village Officers	410,496	414,010	3,514	
Administration and Public Departments ...	1,080,310	1,066,730		13,580
Law and Justice ...	2,449,018	2,607,790	168,772	
Police ...	2,398,770	2,435,380	36,610	
Marine ..	536,495	469,690		66,805
Education, Science and Art	660,549	763,230	102,681	
Ecclesiastical	159,724	159,160		564
Medical Services ..	281,888	308,440	26,552	
Stationery and Printing	139,064	154,580	15,516	
Political Agencies and other Foreign Services ..	192,363	201,720	9,357	
Allowances and Assignments under Treaties and Engagements	1,910,542	1,896,540		14,002
Miscellaneous	387,373	362,700		24,673
Superannuation, Retired, and Compassionate Allowances	686,626	679,240		7,386
Army ...	13,568,630	13,181,210		387,420
Public Works	5,352,700	6,394,730	1,042,030	
Stores from England	1,071,570	748,350		323,220
Total, including Stores from England	40,980,270	41,270,070	1,593,593	1,303,793
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	1,053,676	533,330		520,346
Net Expenditure, in England, ...	4,987,009	5,022,200	35,191	
Total Expenditure, India and England ...	47,020,955	46,825,600	1,628,784	1,824,139
	46,825,600			1,628,784
	195,355			195,355

39. The total Charges in India and England are less by 195,355*l.* in the Budget Estimate for 1866-67 than in the Regular Estimate for 1865-66. That apparent reduction is mainly attributable to diminished expenditure in England for Stores for India, and to a reduction in the charge for Guaranteed Interest, less net traffic receipts. Deducting those items, the Charges in the Budget Estimate for 1866-67 exceed the Regular Estimate of 1865-66 by 648,211*l.*

40. The excess is more than accounted for by the provision made for expenditure on Public Works, which is 1,042,030*l.* beyond the amount estimated for 1865-66.

41. The increases under other heads of Charge do not call for remarks. They are either the consequence of measures adopted with a view to the improvement of the administration, or of augmented allowances rendered necessary by the high prices of provisions.

42. The decrease of charge for Opium is attributable to reduced cultivation, and that for the Army to reductions in its strength, and the cessation of expenditure on account of the operations in Bhootan.

EARL DE GREY AND
RIFON.
25th June 1866.

EARL DE GREY AND
EIPON.
25th June 1866.

43. Considering that, in your Budget Estimate for 1866-67 you have provided for the cessation of the Income Tax, and that you have increased by upwards of a million sterling the estimated expenditure of the previous year for public works, the result of that estimate, *viz.*, a deficit of 72,800*l.*, is not unsatisfactory.

44. There is, however, one item in that estimate which is more than any other calculated to cause anxiety, *viz.*, the receipt of 8,500,000*l.* from Opium, which is within 138,800*l.* of the amount estimated for 1865-66, and upwards of a million in excess of the actual receipt of 1864-65. Your estimate is, no doubt, fully justified by the information furnished to you by the officers best capable of giving a sound opinion, but it is impossible to avoid some apprehension as to the out-turn of a branch of revenue liable, as Opium is, to unexpected changes, which might materially diminish the amount of revenue on which you have calculated.

45. The inconvenience that might attend an adverse change in that respect is of the greater importance when it is remembered that propositions are being constantly made for increased expenditure on account of salaries and establishments, tending to swell the amount of expenditure for which you have annually to provide.

46. Looking at the large amount of your estimated income from Opium, it would have been more satisfactory if, instead of a deficit, your Budget Estimate had shown a surplus of about half a million to a million sterling, but Her Majesty's Government nevertheless consider that, under all the circumstances, you were justified in postponing until another year the consideration of the question of the imposition of further taxation.

47. In regard to the Cash Balances, you estimate that the year 1866-67 will commence with a balance in India of 12,859,366*l.*, and that, after providing 7,800,000*l.* to meet the bills to be drawn on your Government in aid of the Home Treasury, and 5,131,042*l.* for the construction of railways, the year will close with a balance in India of 10,506,659*l.*

48. The provision of 7,800,000*l.* to meet the bills drawn from this country is in accordance with the request contained in Sir Charles Wood's Financial Despatch of the 16th January last, No. 7, but the estimate of 5,131,042*l.*, as the sum to be expended in India for the construction of railways, requires explanation.

49. In the enclosure to the Financial despatch above referred to, it was estimated that the payments into the Home Treasury by the several Railway, &c., Companies during the current year 1866-67—

Would amount to	...	...	...	£5,309,500
Their withdrawals to	...	...	...	2,332,500
				<hr/>
The net payment on account of disbursements in India being	..	...	...	<u>2,977,000</u>

50. That estimate was framed upon information furnished by the several Railway Companies in this country. It would consequently appear to be improbable that your estimate of expenditure in India on that account will be realized. I am desirous of being furnished with some information as to the data on which your estimate of 5,131,042*l.* was founded, and if it should appear to be probable that the expenditure on this account in India will exceed by more than two millions sterling the net sum estimated to be deposited in the Home Treasury by the Railway Companies, they will be required to adopt measures for increasing their payments.

1867-68.

SIR STAFFORD
NORTHCOTE.

I have considered in Council your Financial letters dated the 16th and 19th February and 8th March 1867, Nos. 57, 59, 72, and 73, which forwarded the Actual Accounts of the Revenues and Expenditure of India for 1865-66, the Regular Estimate for 1866-67, and your Budget Estimate for 1867-68.

No. 220, dated 14th
June 1867.

	2. In the Actual Ac-	£	£
1865-66. Comparison of Actual Accounts with the Regular Estimate.	counts of 1865-66, as for- warded by you, the Re-		
venues and Receipts of that year are shown to be ...	venues and Receipts of that year are shown to be ...	...	48,935,220
The charges in India, including Stores from Eng- land ...	land ...	...	41,120,924
	And in your Financial		
1865-66. Surplus per Financial letters from India ...	letters the charges in Eng- land (net) are stated at ...	£	4,982,164
Deficit per Regular Estimate forwarded with Financial letter from In- dia, dated the 29th March 1866, No. 82 ...	The Guaranteed Inter- est on Railway, &c., Ca- pital (net) at ...	...	31,641
335,947		—	46,134,729
<u>3,136,438</u>			<u>Surplus ... 2,800,491</u>

which you regard as more favourable than the Regular Estimate by £3,136,438.

	£	£	
1865-66. <i>Per Actual Accounts.</i>			3. The charges in
Revenues and Receipts in India ...	48,935,220		England in 1865-66 ac-
Charges in India, including Stores from England ...	41,120,924		tually amounted to
Charges in England, net ...	4,981,185		4,981,185%, and the Gua-
Guaranteed Interest on Railway, &c., Capital, net ...	67,043		ranteed Interest on
	—	46,169,152	Railway, &c., Capital,
Surplus ...	...	2,766,068	net, to 67,043%. The
			surplus was, consequent-
			ly, 2,766,068%.

4. You have, however, quoted the Regular Estimate forwarded with your Financial letter, dated the 29th March 1866, No. 82, instead of the Regular Estimate presented to Parliament in May 1866, and referred to in the Financial despatch dated 25th June 1866, No. 142, in which the Expenditure in England, and the Guaranteed Interest on Railways, &c., had been revised according to the most recent information. In this despatch the Regular Estimate, as corrected and presented to Parliament, will be referred to.

	£	
1865-66- Surplus, per Actual Accounts ...	2,766,068	5. Compared with
Regular Estimate ...	20,585	that Estimate, the Ac-
	—	tual Accounts give a
	£2,745,483	more favourable result by
		2,745,483%.

	£	
1865-66. Revenues and Receipts. Actual ...	48,935,220	6. Considering that the Regular Estimate was based on eight months'
" " " Regular Estimate ...	47,041,540	actual transactions, and
More than Regular Estimate	£1,893,680	for four months only on
Charges: Actual ...	46,169,152	estimate, the differences
" Regular Estimate ...	47,020,955	between that Estimate
Less than Regular Estimate	£851,803	and the Accounts are re-
		markable, for the Actual
		Revenues and Receipts
		exceeded the Estimate by
		1,893,680%, and the Ac-
		tual Charges were less than the Estimate by 851,803%.

SIR STAFFORD
NORTHCOTE.

14th June 1867.

7. In the Revenues and Receipts the changes were not, however, of very

REVENUES AND RECEIPTS, 1865-66.	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Civil—				
Land Revenue... ..	20,066,200	20,473,897	407,697	...
Tributes and contributions from Native States ...	690,600	709,632	19,032	...
Forest	414,300	367,682	...	46,618
Abkaree (Excise) ...	2,271,700	2,244,874	...	26,826
Assessed Taxes ...	671,900	692,241	20,341	...
Customs	2,384,700	2,279,857	...	104,843
Salt	5,396,200	5,342,149	...	54,051
Opium	8,638,800	8,518,264	...	120,536
Stamps	2,024,900	1,994,632	...	30,268
Mint	438,500	494,354	55,854	...
Post Office	357,450	406,466	49,016	...
Telegraph	124,950	190,463	65,513	...
Law and Justice ...	585,600	643,628	58,028	...
Police	182,600	146,901	...	35,699
Marine	237,900	198,890	...	39,010
Education	55,300	57,538	2,238	...
Interest	239,200	216,824	...	22,376
Miscellaneous	565,600	2,311,123	1,745,523	...
Army, Miscellaneous ...	678,740	728,340	49,600	...
Public Works ditto ...	1,016,400	917,465	...	98,935
			2,472,842	579,162
			579,162	...
	47,041,540	48,935,220	1,893,680	...

large amount except in the Land Revenue and the Miscellaneous Receipts. The Land Revenue collections exceeded the Estimate by 407,697; but of that amount 73,864*l.*, from Oudh, and 195,714*l.* from the North-Western Provinces, were consequent on the anticipatory collections having been larger than usual; and the increase of 106,505*l.* from Madras is described as being attributable partly to the collection of large arrears outstanding at the commencement of the year, and partly to enhanced water tax.

8. The increase of 1,745,523*l.* under Miscellaneous Receipts, is explained in your letter as arising from "the credit taken under this head of 1,943,404*l.*

"(against which there is a debit of 915,215*l.* under Miscellaneous Charges),
"on account of the transfer debits and credits to the several loans, in order to
"reconcile the long standing differences in the balances as shown in the general
"books of the Government of India, and in the registers of the respective loans
"kept in the late Loan Office, and now at the Bank of Bengal." "Under the
"system of account which obtained before 1861-62, these transfers would have
"been simply written off on both sides of the Debt account, and no mention
"made of them in the Profit and Loss or Budget Statement. The Budget system

“ of 1861-62, and Mr. Foster’s recommendations, alike require that all such “ writes-off to profit or loss shall be shown as gain or loss on the transactions “ of the year.”

SIR STAFFORD
NORTHCOTE.

14th June 1867.

9. So far as appears from this explanation, the increased receipt must be regarded as nominal only.

10. In the Expenditure the increases under certain heads amounted to

EXPENDITURE, 1865-66.	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Civil—				
Interest on Funded and Unfunded Debt	2,725,053	2,763,532	38,479	
Interest on Service Funds and other accounts	526,108	564,119	38,011	
Allowances, Refunds, and Drawbacks ..	418,730	420,471	1,741	
Land Revenue	2,008,225	1,957,333		50,892
Forest	248,989	213,779		35,210
Abkaree (Excise)	267,721	243,014		24,707
Income Tax	15,372	16,620	1,248	
Customs	195,157	207,614	12,357	
Salt	345,463	339,140		6,323
Opium	1,935,670	1,894,270		41,400
Stamps	81,471	81,858	387	
Mint	151,609	163,020	11,411	
Post Office	432,886	433,304	418	
Telegraph	351,698	269,218		82,480
Allowances to District and Village Officers	410,496	389,654		20,842
Administration and Public Departments	1,080,310	1,068,292		12,018
Law and Justice	2,439,018	2,423,206		15,812
Police	2,398,770	2,384,330		14,440
Marine	536,495	557,397	20,902	
Education, Science and Art.	660,549	676,739	10,190	
Ecclesiastical	159,724	154,886		4,838
Medical Services	281,888	274,889		6,999
Stationery and Printing	139,046	181,954	42,890	
Political Agencies and other Foreign Services	192,363	220,656	28,293	
Allowances and Assignments under Treaties and Engagements	1,910,542	1,801,793		108,749
Miscellaneous	387,373	1,281,099	893,726	
Superannuation, Retired and Compassionate Allowances	686,626	668,987		17,639
Army	13,568,630	13,909,412	340,782	
<i>Public Works.</i>				
Public Works	4,774,540	4,674,625		99,915
Supervision and cost of land for railways	346,920	225,572		121,348
Loss by exchange on railway transactions	121,240	50,506		70,734
Income Tax grant	110,000	110,000		
	39,908,700	40,615,189		
Expenditure in England, heretofore included in the Indian Accounts, viz., Stores	1,071,570	505,735		565,835
	40,980,270	41,120,924		
Guaranteed interest on Railway Capital, less net Traffic Receipts	1,053,676	67,043		986,633
	42,033,946	41,187,967		
Net expenditure in England	4,987,009	4,981,185		5,824
			1,440,835	2,292,638
				1,440,835
Total	47,020,955	46,169,152		851,803

1,440,835l., and the decreases under other heads to 2,292,638l., the net decrease being 851,803l.

11. The only increases of large amount were 893,726l.* under Miscellaneous, which has been already referred to in paragraph 8 of this Despatch, and 340,782l. in the Army Charges, of which 247,481l. was in the Commissariat Establishment, Supplies, and Services, 42,676l. in Sea Transport Charges, and 78,002l. in Regimental Pay, Allowances, and Charges.

12. The actual expenditure was less than the estimate under several heads, but the most important were Public Works, Stores from England, and Guaranteed Interest on Railway Capital.

13. Of the reduction in Public Works Expenditure, 121,348l. was in the supervision and cost of land for Railways, and 70,734l. in the loss by exchange on Railway transactions, the charge for Public Works proper being 99,915l. less than

the estimate from several “ Governments and Administrations not having “ worked up to the amounts provided in the Regular Estimate.”

* The sum referred to in paragraph 8 is 915,215l., being the amount applicable to the loan. The reduction is caused by changes in some other items under the head of Miscellaneous.

SIR STAFFORD
NORTHCOTE.
14th June 1867.

14. You state that there is a *reduction* of 565,835*l.* under Stores from England, owing to the amounts charged to the several service heads being less than the sum included in the Regular Estimate, but that was an Estimate of payments in this country, not of the value of Stores to be received in India, and the actual payment here, exclusive of copper, was 1,087,453*l.*, or 15,883*l.* in *excess* of the Estimate. In Sir C. Wood's Financial despatch of the 8th February 1866, No. 27, p. 6, he stated that the correct principle was to show the payments in this country for Stores, not the value of those received in India.

15. The difference between the Regular Estimate and the Actual Charge on account of Guaranteed Interest on Railway Capital, less net Traffic Receipts, is exceptional, arising from the payments "into the Government Treasury at Bombay, of large amounts of Traffic Receipts, which had been before lodged "by the Railway authorities in private banks."

16. This objectionable practice has now been put a stop to; but it was never intended that our Officers of Account should be kept in ignorance of these deposits, or that they should be excluded from the Railway accounts.

17. Although, therefore, the Actual Accounts of 1865-66 show a more favourable result than the estimate by 2,745,483*l.*, the difference was owing mainly to changes in the system of account, and to the charge for Stores having been reduced.

Regular Estimate of 1866-67 compared with the Budget Estimate for that year.

18. In your Budget Estimate for 1866-67 (1st May 1866 to 30th April 1867),—

	£
The charges in India were estimated at	40,521,720
The Stores from England at	748,350
The Charges in England at	5,022,200
The Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts, at	533,330
	<hr/>
	46,825,600
The Revenues and Receipts	46,752,800
	<hr/>
Deficit	72,800
	<hr/> <hr/>

19. Consequent on the change which has been made in the financial year, which took effect between the preparation of the Budget and the Regular Estimate for 1866-67, the latter relates only to the transactions of 11 months (1st May 1866 to 31st March 1867). It is not, therefore, practicable to make any satisfactory comparison between those Estimates.

20. It is now estimated by you that for 11 months—

	£
The Charges in India will be	37,137,555
The Stores from England*	623,982
The Charges in England	5,603,326
Guaranteed Interest on Railway Capital, less net Traffic Receipts	942,914
	<hr/>
	44,307,777
The Revenues and Receipts	41,912,530
	<hr/>
Deficit	£2,395,247
	<hr/> <hr/>

* It is not apparent how this Estimate is obtained. It is greatly below the estimate forwarded with the Financial despatches dated 31st December 1866, No. 304, and 7th February 1867, No. 44. In the latter, the Stores, exclusive of copper, are estimated at 985,631*l.*

being less favourable by 2,322,447*l.* than the Budget Estimate.

21. After taking into account the estimated transactions during the month of April, the unfavourable view given the Regular, as compared with the Budget Estimate, appears to arise mainly under the following heads, viz:—

SIR STAFFORD
NORTHCOTE.
14th June 1867.

Revenues and Receipts, less than Budget Estimate.

	£
Opium	952,016
Mint	140,200
Public Works	524,397
	<hr/>
Estimated Revenue, less	1,616,613
	<hr/> <hr/>

Charges in excess of the Budget Estimate.

	£
Allowances, Refunds, and Drawbacks	88,246
Land and Revenue	27,631
Telegraph	81,012
Stationery and Printing	13,775
Guaranteed Interest on Railway Capital, less Net Traffic	
Receipts	409,584
Charges in England	581,126
	<hr/>
Estimated Charges, more	1,201,374
	<hr/> <hr/>

22. So far as regards Opium, it was observed in Lord Cranborne's Financial despatch dated the 25th June 1866, No. 142, that the Estimated Revenue of 8,500,000*l.* was upwards of a million in excess of the actual receipt of 1864-65, and that, liable as the revenue from Opium is to unexpected changes, it was impossible to avoid some apprehension in regard to that Estimate.

23. You have now reduced your estimate by nearly a million, which is still rather in excess of the average receipts of the five previous years.

24. The reduced Estimate of Mint Receipts is ascribed by you to a falling off in the coinage of silver and copper in the Mints of Calcutta, Madras and Bombay.

25. Of the reduction of 524,397*l.* in the estimated receipts from Public Works, 460,000*l.* is consequent on the failure of the Land Sales at Bombay, and the remainder on an erroneous estimate of receipts from Bombay.

26. The increases in the Charges under Allowances, Refunds, and Drawbacks, and Land Revenue, do not call for remark. The increase under Telegraph is solely attributable to the charge on account of the Indo-European Telegraph line having been included in the Regular, although excluded from the Budget Estimate.

27. The explanation given by you of the increase of 13,775*l.* for Stationery and Printing is, that it occurs chiefly "in the Madras and Bombay Presidencies, the supply of Stationery in the former Presidency, for the several Public Departments, being now made by the Superintendent of Stationery, instead of each office supplying itself by purchases in the local market." If this increase of charge has arisen solely from the adoption of a new mode of obtaining supplies, the expediency of the change appears to be questionable.

28. The increase of 409,584*l.* in the charge for Guaranteed Interest is attributed to the exclusion from the Regular Estimate of the net traffic receipts for April, and the reduction of traffic earnings consequent on the interruption of Railway traffic in Bengal and Bombay during the rains.

29. The increase in the estimated expenditure in England arises from a probable larger payment on account of the construction of India troop

SIR STAFFORD
NORTHOOTE.

14th June 1867.

transports, and increases of charge for the passage of Officers and troops, and for payments to the Imperial Government for capitation rates.

Regular Estimate for
1866-67, compared
with Actual Accounts
of 1865-66.

30. A comparison of the Regular Estimate for 1866-67 with the Accounts of 1865-66 is attended with the same difficulty as that which exists in regard to a comparison with the Budget Estimate.

£

31. The Revenues and Receipts of 1865-66 amounted as
already stated, to 48,935,220
The Regular Estimate for 1866-67, 11 months, is ... 41,912,530

The estimated income for 11 months of 1866-67
is consequently less than the actual income of
1865-66 by... .. 7,022,690

REVENUES AND RECEIPTS.	Actual. 1865-66.	Regular Estimate, 1866-67 11 months.	Increase.	Decrease.
	£	£	£	£
Land Revenue ..	20,473,897	18,610,200	...	1,863,697
Tributes and Contributions from Native States ...	709,632	651,480	...	58,152
Forest ...	367,682	352,710	...	14,972
Abkaree (Excise) ...	2,244,874	2,137,150	...	107,724
Assessed Taxes ...	692,241	20,630	...	671,611
Customs ...	2,279,857	2,045,140	...	234,717
Salt ...	5,342,149	5,621,770	279,621	...
Opium ...	8,518,264	6,875,700	...	1,642,564
Stamps ...	1,994,632	1,873,250	...	121,382
Mint ...	494,354	239,500	...	254,854
Post Office ...	406,466	355,580	...	50,886
Telegraph ...	190,463	288,600	98,137	...
Law and Justice ...	643,628	642,060	...	1,568
Police ...	146,901	203,420	56,519	...
Marine ...	198,890	235,440	36,550	...
Education ...	57,538	60,860	3,322	...
Interest ...	216,824	245,650	28,826	...
Miscellaneous ...	2,311,123	362,759	...	1,948,373
Army, Miscellaneous ..	728,340	679,470	...	48,870
Public Works, Miscellaneous	917,465	411,170	...	506,295
			502,975	7,525,665
			...	502,975
	£48,935,220	41,912,530	...	7,022,690

32. The principal increases in the Receipts are under the heads of Salt and Telegraph. The estimated receipt from Salt, for the 11 months, exceeds by 279,621*l.* the actual receipts in 1865-66, and if the probable collection of April were included, the estimated improvement in the Salt Revenue would be no less than 833,400*l.*, arising both from larger importations, and sale proceeds of Government salt.

33. The improvement under Telegraph is consequent on larger receipts from the Indo-European line.

34. The large estimated decrease in the receipts from Land Revenue is owing to the omission of the April collections, and to the exceptional character of the anticipatory collections in 1865-66.

35. If allowance be made for the omission of the receipts in April, the estimated Abkaree Revenue will exceed the receipts in 1865-66, and the decreases in Customs and Stamps appear to be mainly attributable to the omission of the April collections.

36. Of the decrease of 1,642,564*l.* under Opium, 692,284*l.* arises from the omission of the April receipt; the remaining 950,280*l.* to a reduction in the quantity brought to sale in Bengal.

37. The decrease in the Mint Receipts is owing to an estimated reduction in the coinage; that under Miscellaneous, to the sum of 1,943-404/ having been included in the Accounts of 1865-66 on account of Loan Balances; and that in the Public Works Miscellaneous Receipts, mainly "to the sale proceeds of Land Sales at Bombay being, under recent orders, credited "under Debt."

SIR STAFFORD
NORTHCOTE
14th June 1867.

38. The differences between the actual expenditure of 1865-66 and the Regular Estimate for 1866-67, are shown in the margin.

EXPENDITURE.	Actual, 1865 66.	Regular Estimate, 1866-67, 11 months.	Increase	Decrease.
	£	£	£	£
Interest on Funded and Un- funded Debt	2,763,532	2,217,170		546,362
Interest on Service Funds and other accounts	564,119	600,894	36,775	...
Allowances, Refunds, and Drawbacks	420,471	336,966		83,505
Land Revenue	1,957,333	1,906,296		51,037
Forest	213,779	231,208	17,429	...
Abkaree (Excise)	243,014	214,487		28,527
Income Tax	16,620	1,237	..	15,383
Customs	207,514	188,661		18,853
Salt	339,140	346,772	7,632	...
Opium	1,894,270	1,616,013		278,257
Stamps	81,858	81,885	27	...
Mint	163,020	135,342	..	27,678
Post Office	431,304	431,772		1,532
Telegraph	269,218	487,852	281,634	...
Allowances to District and Village Officers	389,654	381,287		8,367
Administration and Public Departments	1,068,292	1,001,761	..	66,531
Law and Justice	2,423,206	2,413,396		9,810
Police	2,384,330	2,199,697	..	184,633
Marine	657,397	520,008		37,389
Education, Science and Art	670,739	683,130	12,391	...
Ecclesiastical	154,886	147,479	..	7,407
Medical Services	274,889	276,490		...
Stationery and Printing	181,954	154,564	1,601	27,390
Political Agencies and other Foreign Services	220,656	221,340	684	...
Allowances and Assignments under Treaties and En- gagements	1,801,793	1,567,782	..	234,011
Miscellaneous	1,281,099	327,427		953,672
Superannuation, Retired and Compassionate Allowances	668,987	637,585	18,598	...
Army	13,909,412	12,338,959		1,570,453
<i>Public Works Ordinary</i>				
Public Works	4,674,625	4,640,754		...
Supervision and Cost of Land for Railways	225,572	508,911	359,392	...
Loss by Exchange on Rail- way Transactions	50,506	210,330		...
Income Tax Grant	110,000	60,100		...
	40,615,189	37,137,555		
Expenditure in England, heretofore included in the Indian Accounts, viz, Stores	505,735	623,982		118,247
	41,120,924	37,761,537		
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	67,043	1,028,769	961,726	...
	41,187,967	38,790,306		
Net Expenditure in England	4,981,185	5,471,245	493,060	...
			2,246,196	4,150,797
			...	2,246,196
Total	£ 46,169,152	44,264,551	..	1,904,601

of 1865-66 and the Regular Estimate for 1866-67, are shown in the margin.

39. Under some heads the expenditure for 11 months is estimated to exceed that of the previous year.

40. The estimated increase in Interest on Service Funds, and on other accounts, includes 21,494/ interest on Railway Traffic earnings, and 12,000/ interest payable to the Bank of Bengal on account of the low state of the Government balances.

41. The increase under Forest is ascribed to extended operations, that under Salt to larger provisions at Madras for the purchase and storing of Salt, and that under Telegraph to larger provision for "Establishments, Indo-European Line, construction of new lines, and reconstruction of existing lines."

42. The augmented charge for Public Works arises from larger expenditure for supervision and cost of land for Railways, and a greater loss by exchange on Railway trans-

actions, the large and exceptional receipts in 1865-66 having reduced the charge on that account.

SIR STAFFORD
NORTHCOTE.
14th June 1867.

43. The charge for Guaranteed Interest is also increased in 1866-67, in consequence of the large accumulation of Traffic Receipts brought to credit in 1865-66.

44. The estimated net expenditure in England in 1866-67 is increased by larger payments for India Troop Transports, passage of Officers and Troops, and to the Imperial Government for Capitation Rates, as already referred to.

		£
45. Your Budget Estimate for 1867-68 states the Reve-		
Budget Estimate.	Revenues and Receipts at ...	46,783,110
The Charges, exclusive of Public Works Extraordinary at...		45,015,632
		1,767,478
Charges for Public Works Extraordinary	Surplus ...	1,767,478
	... ..	2,325,000
		557,522
	Deficit ...	557,522

46. Before making any comparison with the former year of the several heads of Revenue and Expenditure, it is necessary to advert to the deviations in your Budget Estimate from the mode in which expenditure on Public Works has hitherto been shown.

47. Up to the present time, the whole of the expenditure of each year, forming a charge against the Revenues, has been included in the accounts before any balance has been shown of surplus or deficit, and that course was adopted throughout the years in which the Military expenditure, consequent on the mutiny, and the increased charges for Public Works, and Guaranteed Interest on Railway, &c., Capital, produced a series of deficits which amounted in one year (1858-59) to no less than 14,187,617*l*.

48. In your Financial letter dated the 20th December last, No. 255, you represented the inexpediency of charging all expenditure for construction of great public works against the income of the year, as being calculated to create an erroneous impression that the revenue was insufficient to defray the ordinary charges, and you proposed that, while ordinary expenditure, including the charge for additions and improvements to existing buildings, as well as for the mass of not very expensive works, might "be fairly regarded as current expenditure;" the heavy outlay for special public works, such as extensive projects for military barracks, central and district jails, roads, and other communications, should be shown as extraordinary charges, and that sums applied to the construction of reproductive works should be treated as charges against capital, which from first to last would be excluded from the Annual Statements of Revenue and Charge, and be shown in the Statement of Cash Balances under Debt.

49. You were informed in the Financial despatch dated the 28th February last, No. 79, that Lord Cranborne approved so much of your proposition as related to making a distinction in the accounts between ordinary and extraordinary charges, but that he objected to expenditure for jails being treated as an extraordinary charge, and he requested that the sums expended in remunerative public works should be included as charges under the head of "Public Works Extraordinary."

50. That despatch, however, could not have reached you when your Budget Estimate was prepared. I shall, therefore, now make the necessary alterations in the Statement of Expenditure by including the charges for Jails among ordinary charges for Public Works, and the expenditure for reproductive and special fund works under the head of "Public Works Extraordinary."

51. When these changes are made, the Budget Estimate for 1867-68 will stand as follows:—

	£	
Revenues and Receipts	46,783,110	
Expenditure in India, exclusive of Public Works Extraordinary	£ 33,243,432	
Stores from England	1,117,226	
Expenditure in England, net	5,154,615	
Guaranteed Interest on Railway, &c., Capital, net	582,359	
	—————	45,097,632
Surplus, excluding Public Works Extraordinary	1,685,478	
Public Works Extraordinary	3,513,000	
	—————	
Estimated Deficit, including charges for Public Works Extraordinary	1,827,522	

SIR STAFFORD
NORTHCOTE.
14th June 1867.

52. In former years it has been the practice to compare the Budget Estimate with the Regular Estimate of the previous year; but as the Regular Estimate for 1866-67 relates only to eleven months, a comparison with the Budget Estimate for 1866-67, which was prepared for a full year, will give a better view of the changes apparent in your Estimate for 1867-68.

REVENUES AND RECEIPTS.	Budget Estimate, 1866-67.	Budget Estimate, 1867-68.	Increase	Decrease.
	£	£	£	£
Land Revenue	20,254,300	20,054,790	...	199,510
Tributes and Contributions from Native States	683,750	696,930	13,180	..
Forest	462,740	434,300	..	28,440
Abkaree (Excise)	2,309,000	2,205,280	..	103,720
Assessed Taxes	10,000	500,000	490,000	..
Customs	2,414,100	2,357,130	..	56,970
Salt	5,533,260	6,078,030	544,770	..
Opium	8,500,000	7,713,750	..	786,250
Stamps	2,000,660	2,487,580	486,920	..
Mint	409,800	313,240	..	96,560
Post Office	391,220	595,210	203,990	..
Telegraph	183,880	303,900	120,020	..
Law and Justice	645,700	718,520	72,820	..
Police	236,900	246,090	9,190	..
Marine	263,700	246,200	..	17,480
Education	59,150	66,092	6,942	..
Interest	255,840	226,900	..	28,940
Miscellaneous	400,000	347,520	..	52,480
Army, Miscellaneous	760,000	711,630	..	48,370
Public Works, Miscellaneous	978,800	480,000	..	498,800
			1,947,830	1,917,520
			1,917,520	
	£46,752,800	46,783,110	30,310	

53. The estimated Revenues and Receipts for 1867-68 exceed the Budget Estimate 1866-67 under several heads—the most important being Assessed Taxes, Salt, Stamps and Post Office.

54. The increase under Assessed Taxes is due to the imposition of the License Tax—that under Salt to increased consumption—the increased receipt from Stamps to the revised scale “of institution “Stamps.” Of the increase in the Post Office Revenue no explanation is furnished.

55. But under numerous heads the estimated Revenues and Receipts for 1867-68 are lower than for 1866-67. So far as regards land, the decrease is wholly attributable to the exclusion of the Eastern Settlements and the Berars, there being otherwise an improvement, notwithstanding the grant of remissions in Orissa. The Abkaree estimate is reduced by 103,720*l.*, but the only observation in your letters relating to that head is, that “in Madras there is an improvement of 93,000*l.* in Abkaree receipts.”

56. Your estimate of Customs revenue is, in consequence of the depression of trade, less by 56,970*l.* than that for 1866-67, but you consider that your revision of the Customs duties will tend to increase the receipts in future.

SIR STAFFORD
NORTHCOTE.
14th June 1867.

57. Your estimate of revenue from Opium is 786,250*l.* below that for 1866-67, but is still quite as high as the prices recently obtained appear to warrant.

58. As you consider that the demand for copper coin has been fully supplied, your reduction of 96,560*l.* in the estimate of Mint Receipts appears to be judicious.

EXPENDITURE.	Budget Estimate, 1866-67.	Budget Estimate, 1867-68.	Increase	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt	2,725,410	2,711,040	..	14,370
Interest on Special Loans for Public Works	..	80,000	80,000	..
Interest on Service Funds and other Accounts	461,830	745,189	283,359	..
Allowances, Refunds, and Drawbacks	248,720	321,612	72,892	..
Land Revenue	2,058,570	2,114,823	56,253	..
Forest	300,450	276,379	..	24,071
Abkaree (Excise)	237,200	236,179	..	1,021
Custom	197,950	218,221	20,271	..
Salt	344,240	369,351	25,111	..
Opium	1,762,940	1,679,972	..	82,968
Stamps	86,990	83,492	..	3,498
Mint	139,600	135,541	..	4,059
Post Office	455,830	481,120	25,290	..
Telegraph	406,840	520,528	113,688	..
Allowances to District and Village Officers	414,010	395,777	..	18,233
Administration and Public Departments	1,066,730	1,042,165	..	24,565
Law and Justice	2,607,790	2,841,803	234,013	..
Police	2,435,380	2,427,436	..	7,944
Munee	469,690	549,895	80,205	..
Education, Science and Art	763,230	821,667	58,437	..
Ecclesiastical	159,160	157,690	..	1,470
Medical Services	308,440	301,205	..	7,235
Stationery and Printing	154,580	168,056	13,476	..
Political Agencies and other Foreign Services	201,720	221,610	19,890	..
Allowances and Assignments under Treaties and Engagements	1,896,540	1,980,792	84,252	..
Miscellaneous	362,700	431,980	69,280	..
Superannuations, Retired, and Compassionate Allowances	679,240	680,412	1,172	..
Army	13,181,210	12,657,920	..	523,290
<i>Public Works, Ordinary—</i>				
Public Works	5,770,000	3,212,500	..	..
Supervision and Cost of Land for Railways	391,600	112,000	..	..
Loss by Exchange on Railway Transactions	233,130	185,077	..	..
Jails	..	82,000	..	..
Expenditure in England heretofore included in the Indian Accounts, <i>viz.</i> , Stores	40,521,720	38,243,432	..	..
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	41,270,070	39,360,658	..	..
Net Expenditure in England	533,330	582,359	49,029	..
Public Works Extraordinary	46,825,600	45,097,632	..	..
Reproductive Public Works	..	2,243,000	2,243,000	..
		1,270,000	1,270,000	..
			5,300,909	..
			3,515,877	3,515,877
TOTAL	46,825,600	48,610,632	1,785,032	

59. The reduction of 498,800*l.* in your Estimate of Receipts from Public Works is stated in your letter to be wholly attributable "to the exclusion of the accounts of the Special Fund at Bombay from the Revenue Accounts." It is not clear from this explanation whether the reduction arises from your not again including a sum which was erroneously expected to be realized in 1866-67, or whether an estimated receipt at Bombay in 1867-68 is excluded from the accounts.

60. The Budget Estimate of the Revenue for 1867-68 is therefore, on the whole, 30,310*l.* in excess of the Estimate for 1866-67, after including the proceeds of the License Tax.

61. The total estimated expenditure in India and England for 1867-68 exceeds, by 1,785,032*l.*, the Budget Estimate for 1866-67.

62. In the Army Charges, the Estimate for 1867-68* is 523,290*l.* below that for the previous year, and there are reductions of

* *Note*—This expenditure will be increased by the amount of nearly 200,000*l.*, in consequence of the addition of 2*d.* a day, which has been made to the pay of the British soldier.

comparatively small amount under other heads, but there is an increase under the following, viz.,—

SIR STAFFORD
NORTHCOOTE.
14th June 1867.

- Telegraph, 113,688*l.*, on account of the Indo-European Line
- Law and Justice, 234,013*l.*, caused by increased salaries to Uncovenanted Judges, &c.
- Marine, 80,205*l.*, consequent on "New ships having been put in commission in Bombay."
- Education, Science, and Art, 58,437*l.*, mainly attributable to grants-in-aid.
- Allowances and Assignments under Treaties and Engagements, 84,252*l.*, owing to an assignment of 165,000*l.*, to provide for payment of the debts of Prince Azeem Jah.

The largest increase is, however, in the Public Works Charges:—

		£
For 1866-67 the estimated charge for Public Works was	...	6,394,730
For 1867-68 the estimated charge is, Public	£	
Works, Ordinary	... ..	3,591,577
Public Works Extraordinary—		
Military Communications and		
Embankments	... ..	2,243,000
Reproductive Works	... ..	1,270,000
		3,513,000
		7,104,577
Increase for 1867-68	... ..	£709,847

An increase which is by no means excessive when the works which you expect to execute are taken into consideration.

63. Excluding Public Works Expenditure, and that upon Stores from England, which exceeds the corresponding charge for 1866-67 by 348,876*l.* and the augmentation of 348,989*l.* for interest, the remaining increase of £357,320 must be regarded as the result of the efforts made to improve the general administration.

64. Consequent on the change in the mode of stating Public Works Expenditure, it appears from the Budget Estimate that excluding Public Works Extraordinary, there is an estimated surplus in 1867-68 of 1,685,478*l.*, or, including Public Works Extraordinary, a deficit of 1,827,522*l.*; but that is an unduly favourable view of the financial result of the year, as the real increase in the Public Works Expenditure in 1867-68 is, as shown in paragraph 62, 709,847*l.*

65. It is obviously of great importance, specially when it is probable that money will have to be raised on loan, that great care should be taken that no expenditure of an ordinary character is included under Public Works Extraordinary, and I am not without apprehension that this has been done in your Budget Estimate.

66. It is difficult to specify precisely the works which should be regarded as "ordinary," and therefore properly chargeable on income, and what "extraordinary;" but, as a general rule, all works should be treated as "ordinary,"

MR STAFFORD
NORTHCOTE.

14th June 1867.

excepting those which may be expected to prove directly remunerative, that is to say, capable of yielding a profit beyond the interest on their cost, and great works, such as the construction of the new barracks which have been specially sanctioned as "extraordinary" by the Home Government. There are several works included in the Public Works Department account of the proposed expenditure of the special grant which do not appear to me to fulfil these conditions.

67. If that distinction be made, the extraordinary expenditure will be the amount that may be properly provided for by loan, while all the other charges should be met from the incomes of the year, and I should not consider your financial condition to be satisfactory unless, in time of peace, you are able to show a surplus of at least a million sterling, of which a considerable portion might be regarded as necessary for the gradual repayment of the debt incurred for extraordinary expenditure on Public Works.

68. This provision is the more necessary with reference to the propositions which are being constantly made by your Government for increases of salaries and establishments, and it is indispensable that you should keep constantly in view the importance of limiting the expenditure to the lowest amount consistent with efficiency.

69. As the surplus shown in the Budget Estimate for 1867-68, of 1,685,478*l.*, is due to the reduction of the ordinary charges by the transfer of a large sum to the head of Public Works Extraordinary, without which transfer your Estimate for 1867-68 must have shown a considerable deficit, it is obvious that you had no option but to consider what new mode of taxation it would be expedient to adopt.

70. When the Income Tax was imposed in the year 1860, the rate of four per cent. was assessed on incomes of Rs. 500. per annum and upwards, 2 per cent. only being chargeable on incomes below Rs. 500, but exceeding Rs. 200 per annum. It was soon found, however, that any assessment on incomes of less amount than Rs. 500 per annum was inexpedient, and that portion of the tax was relinquished in 1862.

71. In now determining to impose a License Tax, you appear to have been influenced by a belief that such a tax would be less objectionable than an Income Tax. I entertain doubts of the soundness of that opinion. Whatever objection could be made to the Income Tax, and however defective the former assessment may have been, the principal was equitable, the rate of charge on all incomes above Rs. 500 being uniform. The License Tax imposes the same annual payment on an income of Rs. 200 per annum as on one of Rs. 499, and throughout the several classes similar inequalities exist, until the maximum of Rs. 500 is paid on incomes of Rs. 25,000, all incomes exceeding that sum being exempt so far as regards the excess. This exemption and the general inequality of the assessment are open to objection, and the amount which you expect to realize appears scarcely commensurate with the inconvenience which the imposition of a tax of that nature is calculated to occasion.

72. In questioning the expediency of the imposition of the License Tax, I do not desire to suggest any particular tax for your adoption, or to interfere with the duty, which must rest with your Government, of devising such measures as may be necessary for meeting your ordinary expenditure. I would only request that these remarks may receive your careful consideration.

73. In consequence of the failure in the Land Sales at Bombay, you raised in India, in December last, 600,000*l.* on debentures, repayable in January 1869, 1869, and 1870 respectively, and you contemplate raising in India, during the current year, the sum of 2,000,000*l.* It appears from the Notification forwarded with your Financial

10 lacs, repayable 3rd January 1868.	
20 " " 4th " 1869.	
30 " " 3rd " 1870.	

letter, dated the 16th April, No. 113, that you had invited tenders for 1,500,000*l.*, repayable as follow:—

SIR STAFFORD
NORTHCOTE.
14th June 1867

400,000 <i>l.</i>	after 5 years,	from 1st June 1867.
500,000 <i>l.</i>	„ 10 „ „ „	„
600,000 <i>l.</i>	„ 15 „ „ „	„

Considering that the large expenditure for Public Works may render it necessary for you to obtain further loans during the next few years, I doubt whether it is expedient to borrow further sums on debentures, or for short terms of years, as it might be inconvenient to provide for those debentures or loans if they should be paid in to any considerable amount in satisfaction of demands for revenue, under the option given to holders, or should fall due at the same time that you have to raise money to meet the wants of the year.

74. You estimate that the year 1867-68 will commence with a balance in India of 11,132,133*l.*, and close with a balance of 10,612,168*l.*, after including payments on account of Railway and Irrigation Companies to the amount of 4,943,766*l.*, a sum considerably exceeding the net amount estimated by those Companies to be paid into the Home Treasury.

75. In Lord Cranborne's Financial despatch dated the 31st December last, No. 304, you were informed that it would be necessary that you should be prepared to meet bills from this country to the extent of 7,200,000*l.* That amount will be reduced by the sum of 1,000,000*l.* to be borrowed in this country for barracks, and the drafts on India in the current year will consequently be limited to 6,200,000*l.*

1868-69.

I have considered in Council your Financial letters dated the 21st February and 14th March last, Nos. 47 and 66, forwarding the Finance and Revenue Accounts for the year 1866-67, and the Regular Estimate for 1867-68, for presentation to Parliament; your letter, dated the 26th March 1868, No. 71, with the Budget Estimate for the year 1868-69, together with your letters of the 23rd and 27th March and 13th April, Nos. 68, 73 and 93, forwarding minutes of the several members of your Government on the financial measures to be adopted during the current year.

SIR STAFFORD
NORTHCOTE.
No. 288, dated 9th
July 1868.

1866-67.
Comparison of Actual Accounts with the Regular Estimate.

2. The Income and Expenditure for 1866-67 (1st May 1866 to 31st March 1867) were stated in the Regular Estimate presented to Parliament in May 1867 as follow:—

	£
Revenues and Receipts	41,912,530
Expenditure in India, including the value of Stores from England	37,761,537
Expenditure in England, net	5,474,245
Guaranteed Interest on Capital of Railway and other Companies, after deducting net Traffic Receipts	1,028,769
	<hr/> 44,264,551
Estimated deficit	<hr/> 2,352,021

But it was shown in a note that the Expenditure for Stores was under-estimated.

SIR STAFFORD
NORTHCOTE.

9th July 1868.

3. It appears from the Accounts of 1866-67 that

	£
The Revenues and Receipts actually amounted to ...	42,012,566
The Expenditure in India, including the value of Stores supplied from England, to ...	£ 38,251,784
The Expenditure in England, net, to ...	5,547,224
Guaranteed Interest on Railway Capital, less net Traffic Receipts, to ...	731,049
	44,530,057
The deficit being ...	2,517,491

or 165,470% more than was anticipated in the Regular Estimate.

4. But although the result differs so little from the Estimate, there were considerable deviations therefrom, both in the Revenue and Expenditure.

5. The actual receipts were in excess of the Estimate under the heads

REVENUES AND RECEIPTS, 1866-67.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Civil—				
Land Revenue ..	18,610,200	19,136,449	526,249	...
Tributes and Contributions from Native States ...	651,480	629,245	...	22,235
Forest ...	352,710	311,340	...	41,370
Abkaree (Excise) ...	2,137,150	2,119,789	...	17,361
Income Tax ...	20,630	22,127	1,497	...
Customs ...	2,045,140	2,030,364	...	14,276
Salt ...	5,621,770	5,345,910	...	275,860
Opium ...	6,875,700	6,803,413	...	72,287
Stamps ...	1,873,250	1,803,773	...	60,477
Mint ...	239,500	239,991	491	...
Post Office ...	355,580	496,439	140,859	...
Telegraph ...	288,600	197,355	...	91,245
Law and Justice ...	642,060	627,050	...	15,010
Police ...	203,420	188,169	...	15,251
Marine ...	235,440	228,543	...	6,897
Education ...	60,860	66,658	5,798	...
Interest ...	245,650	233,513	...	12,137
Miscellaneous ..	362,750	276,310	...	86,440
Army, Miscellaneous ...	679,470	717,489	38,019	...
Public Works, ditto ..	411,170	538,139	126,969	...
			839,882	739,846
	£41,912,530	42,012,566	100,036	

of Land Revenue by 526,249%, Post Office Receipts by 140,859%, and Public Works by 126,969%. There were also unimportant increases under Income Tax, Mint, Education, and Army. On the other hand, the actual receipts were less than the Estimate under all other heads, the most serious falling off being 275,860% in the receipts from Salt.

6. The explanations furnished by you of these several increases or decreases show that they are, in great measure, at-

tributable to the fact that the Estimates and Accounts for the year 1866-67 related only to 11 months, and that the exclusion of the month of April rendered the preparation of an Estimate more than usually difficult.

7. The increase of 526,249% in the Land Revenue arose from larger collections generally, but especially at Bombay, in the North-Western Provinces, and British Burmah. The increase of 169,302% at Bombay is explained by you as being due to a sum corresponding to the Receipts in April 1866 having been struck off the Estimate for 1867, and as the Receipts in that month included large arrears, the Revenue for 1866-67 was consequently under-estimated. The increase of 149,541% in the North-Western Provinces was "owing to sale of proprietary rights in confiscated estates, to assessments and outstanding balances of former years realized in Goruckpore and Bustee, and to larger collections of rents in anticipation;" and that of 114,824% in British Burmah to "collections of fluctuating Land Revenue in excess of the Estimate."

8. The increase of 140,859*l.* under Post Office was apparently nominal, and was caused by bringing to account as revenue the postage on service letters and the collections of steam postage, the former being entered as a charge of the several Departments, and the latter included among allowances, refunds, and drawbacks, corresponding entries having been omitted in the Estimate.

SIR STAFFORD
NORTHCOTE.
9th July 1868.

EXPENDITURE, 1866-67.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Civil—				
Interest on Funded and Un- funded Debt ...	2,217,170	2,499,280	282,110	...
Interest on Service Funds and other Accounts ...	600,894	420,268	...	180,626
Allowances, Refunds, and Drawbacks ...	336,966	421,830	84,864	...
Land Revenue ...	1,906,296	1,832,022	...	74,274
Forest ...	231,208	208,633	...	22,575
Abkaree (Excise) ...	214,487	234,225	19,738	...
Income Tax ...	1,237	1,188	...	49
Customs ...	188,661	188,810	149	...
Salt ...	346,772	317,519	...	29,253
Opium ...	1,616,013	1,077,330	...	538,683
Stamps ...	81,885	80,226	...	1,659
Mint ...	135,342	131,146	...	4,196
Post Office ...	431,772	415,129	...	16,643
Telegraph ...	487,852	286,086	...	201,766
Allowances to District Vil- lage Officers ...	381,287	339,619	...	41,668
Administration and Public Departments ...	1,001,671	1,089,064	87,393	...
Law and Justice ...	2,413,396	2,397,788	...	15,608
Police ...	2,199,697	2,262,921	63,224	...
Marine ...	520,008	585,945	65,937	...
Education, Science and Art	683,130	674,717	...	8,413
Ecclesiastical ...	147,472	144,360	...	3,119
Medical Services ...	279,490	261,801	...	14,689
Stationery and Printing ...	154,564	180,296	25,732	...
Political Agencies and other Foreign Services ...	221,340	238,289	16,949	...
Allowances and Assignments under Treaties and En- gagements ...	1,567,782	1,712,003	144,221	...
Miscellaneous ...	327,427	779,032	451,605	...
Superannuation, Retired, and Compassionate Allowances	687,585	545,032	...	142,553
Army ...	12,338,959	12,440,383	101,424	...
Public Works: Public Works, including loss by exchange on Railway Transactions ...	5,420,095	5,329,464	...	90,631
	37,137,555	37,094,406		
Expenditure in England for Stores transmitted to India	623,982	1,157,387	533,396	...
Guaranteed Interest on Rail- way Capital, less net Traffic Receipts ...	1,028,769	731,049	...	297,720
Net Expenditure in England, exclusive of Stores for India ...	5,474,245	5,547,224	72,979	...
			1,949,631	1,684,125
	44,264,551	44,530,057	265,506	

9. The actual expenditure exceeded the Estimate by 265,506*l.* as shown in the margin.

10. The largest increases were in the interest on Funded and Un-funded Debt, allow-ances and Assign-ments under Trea-ties and Engage-ments, Miscella-neous, Army, and in the cost of Stores transmitted to India.

11. The increase under the first mentioned head, 282,110*l.*, is explained by you as "due to an over-estimate in the amount of interest expected to remain unclaimed during the year," but I am unable to understand on what principle your estimate could have been framed to admit of so large a difference as 282,110*l.* on this account.

12. The increase of 144,221*l.* in Allowances and Assignments is stated by you to be "due principally to under-estimates in Bombay and Bengal."

13. Of the increased charge of 451,605*l.* under Miscellaneous, 348,575*l.* was on account of famine relief in Bengal, for which no provision had been made in the Estimate, the remainder arising from loss by exchange on transac-tions with this country.

SIR STAFFORD
NORTHCOTE.
9th July 1868.

14. The increase of 101,424*l.* in Army Charges was consequent on larger expenditure "in Commissariat establishments, supplies, and services in Bengal and Bombay."

15. The expenditure on account of stores from England was under-estimated to the amount of 533,396*l.*, which is attributed by you to the non-receipt of the revised Estimate from England for the eleven months from 1st May 1866 to 31st March 1867, at the time when your Regular Estimate was closed, the Estimate forwarded to you with the Financial despatch dated the 31st December 1866, No. 304, having been prepared as usual for twelve months.

16. The actual charges were less than the Estimate under numerous heads, those in which the changes were most considerable being Interest on Service Funds and other accounts, Opium, Telegraph, Superannuation, Retired and Compassionate Allowances, and Guaranteed Interest on Railway Capital less net Traffic Receipts.

17. The decrease under Interest on Service Funds, &c., was apparently nominal, and arose from the non-adjustment of the charge for interest on the Balance of the Bengal Civil Service Annuity Fund, and that under Superannuation, Retired, and Compassionate Allowances was mainly due to the non-adjustment of the donation to the same Fund.

18. The decrease under Opium was attributable to the payments to cultivators of the drug in Bengal having been over-estimated. The Telegraph Charges were less than the estimate by 201,766*l.*; of which, 61,742*l.* was in the cost of Superintendence, 60,075*l.* Construction and Re-construction, 46,774*l.* Indo-European Telegraph Line, and 28,878*l.* Stores purchased in India. But, as regards both the charges of Opium and the Telegraph Charges, it appears from your Regular Estimate for 1867-68 and your Budget Estimate for 1868-69 that the decreases in 1866-67 were exceptional.

19. The payment on account of Guaranteed Interest on Railway Capital was less by 297,720*l.*, owing to the realization of increased earnings from traffic.

20. It appears, therefore, that although the differences shown in the actual accounts, as compared with the Regular Estimate, were, under some heads, of large amount, they do not indicate any general change of importance either in the Revenues or Charges.

21. Your Regular Estimate for 1867-68 shows considerable deviations from the Budget Estimate for that year. In the latter, after the necessary modifications had been made in this country,—

1867—68.
Comparison of Regular Estimate
with Budget Estimate.

	£
The Revenues and Receipts were stated at ...	46,783,110
The Charges in India, excluding Public Works Extraordinary, at ...	£ 38,243,432
The Public Works Extraordinary, at...	3,518,000
The net Expenditure in England, including Stores for India, at...	6,271,841
The Guaranteed Interest on Railway Capital, less net Traffic Receipts, at ...	582,359
	<hr/> 48,610,632
Estimated deficit ...	<hr/> <hr/> 1,827,522

22. You now estimate—

	£
The Revenues and Receipts at	48,258,500
The Charges in India, exclusive of Public Works Extraordinary, at	38,508,700
The Public Works Extraordinary at	2,761,200
The net Expenditure in England, including Stores for India, will probably amount to	6,852,277
The Guaranteed Interest on Railway Capital, less net Traffic Receipts, to	1,242,400
	49,364,577
Deficit	£1,106,077

SIR STAFFORD
NORTHCOTE.
9th July 1868.

23. This improvement in the financial prospect of the year 1867-68

REVENUES AND RECEIPTS, 1867-68.

	Budget Estimate.	Regular Estimate.	Increase.	Decrease.
	£	£	£	£
Land Revenue	20,054,790	20,103,000	48,810	
Tributes and Contributions from Native States	696,930	698,400	1,470	
Forest	434,300	412,900	...	21,400
Abkaree (Excise)	2,205,260	2,252,800	47,520	
License Tax	500,000	658,000	158,000	
Customs	2,357,130	2,545,200	188,070	
Salt	6,078,030	6,024,300	...	53,730
Opium	7,713,750	8,814,200	1,100,450	
Stamps	2,487,580	2,393,900	...	93,680
Mint	313,240	237,300	...	75,940
Post Office	595,210	652,300	57,090	
Telegraph	303,900	272,000	...	31,900
Law and Justice	718,520	734,400	15,880	
Police	246,090	261,700	15,610	
Marine	246,220	259,200	12,980	
Education	66,090	73,400	7,310	
Interest	226,900	227,600	700	
Miscellaneous	347,530	438,800	91,280	
Army, Miscellaneous	711,630	719,000	7,370	
Public Works, Miscellaneous	480,000	479,500	...	500
			1,752,540	277,150
			277,150	
	46,783,110	48,258,500	1,475,390	

results from an estimated net increase of Revenue of 1,475,390L., which is counter-balanced, however, to the amount of 753,945L. by increased expenditure.

24. The most important changes in the estimated Revenue are—increases of 158,000L. under the head of License Tax, of 188,070L. from Customs, and of 1,100,450L. from Opium.

25. The increase in the proceeds of the License Tax includes 36,600L. for the Pandree Tax in the Central Provinces, heretofore exhibited under Land Revenue. The increase in the Customs is

explained by you as arising from "the Collections of Customs Duty in Bengal, Madras and Bombay," but the items in which the improvement is

SIR STAFFORD
NORTHCOTE.
9th July 1868.

anticipated are not specified. The increase under Opium is due to the sale of an increased quantity, and at a higher price, of Bengal Opium.

26. In the expenditure, the principal increases in the Regular Estimate

EXPENDITURE, 1867-68.

	Budget Estimate.	Regular Estimate.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt ...	2,711,040	2,699,700	...	11,340
Interest on Special Loans for Public Works ...	80,000	67,000	...	13,000
Interest on Service Funds and other accounts ...	745,189	772,800	27,611	
Allowances, Refunds and Drawbacks ...	321,612	341,700	20,088	
Land Revenue ...	2,114,823	1,935,600		179,223
Forest ...	276,376	280,600	4,221	
Abkaree (Excise) ...	236,179	251,500	15,321	
License Tax ...	.....	32,900	32,900	
Customs ...	218,221	209,000	...	9,221
Salt ...	369,351	353,300	...	16,051
Opium ...	1,679,972	1,863,200	183,228	
Stamps ...	83,492	90,800	7,308	
Mint ...	135,541	118,400	...	17,141
Post Office ...	481,120	486,600	5,480	
Telegraph ...	520,528	527,800	7,272	
Allowances to District and Village Officers ...	395,777	398,200	2,423	
Administration and Public Departments ...	1,042,165	1,057,300	15,135	
Law and Justice ...	2,841,803	2,488,900	...	352,903
Police ...	2,427,436	2,383,200	...	44,236
Marine ...	549,895	718,900	164,005	
Education, Science and Art ...	821,667	786,200	...	35,467
Ecclesiastical ...	157,690	155,500	...	2,190
Medical Services ...	301,205	315,500	14,295	
Stationery and Printing ...	168,056	205,800	37,744	
Political Agencies and other Foreign Services ...	221,610	237,500	15,890	
Allowances and Assignments under Treaties and Engagements ...	1,980,792	2,062,500	81,708	
Miscellaneous ...	431,980	443,600	11,620	
Superannuation, Retired, and Compassionate Allowances ...	680,412	625,900	...	54,512
Army ...	12,657,920	12,889,900	231,980	
Public Works, Ordinary:— Public Works, including loss by Exchange on Railway Transactions ...	3,591,577	3,713,900	122,323	
	38,243,432	38,508,700		
Expenditure in England for Stores transmitted to India ...	1,117,226	1,151,359	34,133	
Guaranteed Interest on Railway Capital, less net Traffic Receipts	582,359	1,242,400	660,041	
Net Expenditure in England, exclusive of Stores for India ...	5,154,615	5,700,918	546,303	
	45,097,632	46,603,377		
Public Works Extraordinary ...	3,513,000	2,761,200	...	751,800
			2,241,029	1,487,084
	48,610,632	49,364,577	753,945	

are under Opium, Marine, Army, Guaranteed Interest on Railway Capital, less net Traffic Receipts, and net Expenditure in England, including Stores.

27. The increase under Opium is due to the estimated payment of arrears of the past year, and additional advances to cultivators.

28. Of the increase of 164,005*l.* in the Marine Charges, 126,034*l.* is attributed by you to expenditure in the purchase of coal and other stores at Bombay, principally for the Abyssinian Expedition, which will, however, be recovered from the British Exchequer.

29. The increase of 231,980*l.* in Army Charges is explained as arising from several causes, manifesting a tendency towards increase in the Military expenditure which calls for constant watchfulness.

30. There appears to be an increase in the charge for stores transmitted to India, but your Budget Estimate did not include the value of Copper and Public Works Stores. In the estimate presented to Parliament, the value of those stores is included.

31. The large estimated increase in the charge for Guaranteed Interest on Railway Capital appears to arise mainly from the falling off in the net traffic earn-

ings consequent on the "break down of the Bhoze Ghaut Incline, the state of the

Estimated payments in England for Guaranteed Interest:—

	£.	
Per Estimate of December 1866	3,377,000	" North-Eastern
" " May 1868	3,494,317	" Line, and Nag-
	117,317	" pore Extension
	<u>117,317</u>	" of the Great
		" Indian Peninsula

" Railway; and the cessation of cotton traffic on the East Indian Line." The payment of interest in England will probably exceed the Budget Estimate by 117,317*l.*

	£	
Indo-European Telegraph	3,794	108,867 <i>l.</i> is nomi-
Dividends on India Transfer loan	64,351	nal, the items
Included in the Estimate of December 1866, in the items of		specified in the
" Miscellaneous —	£	margin, which, in
His Highness Maharajah Duleep Singh	19,879	the Budget Esti-
Purchase of horses	5,081	mate, had been
Madras Civil Fund of 1800, now included under Superannuation,		included under
Retired, and Compassionate Allowances	2,789	" Payments in
Clothing Stores taken to India by Regiments proceeding from the		" England includ-
Colonies, now included under Army Miscellaneous	4,401	ed as Charges in
Books, Newspapers, &c, sent to India, and miscellaneous issues of pay		" the Indian Esti-
to men engaged to proceed to India in different capacities, &c.,	3,572	" mates and Ac-
	<u>35,722</u>	" counts" being
	<u>108,867</u>	

now entered among the charges in this country. Of the remaining increase, 100,620*l.* is in the payment to the Imperial Government for troops serving in India, consequent on the adjustment of certain outstanding claims, 28,573*l.* in the Furlough Allowances, 91,646*l.* in the charge for passages of Officers and Troops, 44,735*l.* on account of the Overland Troop Transport Service, 29,410*l.* on account of construction of Victoria Hospital at Suez, 38,548*l.* in Retired Pay, including Compassionate Allowances and Lord Clive's Fund Pensions, and a charge of 23,079*l.* arises from a refund to the representatives of the late Lord Clive. An additional sum of 31,345*l.* is also included on account of Interest on Loans contracted in England.

33. Although, therefore, the view of the Income and Expenditure given in the Regular Estimate shows a reduction of 721,445*l.* in the deficit of the year as compared with the Budget Estimate, the improvement is entirely due to the increased receipt from Opium. The expenditure is expected to exceed by 753,945*l.* the Budget Estimate, notwithstanding the expenditure on Public Works Ordinary and Extraordinary is reduced to the amount of 629,477*l.*

34. As the accounts of the year 1866-67 relate only to the transactions of eleven months, it is not practicable to make any useful comparison between those accounts and the Regular Estimate of 1867-68.

• *Budget Estimate, 1868-69.*

35. In your Budget Estimate for 1868-69—	£
The Revenues and Receipts are estimated, at	48,586,900
The expenditure in India, exclusive of Public Works	£
Extraordinary, at	38,925,960
Expenditure in England (net), including stores for	
India, is estimated at	6,392,444*
Guaranteed Interest on Railway Capital, less net Traffic	
Receipts	1,202,900
	<u>46,521,304</u>
Surplus, excluding Public Works Extraordinary	2,065,596
Public Works Extraordinary	3,092,090
	<u>1,026,494</u>
Estimated deficit	1,026,494

* *Vide* enclosure to Financial Despatch to India, dated 23rd December 1867, No. 477, but stated at 6,392,400*l.* in the Budget Estimate received from India.

SIR STAFFORD
NORTHCOTE.
9th July 1868.

SIR STAFFORD
NORTHCOTE.
9th July 1868.

36. When compared with the Regular Estimate for 1867-68, the

REVENUES AND RECEIPTS.

	Regular Estimate, 1867-68.	Budget Estimate, 1868-69.	Increase.	Decrease.
	£	£	£	£
Land Revenue ...	20,103,600	20,466,000	362,400	
Tributes and Contributions from Native States ...	698,400	687,000	..	11,400
Forest ...	412,900	403,900	...	9,000
Abkaree (Excise) ...	2,252,800	2,211,600	..	41,200
Assessed Taxes ...	658,000	570,000	..	88,000
Customs ...	2,545,200	2,441,600	...	103,600
Salt ...	6,024,300	6,016,900	...	7,400
Opium ...	8,814,200	8,385,800	...	428,400
Stamps ...	2,393,900	2,372,800	...	21,100
Mint ..	237,300	251,200	13,900	
Post Office ...	652,300	671,300	19,000	
Telegraph ...	272,000	252,600		19,400
Law and Justice ..	734,400	1,084,200	299,800	
Police ..	261,700	274,300	12,600	
Marine ...	259,200	294,500	35,300	
Education ...	73,400	75,100	1,700	
Interest ...	227,600	226,500	..	1,100
Miscellaneous ..	438,800	763,200	324,400	
Army, Miscellaneous	719,000	692,400		26,600
Public Works, ditto ..	479,500	496,000	16,500	
			1,085,600	757,200
	48,258,500	48,586,900	328,400	

total estimated Revenues and Receipts for 1868-69 show an improvement of 328,400/.

37. The principal increases are under the heads of Land Revenue, Law and Justice, and Miscellaneous. The augmented Land Revenue is attributed by you to "the realization of the usual revenue in Orissa, and is partly owing to the new settlement in Oude, re-settlements in Goojerat, proceeds of grazing lands, and increase in settlement fees in the Punjaub."

38. The increase in the receipts from Law and Justice appears to be nominal, being a transfer of the balances of Peons, Ameens, and Tullubanna Fee Funds, "which are appropriable to increasing the efficiency of judicial establishments, for which provision has been, and will henceforth be, made in the charges."

39. In regard to the Miscellaneous Receipts, you state that the Budget Estimate shows "an increase of 324,400/., in consequence of the credit taken for the first time for the amount of subscription on account of Military Funds in Bengal, Madras and Bombay, and also for the amount of excess of payments over receipts in England and India by a per contra debit under the debt account." From this explanation I conclude that the receipts on accounts of these funds are entered as Miscellaneous Receipts, and the payments to a corresponding amount as charge, any excess of payments being debited to the balance of the funds deposited with the several Governments.

40. Under most other heads your Budget Estimate of Revenue for 1868-69 is below the Regular Estimate for 1867-68, but the only reduction of large amount is 428,400/., in the receipt from Opium, which is, however still estimated at 8,385,800/.

41. The expenditure in India and England, including Public Works Extraordinary, is estimated for 1868-69 at 49,613,394/., being 248,817/., in excess of the Regular Estimate for the previous year. Excluding Public Works Extraordinary, the expenditure is 82,073/., below the Regular Estimate of 1867-68.

42. In the estimated expenditure, the principal increases are in the charges of collection of the Land and of the Post Office revenue, the charges of Law and Justice, Police, Education, Science and Art, and in the expenditure on Public Works. On the other hand, the Budget Estimate is below the Regular Estimate for 1867-68 under Interest on Service Funds and other accounts, Allowances, Refunds and Drawbacks, Marine, Allowances and Assignments under Treaties and Engagements, Miscellaneous, and Expenditure in England.

43. The increase of 203,100% in the charge of the collection of the

SIR STAFFORD
NORTHCOTE
9th July 1868.

EXPENDITURE.

	Regular Estimate, 1867-68,	Budget Estimate, 1868-69.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt ...	2,699,700	2,699,700	...	...
Interest on Special Loans for Public Works ...	67,000	99,000	32,000	...
Interest on Service Funds and other Accounts ...	772,800	517,330	...	255,470
Allowances, Refunds, and Drawbacks ...	341,700	231,940	...	109,760
Land Revenue ...	1,915,600	2,138,700	203,100	...
Forest ...	280,600	278,080	...	2,520
Abkars (Excise) ...	251,500	261,900	10,400	...
License Tax ...	32,900	21,000	...	11,900
Customs ...	209,000	186,150	...	22,850
Salt ...	353,300	441,360	88,360	...
Opium ...	1,863,200	1,907,780	44,580	...
Stamps ...	90,800	101,100	10,300	...
Mint ...	118,400	109,500	...	8,900
Post Office ...	486,600	583,480	96,880	...
Telegraph ...	527,800	442,500	...	85,300
Allowances to District and Village Officers ...	398,200	396,520	...	1,680
Administration and Public Departments ...	1,057,300	1,140,220	82,920	...
Law and Justice ...	2,488,900	2,857,580	368,680	...
Police ...	2,383,200	2,502,450	119,250	...
Marine ...	713,900	558,800	...	155,100
Education, Science and Art ...	786,200	904,190	117,990	...
Ecclesiastical ...	155,500	162,520	7,020	...
Medical Services ...	315,500	366,970	51,470	...
Stationery and Printing ...	205,800	226,400	20,600	...
Political Agencies and other Foreign Services ...	237,500	231,050	...	6,450
Allowances and Assignments under Treaties and Engagements ...	2,062,500	1,948,090	...	114,410
Miscellaneous ...	443,600	270,700	...	172,900
Superannuation, Retired, and Compassionate Allowances ...	625,900	633,360	7,460	...
Army ...	12,889,900	12,904,720	14,820	...
Public Works, Ordinary :-				
Public Works, including Loss by Exchange on Railway Transactions ...	3,713,900	3,802,570	88,670	...
	38,508,700	38,925,960		
Expenditure in England for Stores transmitted to India ...	1,151,359	1,330,520	179,161	...
Guaranteed Interest on Railway Capital less net Traffic Receipts ...	1,242,400	1,202,900	...	39,500
Net Expenditure in England, exclusive of Stores for India ...	5,700,918	5,061,924	...	638,994
	46,603,377	46,521,304		
Public Works Extraordinary ...	2,761,200	3,092,090	330,890	...
			1,874,551	1,625,734
	49,364,577	49,613,394	248,817	

Land Revenue, and 368,680% under Law and Justice, appear to arise mainly from augmentations of salaries and establishments, and in some degree from including official postage as departmental charges, the increase of 96,880% under Post Office, and 119,250% under Police, to revisions of establishments, and the increased charge of 419,560% for Public Works to the larger provision for Irrigation and Special Fund Works. The increase under Law and Justice is counterbalanced to a great extent by the increased receipts referred to in paragraph 38 of the Despatch.

44. The decrease of 255,470% in the Interest on Service Funds is nominal, and is caused by excluding the interest payable to the Bengal, Madras and Bombay Military Funds, it having apparently been determined

that the excess of payments over receipts on account of those Funds should be charged to the capital.

45. The decrease of 109,760% in Allowances, Refunds and Drawbacks, is attributed by you to a change in the mode of exhibiting steam postage collections payable to the Imperial Exchequer, as noticed in paragraph 8 of your despatch dated the 14th March last, No. 66, which, however, gave reasons for an increase under this head. I am unable to understand how a change of system by which the refunds on this account are debited to the head of Allowances, Refunds and Drawbacks, can have reduced its total amount.

46. The decrease in the estimated Marine expenditure is owing to the Regular Estimate for 1867-68 having provided for stores bought to meet the Abyssinian Expedition; and the lower estimate for Allowances and Assignments under Treaties to the cost of the redemption of the annuity of Ramchunder Luxumunjee having been included in the Estimate for 1867-68.

SIR STAFFORD
NORTHCOTE,
9th July 1868.

47. The reduction of 459,833*l.* in the estimate of net expenditure in

		<i>Expenditure in England.</i>			
1867-68—		£			
	Per revised estimate presented to Parliament	5,805,687			
	Less receipts on account of Revenue	104,769			
	Net expenditure	...	5,700,918		
	Value of stores supplied to India	...	1,151,359	£	6,852,277
1868-69—		1867			
	Expenditure per estimate of December	5,186,424			
	Less receipts on account of Revenue	124,500			
	Net expenditure	...	5,061,924		
	Value of stores supplied to India	...	1,330,520	£	6,392,444
					<u>459,833</u>

England, including the cost of stores supplied to India, is mainly caused by a reduction in the Army Charges which were exceptionally heavy in 1867-68 on account of capitation rates payable to the Imperial Exchequer, furlough allowances, passage of Officers and

troops, construction of India troop transports, and India overland troop transport service.

48. It appears, therefore, that while your Budget Estimate for 1868-69 shows an increase of revenue and diminution of charge under some heads, they are for the most part nominal, and there is a tendency towards increase in the expenditure, especially in the charges of collection of the Land Revenue, Post Office, for Law and Justice, and Police.

49. In considering the general state of the finances, as shown in your estimate, it is important to keep in view the fact, that a sum exceeding one-sixth of your total income is estimated to be obtained from Opium.

50. In the 10 years from 1856-57 to 1865-66, the income from that source averaged 6,771,302*l.* per annum, and a sum equal to your present estimate has only been obtained in one year, *viz.*, 1865-66. I am, therefore, of opinion, that in framing your estimates it is inexpedient to include so large a sum as 8,385,000*l.* from Opium, and that in future years it would be well to limit the estimate to 6,000,000*l.*, even when there may be, as at present, a prospect of obtaining a larger amount.

	£
1856-57	5,011,525
1857-58	6,864,209
1858-59	6,146,342
1859-60	5,887,778
1860-61	6,676,759
1861-62	6,359,269
1862-63	8,005,476
1863-64	6,881,999
1864-65	7,361,405
1865-66	8,518,264
	<u>£67,713,026</u>
1866-67, 11 months	<u>26,803,413</u>

51. In discussing the financial measures which your Budget Estimate appeared to render necessary, exception was taken by several members of your Government to the imposition of a License tax, on the ground that it was uncalled for, and that if the expenditure on extraordinary and remunerative public works were provided for by loan, the estimate for the year would show a surplus.

52. I am fully aware that, when treating of the question of expenditure on important exceptional works, Lord Cranborne recognized the principle that in regard to the cost of works which had been duly considered and sanctioned, any sum which might be required in aid of the ordinary income should be raised by loan. This view I endorsed in my Financial despatch dated the 14th June 1867, No. 220, in which, however, I observed that, "as a general rule, all works should be treated as ordinary, except those which may be expected to prove directly remunerative; that is to say, capable of yielding a profit beyond the interest on their cost, and great works, such as the construction of the new barracks."

53. The arrangement under which Extraordinary Public Works Expenditure is shown separately in the accounts was, however, obviously made, not for the purpose of excluding from the ordinary charges expenditure which had, in past years, been defrayed from the annual income, but to show clearly what additional outlay on public works of a remunerative character might properly be provided for from money to be raised on loan.

54. The statement below shows that, even during the years when the charge of military operations consequent on the mutiny still pressed heavily on

the finances, the expenditure on Public Works was not very much below the sum now estimated to be incurred for Public Works Ordinary and Extraordinary, including Barracks, Communications, and Embankments, but exclusive of works of Irrigation and Special Fund Works. If the expenditure on Barracks be also excluded, the charge for Public Works Ordinary would be much less than that of 1859-60, when the Military charges amounted to 23,640,301*l.*, whereas they are now estimated at 16,005,088*l.* :—

SIR STAFFORD
NORTHCOTE.
9th July 1868

	1859-60.	1860-61	1861-62	1862-63.	1863-64.	1864-65	1865-66.	1866-67 (Eleven Months)	Regular Estimate, 1867-68.	Budget Estimate, 1868-69
	£	£	£	£	£	£	£	£	£	£
Military Charges, India and England	23,640,301	18,568,162	16,189,404	14,892,751	14,546,410	15,774,486	16,768,220	15,825,791	16,890,157	16,005,088
Public Works, including Loss by Exchange on Railway transactions	4,794,418	4,722,805	4,742,189	4,400,622	5,375,523	5,131,245	5,060,703	5,329,464	3,713,900	3,802,570
Military Buildings, Communi- cations, and Embankments		...	..	...	..				1,909,200	1,822,090
									5,823,100	5,624,660
Irrigation Works and Special Fund Works	...	...	..					..	852,000	1,270,000
							TOTAL		6,475,100	6,894,660

55. It appears, moreover, from the minutes of the members of your Government, that the exclusion of the charge on account of Barracks, Communications, or Embankments from the ordinary charges of the year, is calculated to encourage erroneous views of the actual financial position of your Government, by unduly reducing the amount which should be provided for Public Works out of the income of each year.

56. In para. 67 of my Financial despatch already referred to, I observed that your financial measures should be devised with a view to secure a surplus of income of a million over the expenditure of each year, exclusive of the charges for extraordinary works, and for a time of profound peace I consider that by no means too large a surplus. In the year 1866-67 (eleven months) in which no distinction was made between Ordinary and Extraordinary Public Works, the amount expended under the general head of Public Works amounted to 5,329,464*l.* In 1868-69, the charge for Public Works Ordinary is estimated at only 3,802,570*l.*, being 1,526,894*l.* below that of 1866-67, and even if the sum estimated to be expended in 1868-69 for Barracks, Communications, and Embankments, *viz.*, 1,822,090*l.*, be included among the ordinary charges, they will only exceed by 295,196*l.* the expenditure of 1866-67.

57. So far, therefore, as regards the Budget Estimate for 1868-69, the general requirement that your financial measures should be devised to secure annually a million in excess of the expenditure would hardly be complied with, unless you adopted measures to obtain a surplus, exclusive of expenditure on Irrigation and Special Fund Works of about three-fourths of a million.

58. But until you had determined to impose the Income Tax, your

	£
Estimated Revenue for 1868-69 was	48,016,900
The Charges in India and England, exclusive of Irrigation and Special Fund Works	48,343,394
	—————
Showing a deficit of	326,494
	—————

instead of a surplus of three quarters of a million, and under such circumstances, the necessity for the adoption of some new measure of taxation is fully

SIR STAFFORD
NORTHCOTE.

9th July 1868.

apparent. Taking the proceeds of the License Tax into account, the estimated surplus only amounts to 243,506*l.*

59. In its present form the License Tax is in reality an Income Tax, and it might probably, by a different and more equitable assessment, produce a larger sum to the Government. I am satisfied that this important question will receive your anxious consideration.

60. For the reasons which I have now given, I am of opinion that, in future years, Irrigation Works and Special Fund Works are the only items that should be shown as Public Works Extraordinary.

61. In Lord Cranborne's Financial despatch dated the 31st December 1866, you were informed that the disbursements in this country in the year 1867-68 were estimated at 11,479,715*l.*, and that, as the net receipts from Railway, &c., Companies, and Miscellaneous Receipts would amount to 4,401,000*l.*, it would be necessary for you to be prepared to meet bills on the several Governments in India to the amount of 7,200,000*l.* You were subsequently informed that, in order to enable you to provide for the expenditure on barracks in India, one million sterling would be borrowed in this country, and the bills on India were accordingly reduced to that extent.

62. On the receipt of your telegram of the 27th August 1867, requesting that the drafts on India might be reduced to enable you to make advances on account of the Abyssinian Expedition, those drafts were further reduced during the following three months to the extent of one million.

63. In your Financial letter No. 71, you state that only 500,000*l.* had been borrowed in this country, and that, consequently, a reduction to that amount should be made in the drawings during 1868-69, that you have provided in your Estimate Cash Balances to the amount of 4,400,000*l.* for Secretary of State's bills on Calcutta and Madras, and 2,000,000*l.* on account of Abyssinia; and you suggest that, with reference to the sum of 500,000*l.* above referred to, the bills on Calcutta and Madras should be reduced during 1868-69 to 3,900,000*l.* It must, however, be apparent to you that as the bills on your Government were reduced in 1867-68 to the extent of 1,000,000*l.*, on account of the expenditure on Barracks, no further credit was due to India on that account, even if the whole amount had not been immediately borrowed in England. But the sum raised was actually 1,164,407*l.*

64. You will observe from the Regular Estimate of the Receipts and Disbursements of the Home Treasury for 1867-68, recently presented to Parliament, that the Home Disbursements including 855,824*l.*, the cost of

<i>Regular Estimate, 1867-68.</i>		£	£	
The net receipts from Railway, &c., Companies are estimated at	...	4,860,423		specie for the expedition to Abyssinia, amount to 12,929,440 <i>l.</i> , being nearly a million and a half in excess of the former estimate, that the bills on Calcutta and Madras only amounted to 4,137,284 <i>l.</i> , and that the total receipts, including
The Miscellaneous Receipts, including repayment of the amount drawn on your Government by the Ambassador in China, and a loan to the Indian Branch Railway Company	...	501,556		
The sum raised by sale of India 4 per Cent. Stock	..	1,164,407		
From the Imperial Government on account of the Abyssinian Expedition	...	1,000,000		
For Bills of Exchange on India	...	4,137,284		
			11,663,670	
Estimated Receipts per Financial despatch, dated 31st December 1866	...		11,601,000	
			£62,670	

1,164,407*l.*, obtained by the sale of India 4 per cent. stock, only exceed by 62,670*l.* the amount estimated to be required in Lord Cranborne's despatch already referred to.

65. The cash balance in the Home Treasury was consequently reduced from 4,098,779*l.* at the commencement to 2,833,009*l.* at the close of the year 1867-68.

66. In the Estimate of Receipts and Disbursements in England for 1868-69, forwarded to you with my Financial despatch dated the 23rd December 1867, No. 477, the total disbursements were stated at 12,236,944*l.*

SIR STAFFORD
NORTCOTE
9th July 1868.

67. In that letter I informed you that, including the sum of 1,000,000*l.* to be recovered from the Imperial Government on account of the Abyssinian Expedition, and a net deposit by the several Railway and other Companies of 3,341,000*l.*, the total receipts were estimated at 4,535,500*l.*, and, therefore, it would be necessary for you to be prepared to meet bills to the amount of 7,800,000*l.*

68. Since the date of that Estimate, further remittances of specie have been made to Abyssinia and to Egypt on account of the Abyssinian Expedition, whereby the estimated disbursements will be increased.

69. At present it is not practicable to determine what sum in excess of 1,000,000*l.* will be recoverable from the Imperial Exchequer on account of the Abyssinian Expedition, but as some credit will have to be given for stores taken to India from Abyssinia, it would be unsafe to calculate on a larger increase than about 1,500,000*l.*

70. In regard to the several Railway and Irrigation Companies, I observe that you estimate the payments in India during 1868-69 at 4,415,417*l.*, whereas the net deposits in the Home Treasury are estimated by those Companies at only 3,341,000*l.* There

To be obtained for bills on India, per Financial despatch dated 23rd December 1867	...	...	...	£	7,800,000	is always great
Receipt from Imperial Government on account of Abyssinia in excess of amount estimated	...	...	..	...	1,500,000	uncertainty in regard to the Railway transactions here,
				—	6,300,000	but there is no reason to believe that the deposits by those Companies

will exceed their estimate, and the sum of 6,300,000*l.* still remains to be supplied by bills on India.

71. I request that you will inform me without delay, whether you will be prepared to meet bills to that amount, and at what date the drafts on Bombay may be renewed. Pending the receipt of your reply, the bills on India will be limited to Rs. 40,00,000 a month, according to the intimation conveyed to you by telegram on the 8th May 1868.

72. If you should continue of opinion that the disbursement for Railways in India will reach the sum estimated by you, the Railway Companies will be called upon to increase their deposits.

73. In closing this despatch, I feel it necessary to call your attention to the erroneous information conveyed to me by your telegram of the 14th March, in which it was stated; "Financial statement made to-day. Regular Estimate "surplus of the present year, 800,000*l.* Estimated surplus of 1868-69, "230,000*l.*, after providing for charges, except Irrigation works."

74. It cannot be necessary for me to remind you that, in regard to telegraphic communications, it is essential that great care should be taken that the terms of the messages will not admit of misapprehension.

75. Your Regular Estimate for 1867-68, instead of a surplus of 800,000*l.*, shows a deficit of 1,060,500*l.*, but before I was in possession of more accurate and detailed information, I had, in reply to a question in the House of Commons, given the substance of the telegram as received from you.

76. I must request that measures may be taken to guard against any similar error in future.

1869-70.

DUKE OF ARGYLL.
No. 252, dated 29th
July 1869.

I have considered in Council your Financial Letters dated the 8th, 9th, 15th and 16th March last, Nos. 56, 58, 63 and 65, the Finance and Revenue Accounts for 1867-68, and Regular Estimate for 1868-69, prepared for presentation to Parliament, the Budget Estimate for 1869-70, and the Financial Statement of Sir Richard Temple, which you also forwarded.

2. The Regular Estimate of the Revenues and Charges of India for the year 1867-68, presented to Parliament in May 1868, gave a probable deficit of 1,106,077*l.* The Actual Accounts show that the deficit was 1,610,157*l.*, being 504,080*l.* in excess of the Estimate.

3. This less favourable result was consequent on an increased expenditure, the Revenues having exceeded the Estimate by 171,144*l.*

4. There were, however, variations of considerable amount under several heads of Revenue. The receipts from Opium exceeded the estimate by 109,368*l.*, in consequence of the realization of a higher price for Bengal Opium, and of an increase in the quantity of Malwa Opium for which passes were granted. The Marine Receipts were 195,890*l.* above

REVENUES AND RECEIPTS, 1867-68.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Land Revenue	20,103,600	19,986,640	..	116,960
Tributes and Contributions from Native States	698,400	689,286	..	9,114
Forest	412,900	331,088	..	81,812
Abkaree (Excise)	2,252,800	2,238,931	..	13,869
Income Tax	658,000	653,848	..	4,152
Customs	2,545,200	2,578,632	33,432	..
Salt	6,024,300	5,726,093	..	298,207
Opium	8,814,200	8,923,568	109,368	..
Stamps	2,393,900	2,186,269	..	207,631
Mint	237,300	120,252	..	117,048
Post Office	652,300	659,679	7,379	..
Telegraph	272,000	215,031	..	56,969
Law and Justice	734,400	719,342	..	15,058
Police	261,700	231,972	..	29,728
Marine	259,200	455,090	195,890	..
Education	73,400	73,845	445	..
Interest	227,600	211,975	..	15,625
Miscellaneous	438,800	1,127,551	688,751	..
Army, Miscellaneous	719,000	742,712	23,712	..
Public Works, ditto	479,500	557,840	78,340	..
			1,137,317	966,173
			966,173	
	48,258,500	48,429,644	171,144	

the Estimate, mainly owing to the sale of Vessels and Stores. The principal increase was, however, 688,751*l.* in the Miscellaneous Receipts, and was caused by the transfer to Revenue of certain unclaimed deposits, and of the excess of the expenditure of the Military Funds, above the ordinary receipts, from the balances of those Funds.

5. On the other hand, the Land Revenue was 116,960*l.* below the Estimate, owing to the unfavourable season in various districts of the Madras Presidency. The receipts from Salt and

Stamps were respectively 298,207*l.* and 207,631*l.* less than the Estimate, but the sums realized under those heads were, nevertheless, much in excess of the receipts of any former year. Consequent on a diminished coinage of silver and copper, the Mint receipts were 117,048*l.* less than had been anticipated.

6. The Actual Expenditure of 1867-68 exceeded the Estimate by DUKE OF ARGYLL,
29th July 1869.

EXPENDITURE, 1867-68.

	Regular Estimate.	Actual Accounts	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt ...	2,699,700	2,709,972	10,272	...
Interest on Special Loans for Public Works ...	67,000	51,861	...	15,139
Interest on Service Funds and other Accounts ...	772,800	824,113	51,313	...
Allowances, Refunds, and Drawbacks ...	341,700	376,466	34,766	...
Land Revenue ...	1,935,600	1,995,950	60,350	...
Forest ...	280,600	226,416	...	54,184
Abkaree (Excise) ...	251,500	303,534	52,034	...
License Tax ...	32,900	33,314	414	...
Customs ...	2,19,000	207,186	...	1,814
Salt ...	353,300	325,520	...	27,780
Opium ...	1,863,200	1,874,121	10,921	...
Stamps ...	30,800	92,950	2,150	...
Mint ...	118,400	99,366	...	19,034
Post Office ...	486,600	491,690	5,090	...
Telegraph ...	527,800	396,517	...	131,283
Allowances to District and Village Officers Administration and Public Departments ...	398,200	385,981	...	12,219
Law and Justice ...	1,057,300	1,124,396	67,096	...
Police ...	2,488,900	2,544,349	55,449	...
Marine ...	2,383,200	2,434,125	50,925	...
Education, Science and Art ...	713,900	926,539	212,639	...
Ecclesiastical ...	786,200	783,510	...	2,690
Medical Services ...	155,500	158,707	3,207	...
Stationery and Printing ...	315,500	352,316	36,816	...
Political Agencies and other Foreign Services ...	205,800	222,729	16,929	...
Allowances and Assignments under Treaties and Engagements ...	237,500	241,801	4,301	...
Miscellaneous ...	2,062,500	1,873,072	...	189,428
Superannuation, Retired, and Compassionate Allowances ...	443,600	672,992	229,392	...
Army ...	625,900	911,256	285,356	...
Public Works Ordinary ...	12,889,900	12,603,467	...	286,433
Public Works, including Loss by Exchange on Railway Transactions	3,713,900	5,800,269	2,086,369	...
Expenditure in England for Stores transmitted to India ...	38,508,700	41,044,485	...	3,082
Guaranteed Interest on Railway Capital less net Traffic Receipts ...	1,151,359	1,148,277	...	...
Net Expenditure in England, exclusive of Stores for India ...	1,242,400	1,540,435	298,035	...
Public Works Extraordinary	5,700,918	5,704,142	3,224	...
	46,603,377	49,437,339		
	2,761,200	602,462	...	2,158,738
			3,577,048	2,901,824
	49,364,577	50,039,801	675,224	

675,224*l.* Of that increase, 212,639*l.* occurred in the Marine Charges, and was caused by purchases of coals and stores for the Abyssinian Expedition. Of the increase of 229,392*l.* under Miscellaneous, 77,826*l.* was for Famine Relief in Bengal, and 60,000*l.* was the loss on Government shares in the old Bank of Bombay. The increase of 285,356*l.*, under Superannuation, Retired, and Compassionate Allowances, was caused by the addition of the pensions of the Military Funds, and the adjustment of arrears of donations to Service Funds. The Guaranteed Interest on Railway Capital was 298,035*l.* above the Estimate, and is attributable to the Traffic earnings having been less than was anticipated.

7. The Expenditure was less than the Estimate under several heads, but the most important differences were 131,283*l.* under Telegraph, 189,428*l.* in the Allowances and Assignments, and

286,433*l.* in Army Charges. The Telegraph Charges were less in consequence of delay in the execution of the works. The Allowances and Assignments were lower mainly through the sum provided for the debts of Prince Azeem Jah having remained unappropriated during the year. The causes of the Army Charges having been less are not explained.

DUKE OF ARGYLL
29th July 1869.

8. In the Regular Estimate for 1867-68, the

	Regular Estimate.	Actual Accounts.
	£	£
1867-68—		
Public Works Ordinary ...	3,713,900	5,800,269
Ditto Extraordinary ...	2,761,200	602,462
	<u>£6,475,100</u>	<u>6,402,731</u>
Less in Actual Accounts ...	...	72,369
		<u>6,475,100</u>

expenditure for Barracks and Jails was shown under Public Works Extraordinary, but in the Actual Accounts they are properly included under Ordinary Charges, and on both accounts the actual expenditure was 72,369% below the Estimate.

9. This decrease is explained by you as arising under—

	£
Public Works, Ordinary and Extraordinary	... 70,681
Supervision and Cost of Land for Railways	... 35,775
Loss by Exchange ...	... 77,323
	<u>183,779</u>
Less Increase.—One per cent. to Income Tax grant	... 111,410
	<u>72,369</u>

but it is not apparent why the grant from Income Tax was omitted from the Regular Estimate.

10. Although, therefore, the Accounts for 1867-68 give a less favourable result than the Regular Estimate for that year, the variations are not greater than must be anticipated, and do not indicate any important change in the prospects of Revenue or Charge.

11. The Accounts of 1866-67, through the change in the commencement of the financial year, related in a great degree to the transactions of only 11 months, and it is not, therefore, practicable to make any useful comparison of the Revenue and Charges of that year with those of 1867-68.

Regular Estimate for 1868-69, compared with the Budget Estimate for that year.

12. For the year 1868-69, the Budget Estimate, after including all expenditure on Public Works Extraordinary, showed a deficit of 1,026,494*l.* In the Regular Estimate the deficit is stated at 2,912,924*l.*

13. This more unfavourable view is wholly attributable to larger expenditure, amounting to 2,588,230*l.*; the Revenues showing a probable increase of 701,800*l.*

REVENUES AND RECEIPTS, 1868-69.

	Budget Estimate	Regular Estimate.	Increase.	Decrease.
	£	£	£	£
Land Revenue ...	20,446,000	20,225,200	...	240,800
Tributes and Contributions from Native States ...	687,000	693,800	6,800	...
Forest ...	403,900	423,600	19,700	...
Abkaree (Excise) ...	2,211,600	2,310,000	98,400	...
Assessed Taxes ...	570,000	520,000	...	50,000
Customs ...	2,441,600	2,713,500	271,900	...
Salt ...	6,016,900	5,613,100	...	403,800
Opium ...	8,385,800	8,886,400	500,600	...
Stamps ...	2,372,800	2,340,200	...	32,600
Mint ...	251,200	163,300	...	87,900
Post Office ...	671,300	687,600	16,300	...
Telegraph ...	252,600	218,700	...	33,900
Law and Justice ...	1,034,200	1,082,000	47,800	...
Police ...	274,300	286,500	12,200	...
Marine ...	294,500	578,600	284,100	...
Education ...	75,100	73,800	...	1,300
Interest ...	226,500	231,700	5,200	...
Miscellaneous ...	763,200	750,600	...	12,600
Army, Miscellaneous ...	692,400	829,400	137,000	...
Public Works, Miscellaneous ...	496,000	660,700	164,700	...
			1,564,700	862,900
			862,900	
	<u>48,586,900</u>	<u>49,288,700</u>	<u>701,800</u>	

14. You consider that the drought in the North-West Provinces and the Punjab, and the unfavourable season at Madras, will entail a loss of 240,800*l.* under Land Revenue, and that in consequence of the exhaustion of the Government store of salt in Bengal, and the supply of the Central Provinces from Bombay instead of Madras, owing to the extension of the Bombay line of railway, which had been overlooked in the preparation of the Budget Estimates for Bengal and Madras, the receipt from salt will be 403,800*l.* below the Budget Estimate.

15. The most considerable improvements of Revenue anticipated in your Regular Estimate are 271,900*l.* in Customs, from a general increase of commerce, 500,600*l.* from increased sale proceeds of Opium at Calcutta,

DUKE OF ARGYLL.
29th July 1869.

284,100*l.* under Marine, from sales of stores, coals, &c., supplied to the Abyssinian Expedition, and 164,700*l.* in the Public Works receipts, consisting chiefly of increased water collections in the North-West Provinces and the Punjab.

EXPENDITURE, 1868-69.

	Budget Estimate.	Regular Estimate.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt ...	2,699,700	2,684,200	...	15,500
Interest on Special Loans for Public Works ...	99,000	99,000	...	...
Interest on Service Funds and other Accounts ...	517,330	589,830	72,500	...
Allowances, Refunds and Drawbacks ...	231,940	502,740	270,800	...
Land Revenue ...	2,138,700	2,076,380	...	62,320
Forest ...	278,080	270,250	...	7,830
Abkaree (Excise) ...	261,900	272,890	10,990	...
License Tax ...	21,000	20,050	...	950
Customs ...	186,150	183,480	...	2,670
Salt ...	441,660	389,770	...	51,890
Opium ...	1,907,780	1,769,330	...	138,450
Stamps ...	101,100	99,820	...	1,280
Mint ...	109,500	95,020	...	14,480
Post Office ...	583,480	617,200	33,720	...
Telegraph ...	442,500	482,310	39,810	...
Allowances to District and Village Officers ...	396,520	396,650	130	...
Administration and Public Departments ...	1,140,220	1,148,210	7,990	...
Law and Justice ...	2,857,580	2,782,910	...	74,670
Police ...	2,502,450	2,436,290	...	66,160
Marine ...	558,600	681,630	122,830	...
Education, Science and Art ...	904,190	855,160	...	49,030
Ecclesiastical ...	162,520	162,760	240	...
Medical Services ...	366,970	376,710	9,740	...
Stationery and Printing ...	226,400	228,770	2,370	...
Political Agencies, and other Foreign Services ...	231,050	236,730	5,680	...
Allowances and Assignments under Treaties and Engagements ...	1,948,090	1,912,770	...	35,320
Miscellaneous ...	270,700	416,000	145,300	...
Superannuation, Retired and Compassionate Allowances ...	633,360	827,130	193,770	...
Army ...	12,904,720	12,803,220	...	101,500
Public Works Ordinary ...				
Public Works, including Loss by Exchange on Railway Transactions	3,802,570	5,973,340	2,170,770	...
	38,925,960	41,390,550		
Expenditure in England for Stores transmitted to India ...	1,330,520	1,587,681	257,161	...
Guaranteed Interest on Railway Capital, less Net Traffic Receipts ...	1,202,900	1,723,943	521,043	...
Net Expenditure in England, exclusive of Stores for India ...	5,061,924	5,660,995	599,071	...
Public Works Extraordinary ...	46,521,304	50,363,169		
	3,092,090	1,838,455	...	1,253,635
			4,463,915	1,875,685
	49,613,394	52,201,624	2,588,230	

16. In regard to the Expenditure, the increase of 72,500*l.* in the interest on Service Funds and other Accounts is mainly caused by payments of interest to the Banks of Bengal and Bombay, on the deficiency in the Government Balances. Of the increase of 270,800*l.* in Allowances, Refunds and Drawbacks, 200,000*l.* is for payment to the Nizam of accumulated surplus Revenues of the Berars. The increase of 122,830*l.* in Marine Charges, being for stores for the Abyssinian Expedition, is nominal, the value being credited under Receipts, and 145,300*l.* under Miscellaneous consists mainly of Loss by Exchange on Transactions with England.

17. The estimated increase of 193,770*l.* in Superannuation and Retired Allowances is stated by you to consist of Military Fund transactions, as explained in paras. 11 and 21 of your letter, No. 63; but those explanations relate to the causes of increase in the income and expenditure regarding those Funds, apparent in the Actual Accounts of 1867-68 as compared with the Regular Estimate for that year, and give no information why your Regular Estimate exceeds the

Budget Estimate for 1868-69.

DUKE OF ARGYLL.
29th July 1869.

18. The most important increases are, however, 917,135*l.* in the charges

	Budget Estimate, 1868-69.	Regular Estimate, 1868-69.
	£	£
Public Works Ordinary	3,802,570	5,973,340
" " Extraordinary	3,092,090	1,838,455
	£6,894,660	7,811,795
Increase	£917,135	

for Public Works Ordinary and Extraordinary, 521,043*l.* in the Guaranteed Interest on Railway Capital, less net traffic receipts, and 856,232*l.* in the Expenditure in England, including Stores.

19. It appears from your letter that the principal estimated increases in Public Works Ordinary are, 150,000*l.* for Famine Relief Works, 60,000*l.* for the purchase of the Agra Bank building, improvement to the Port of Calcutta and Cyclone repairs in British Burmah, and additional grants of 50,000*l.* each for Military Works and for Jails in the Madras Presidency.

20. The estimate for Public Works Extraordinary is increased by

Per Regular Estimate received from India	£	560,773
Add—		
State Railways, Calcutta and South-Eastern, in addition to Estimate sent to India on 7th January 1869	£	1,180
Punjab and Northern		5,645
Survey for Railway from Carwar (passages, &c., of Officers)		857
		<u>7,682</u>
		<u>568,455</u>

568,455*l.*, and includes additional expenditure of 201,300*l.* for the Calcutta and South-Eastern Railway, and 332,153*l.* on account of re-payment of Capital to share-holders of the Calcutta and South-Eastern Railway.

21. The increase of 521,043*l.* in the Guaranteed Interest on Railway Capital is owing to an expected smaller realization of net traffic earnings.

22. The increase in the net expenditure in England, including Stores (but exclusive of Public Works Extraordinary), is 856,232*l.* Of that increase, 47,831*l.* is due to the new Postal arrangement with the Lords of the Treasury, 141,140*l.* to the supply of a Submarine Cable for the Indo-European Telegraph, 46,758*l.* is for the construction of two Monitors for Bombay Harbour, 125,602*l.* for Marine Stores consequent on increased demands, 86,557*l.* for stationery stores, owing to larger supplies and certain payments for 1867-68 having been brought to account in 1868-69; 70,072*l.* is for Civil and Military Furlough Allowances, 123,143*l.* for the passages of Officers and troops *via* the Cape of Good Hope, 52,354*l.* for the Overland Troop Transport Service, and 51,193*l.* for the charges for Military Stores, owing to unforeseen expenditure for making breech-loading ammunition.

23. Your Regular Estimate of Expenditure is below the Budget Estimate under several heads, of which the principal are, 62,320*l.* under Land Revenue, 138,450*l.* in the Opium Charges, and 101,500*l.* under Army Charges; your explanation of the latter being that it is due to reduced provision for Pay and Allowances of Regiments both in the Bengal and Bombay Presidencies.

24. Of the large increase of expenditure, the payment to the Nizam of the accumulated surplus revenues of the Berars, the additional charges for

1868-69—	£	£
Increased Estimate of Expenditure, shown in the Regular as compared with the Budget Estimate...		2,588,230
Payment to the Nizam	200,000	
Marine Stores	122,830	
Public Works Expenditure	917,135	
Submarine Cable	141,140	
Monitors for Bombay Harbour	46,758	
		<u>1,427,863</u>
		<u>1,160,367</u>

Marine Stores, the additional Public Works Expenditure, the charges in England for a Submarine Cable for the Indo-European Telegraph, and for Monitors for Bombay Harbour, amounting to about 1,427,863*l.*, may be regarded as exceptional; but independently of those in-

creases, there is still an estimated additional expenditure, shown in the Regular Estimate of upwards of a million.

DUKE OF ARGYLL
29th July 1869.

25. In your Budget Estimate for 1869-70, the Revenues and Receipts are stated at ...	£	49,340,840
The Expenditure in India, exclusive of Public Works Extraordinary ...	£	40,903,740
The Expenditure in England for Stores for India ...		1,366,273
Expenditure in England exclusive of Public Works Extraordinary ...		5,490,483
Guaranteed Interest on Railway Capital, less net Traffic Receipts ...		1,527,700
		<u>49,288,196</u>
Estimated surplus, exclusive of Expenditure on Public Works Extraordinary...		52,644
Public Works Extraordinary, India and England...		3,565,800
		<u>52,853,996</u>
Estimated deficit ...		<u>3,513,156</u>

26. Your Estimate of Revenues and Receipts is 52,140*l.* above the amount shown in the Regular Estimate for 1868-69, but this is after including the additional sum of 380,000*l.* from the Income Tax. There are also considerable variations under other heads.

27. It is satisfactory to find that you feel justified in anticipating an increase of 370,300*l.* in the Land Revenue, from new settlements in Oude and re-settlements in some of the Non-regulation Provinces of Bengal, and that, in consequence of the rains, your apprehensions of famine have been removed.

28. The expected increases of 60,000*l.* from Customs, owing to a general increase of trade, and of 213,700*l.* from salt, are also satisfactory.

29. Of the increase of 216,100*l.* under Miscellaneous, 150,000*l.* arises from the transfer of the balance of the Police Superannuation Funds, under the arrangement which you have made for revising the pay of the men and granting pensions, so as to get rid of those Funds.

30. You estimate the receipt from Opium at 8,286,540*l.*, being 599,860*l.*

REVENUES AND RECEIPTS.

	Regular Estimate, 1868-69.	Budget Estimate, 1869-70.	Increase.	Decrease.
	£	£	£	£
Land Revenue	20,225,200	20,595,500	370,300	...
Tributes and Contributions from Native States	693,800	693,200	...	600
Forest	423,600	436,600	13,000	...
Abkaree (Excise)	2,310,000	2,289,000	...	21,000
Income Tax	520,000	900,000	380,000	...
Customs	2,713,500	2,773,500	60,000	...
Salt	5,613,100	5,826,800	213,700	...
Opium	8,886,400	8,286,540	...	599,860
Stamps	2,340,200	2,396,900	56,700	...
Mint	163,300	136,800	...	26,500
Post Office	687,600	687,500	...	100
Telegraph	218,700	220,000	1,300	...
Law and Justice	1,082,000	865,100	...	216,900
Police	286,500	301,400	14,900	...
Marine	578,600	248,500	...	330,100
Education	73,800	83,400	9,600	...
Interest	231,700	261,600	29,900	...
Miscellaneous	750,600	966,700	216,100	...
Army, Miscellaneous	829,400	730,000	...	99,400
Public Works, ditto	660,700	641,800	...	18,900
			1,365,500	1,313,360
	49,288,700	49,340,840	52,140	

below the amount included in the Regular Estimate of 1868-69, but your estimate exceeds the actual receipts of every year except 1865-66 and 1867-68, as, in consequence of a failure of the poppy crop in Behar, the quantity for sale will be reduced, you have assumed that a price of Rs. 1,330 per chest will be obtained, being Rs. 80 per chest above the Budget Estimate for last year. Although that estimate is based on the rates obtained in the last three years, I entertain serious doubts as to the expediency of your adopting so high a rate.

31. The decrease of 216,900*l.* under Law and Justice is consequent on an accumulated balance

of Process Service Funds having been brought to account in 1868-69, and the Marine Receipts are less by 330,100*l.*, the Estimate for 1868-69 having included large receipts on account of the Expedition to Abyssinia.

Duke of Argyll,
29th July 1869.

32. The total expenditure in 1869-70 is estimated at 52,853,996*l.*, being

	1868-69. Regular Estimate.	1869-70. Budget Estimate.
	£	£
Public Works Ordinary ...	5,973,340	5,851,050
" " Extraordinary ...	1,838,455	3,565,800
	£7,811,795	9,416,850
Increase in 1869-70 ...		1,605,055

652,372*l.* in excess of the Regular Estimate for 1868-69, which, as already seen, was greatly above that of 1867-68, but nearly a million more than the whole amount of the estimated increase in 1869-70, arises from increased expenditure on Public Works. There are estimated increases under some other heads, but they are not of large amount, or of great importance, as indicating any permanent change.

EXPENDITURE.

	Regular Estimate, 1868-69.	Budget Estimate, 1869-70.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt ...	2,684,200	2,794,770	11,570	...
Interest on Special Loans for Public Works ...	99,000			
Interest on Service Funds and other Accounts ...	589,830	518,710	...	71,120
Allowances, Refunds, and Drawbacks ...	502,740	259,370	...	243,370
Land Revenue ...	2,076,380	2,196,790	120,410	...
Forest ...	270,250	284,850	14,600	...
Abkaree (Excise) ...	272,890	263,050	...	9,840
License Tax ...	20,050	30,000	9,950	...
Customs ...	183,430	182,640	...	840
Salt ...	389,770	395,270	5,500	...
Opium ...	1,769,330	1,724,330	...	45,000
Stamps ...	99,820	96,410	...	3,410
Mint ...	95,020	86,470	...	8,550
Post Office ...	617,200	706,120	88,920	...
Telegraph ...	482,310	447,000	...	35,310
Allowances to District and Village officers ..	396,650	345,530	...	51,120
Administration and Public Departments ...	1,148,210	1,205,090	56,880	...
Law and Justice ...	2,782,910	2,869,670	86,760	...
Police ...	2,436,290	2,374,290	...	62,000
Marine ...	681,630	473,390	...	208,240
Education, Science and Art ...	855,160	912,200	57,040	...
Ecclesiastical ...	162,760	169,100	6,340	...
Medical Services ...	376,710	413,080	36,370	...
Stationery and Printing ...	228,770	227,790	...	980
Political Agencies and other Foreign Services ...	236,730	235,590	...	1,140
Allowances and Assignments under Treaties and Engagements ...	1,912,770	1,886,190	...	26,580
Miscellaneous ...	416,000	393,390	...	22,610
Superannuation, Retired, and Compassionate Allowances ...	827,130	711,600	...	115,530
Army ...	12,803,220	12,850,000	46,780	...
Public Works Ordinary: Public Works, including loss by exchange on Railway Transactions ...	5,973,340	5,851,050	...	122,290
	41,390,550	40,903,740		
Expenditure in England for Stores transmitted to India ...	1,587,681	1,366,273	...	221,408
Guaranteed Interest on Railway Capital, less net Traffic Receipts ...	1,723,943	1,527,700	...	196,243
Net Expenditure in England exclusive of Stores for India ...	5,660,995	5,490,483	...	170,512
Public Works Extraordinary ...	1,838,455	3,565,800	1,727,345	...
			2,268,465	1,616,093
	52,201,624	52,853,996	652,372	

33. On the other hand, the Estimated Expenditure under some heads is 1,616,093*l.* below the Regular Estimate for 1868-69. The reduction of 243,370*l.* in the Allowances, Refunds, and Drawbacks is owing to the Regular Estimate of the previous year having included the payment of the Berar surplus, the decrease of 208,240*l.* in the Marine Charges results mainly from the former years' expenditure having included the cost of Stores provided for the Abyssinian Expedition, and the net expenditure in England is less by 170,512*l.* mainly owing to the cost of a cable for the Indo-European Telegraph, and certain payments of an exceptional nature for Marine and Stationery Stores for India having augmented the Home charges of the previous year.

	1868-69. Regular Estimate presented to Parliament.	1869-70. Budget Estimate.
Guaranteed Interest, less Net Traffic Receipts	£ 1,723,943	£ 1,527,700
Decrease ...	196,243	

34. The charge for Guaranteed Interest on Railway Capital, less net Traffic Receipts, is estimated at 196,243*l.* less than in 1868-69, owing to an expected improvement in the net Traffic Receipts.

DUKE OF ARGYLL.
29th July 1869.

35. The estimated increase in Public Works Extraordinary, including expenditure in India and England, is 1,727,345*l.*

36. Excluding from the estimated receipt the sum which you expect to realize by the conversion of the Tax on Trades and Professions into an Income Tax of 1 per cent., your estimated income was 327,356*l.* below the expenditure, without taking into account the charge for Public Works Extraordinary. Assuming that your estimate of expenditure was framed after a careful scrutiny of the various items, and that you were unable at the time to make any reduction in the charges, you clearly had no alternative but to devise some plan for increasing the annual income.

37. Under these circumstances, as well as on other grounds, and especially with reference to the sanction given in my Financial despatch dated the 14th January last, No. 24, you were fully justified in considering that it was desirable to convert the tax on Trades and Professions into an Income Tax; but I am not satisfied that it was expedient to exclude from the direct operation of the tax the interest on the Government debt. The effect is obviously to relieve all holders of Government securities who reside out of India from payment of this tax, and to render it very doubtful whether it will be paid on any considerable portion held by residents in India.

38. In your Regular Estimate for 1868-69, the Cash Balances in the Indian Treasuries, on the 31st March 1869, are stated at 11,917,473*l.*, and in the Budget for 1869-70, after providing for disbursements of 8,400,000*l.*, to meet bills to be drawn from this country, and payments of 3,260,600*l.* to the Railway and Irrigation Companies, you anticipate that you will have a balance, on the 31st March 1870, of 11,627,310*l.*

Cash Balances.

39. In forwarding that Estimate, however, you refer to the fact that, in order to meet the estimated deficit of the year, occasioned by the expenditure on Extraordinary Public Works, and certain obligations falling due, as well as to strengthen your Cash Balances, it will be necessary to borrow during the year five millions, *viz.*, three millions in India, and two millions in England, and you subsequently suggest that, instead of borrowing the whole of the three millions in India, another half million might be raised in England, thus reducing the sum to be borrowed in India to two and a half millions.

40. You then refer to the telegram of the 4th March last, in which, at your request, I had consented to suspend all drawings on your Government, and you observe,—“In view of the arrangements now made for raising money in India, it would appear to be unnecessary to ask Your Grace to reduce your drawings by more than 500,000*l.*, making the amount for the year 7,900,000*l.*, or, say, 65 lacs of rupees monthly. We cannot, however, avoid observing that the relief which we anticipated from the cessation of your drawings has not been felt in so marked a degree as our estimates would have led us to expect; and that, although our officers are unable to indicate with any certainty the cause of the continued depression, it appears but too probable, judging from the known state of the Cash Balances at the principal central Treasuries, that the accounts for the current year will close with a balance sensibly below that of the regular estimate, which is framed for the most part on the actual transactions of eight months.

“In these circumstances, that is, considering the absence of any reserve in our Treasuries, and the uncertainty unavoidably attaching to the most carefully framed estimates, we are disposed to recommend that Your Grace’s bills should, if this can be done without inconvenience, be discontinued through the month of April, and resumed in May, at the rate of 60 lacs monthly.”

DUKE OF ARGYLL,
29th July 1869.

41. The doubts entertained by your Government at the time of despatching the Accounts and Estimates (9th, 15th and 16th March), as to the Cash Balances at the close of the year 1868-69, lead me to apprehend that there must be some grave defect in regard to the preparation of your Financial Statements.

42. During the past year you repeatedly brought to my notice that, in consequence of your having to make advances on account of the Expedition to Abyssinia, your Cash Balances had been insufficient to meet the bills which you had been advised would be drawn on your Government, and, under those representations, all drawings in aid of the Home Treasury were suspended from the 22nd December 1868 to the end of April 1869.

43. In the Budget Estimates for 1867-68 and 1868-69, you estimated that the "supplies to London" would be as follow—

				£
In 1867-68	...	...	...	10,890,773
„ 1868-69	...	...	...	11,169,614
				<u>22,060,387</u>

In the Actual Account of 1867-68 and Regular Estimate for 1868-69, the supplies, including expenditure for the Abyssinian Expedition, are stated as follow—

				£
In 1867-68	...	...	...	9,353,567
„ 1868-69	...	...	...	11,761,480
				<u>21,115,047</u>

being nearly one million less than you had estimated, notwithstanding large remittances of bullion were made from this country towards meeting the expenditure on account of Abyssinia.

44. Judging from the accounts only, it would appear, therefore, that the inconvenience which you experienced could not have arisen from the amount of your supplies to this country, whether in the shape of advances for the Abyssinian Expedition, the amount of which would be recoverable from the Imperial Government, or in any other mode.

45. I observe also that in the Regular Estimate for 1867-68 and Budget Estimate for 1868-69, received from you in April 1868, the Abyssinian Expenditure was stated as follows—

			£
In 1867-68 per Regular Estimate	...	...	3,319,100
In 1868-69 per Budget Estimate	...	...	1,873,900
			<u>5,193,000</u>

On the 16th December 1868, a telegram from the Government of Bombay stated that the expenditure in India would amount to seven millions, and accounts with vouchers have been received from Bombay and sent to the Treasury of expenditure to the amount of 6,305,172*l.* 1*s.* 7*d.* Yet, in the statements now under consideration, and which were laid before Parliament on the 10th May 1869, the following are given as the advances in India for the Abyssinian Expedition—

			£
In 1867-68 per Actual Accounts	...	...	809,854
In 1868-69 per Regular Estimate	...	...	3,680,900
			<u>4,490,754</u>

46. It would appear, therefore, that a considerable portion of the Abyssinian expenditure has been omitted from these accounts.

47. On a consideration of these circumstances, which indicated that certain items of expenditure must have been omitted from your Financial Statements, and of the observations of your Government which I have quoted, I

was not unprepared for the telegram from your Government of the 8th May, apprising me that your Cash Balances on the 31st March 1869 amounted to only 10,359,497*l.*, being upwards of a million and a half less than the sum stated in your estimates.

DUKE OF ARGYLL
29th July 1869

48. I must request that an explanation may be furnished to me of these apparent discrepancies, and that you will adopt measures for ensuring greater clearness in future statements.

49. According to the request contained in your telegram of the 2nd March last, the drafts on India were suspended during the month of April. In May, bills were drawn on Calcutta and Madras for 70 lacs. The drawings will be continued at the rate of 65 lacs a month from the present month

May	...	...	...	Rs.	70,00,000
June 1869 to March 1870, at 65 lacs a month	...	...	...	...	6,50,00,000
					<u>7,20,00,000</u>

of June, and you will, therefore, have to provide during the year 1869-70 for 7,200,000*l.*, being 1,200,000*l.* less than the sum included in the estimate forwarded to you in my Financial despatch dated the 7th January 1869, and

adopted in your Budget Estimate. If the net deposits of the Railway Companies should not exceed the estimate, it will be necessary that a further sum of 1,200,000*l.*, making 3,200,000*l.*, should be raised in this country by loan during the year.

50. I am not, however, without hope that when your balances shall have been strengthened by the loan of two millions on 4 per cent. promissory notes, the loan of 40 lacs from the Puttiala State, and the sum which you propose to raise on short time debentures, as explained in your Financial letter of the 23rd March last, No. 73, and my approval of which was conveyed to you by telegram on the 19th April, you may find it practicable to provide for increased drawings from this country.

	1867-68	£
Deficit, exclusive of Public Works Extraordinary	...	1,007,695
<i>Regular Estimate, 1868-69.</i>		
Deficit, exclusive of Public Works Extraordinary	...	1,074,469
<i>Budget Estimate, 1869-70.</i>		
Surplus, exclusive of Public Works Extraordinary	...	52,644

51. I cannot close this despatch without requesting your earnest consideration of the present state of the finances as shown in these Accounts and Estimates.

52. In previous Financial despatches to your Government, it has been stated that your Estimates should be so framed as to show a probable surplus of from half a million to a million sterling. In that opinion I concur.

53. Considering that it has not been necessary to make any provision for military operations, consequent on war or internal disturbance, I cannot regard your Estimate for 1869-70, which, without taking into account the charges for Irrigation and other remunerative works, shews a probable surplus of only 52,644*l.* as being satisfactory.

54. I have already, in former despatches, called your attention to the Army Charges, and to the Expenditure for Stores, as demanding a searching inquiry with a view to reduction, and I shall hope to find that you have been able to effect reductions of expenditure also in some other branches of administration.

55. Unless this can be done, it is clear that it will be necessary to devise some means of increasing the annual income; as otherwise, a failure in the full estimated receipt from Opium, the loss of any portion of revenue from unfavourable seasons, or any extraordinary military charge, would certainly convert the estimated surplus into a large deficit.

56. For these reasons, I consider it altogether unsafe to base your financial arrangements for any year on a surplus in the Budget Estimate of so small an amount as 52,644*l.*

57. I am desirous of being furnished with a statement showing the receipts and payments on account of the Bombay Special Fund Works, the quantity of land yet unappropriated, and what further sums you expect to realize and disburse on this account.

OF ARGYLL.
187, dated 21st
July 1870.

I have considered in Council your Financial letters dated the 6th April 1870, Nos. 96 and 97, forwarding the Finance and Revenue Accounts for 1868-69, and Regular Estimate for 1869-70, for presentation to Parliament, the Budget Estimate for 1870-71, and the observations of your Government on those Statements.

Accounts of 1868-69, compared with the Regular Estimate.

2. The Regular Estimate for 1868-69 presented to Parliament in May 1869 was,—

Revenues and Receipts, (including England, 101,034 <i>l.</i>)	...	...	£ 49,389,734
£			
Expenditure—			
In India	...	...	41,390,550
In England	...	...	5,762,029
Ditto, Stores for India	...	...	1,587,681
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	...	...	1,723,943
			50,464,203
Deficit, exclusive of Public Works Extraordinary	...	...	1,074,469
Public Works Extraordinary	...	...	1,838,455
			2,912,924

3. According to the Accounts, the Revenues and Receipts were (including England, 177,436*l.*) £ 49,262,691

£			
Expenditure—			
In India	...	...	40,207,629
In England	...	...	6,216,508
Ditto, transferred by Government of India in adjustment of Military Fund Pensions	...	...	327,600
Ditto, Stores for India	...	...	1,584,214
Guaranteed Interest on Railway Capital, less net Traffic Receipts	...	...	1,700,470
			52,036,721
Deficit, exclusive of Public Works Extraordinary	...	...	2,774,030
Public Works Extraordinary	...	...	1,370,613
			4,144,643

4. The Actual Receipts in India were 203,445*l.* less than the Estimate. But there were variations of considerable amount under several heads.

REVENUES AND RECEIPTS, 1868-69.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Land Revenue	20,225,200	19,926,171	...	299,029
Tributes and Contributions from Native States	693,800	687,363	...	6,437
Forest	423,600	407,342	...	16,258
Abkaree (Excise)	2,310,000	2,283,736	...	26,264
Assessed Taxes	520,000	513,700	...	6,300
Customs	2,713,500	2,692,755	...	20,745
Salt	5,513,100	5,588,240	...	24,860
Opium	8,986,400	8,453,365	...	433,035
Stamps	2,340,200	2,306,971	...	33,229
Mint	163,300	193,788	30,488	...
Post Office	687,600	707,792	20,192	...
Telegraph	218,700	256,021	37,321	...
Law and Justice	1,082,000	694,566	...	187,144
Police	286,500	277,237	...	9,263
Marine	578,600	688,084	109,484	...
Education	73,800	73,711	...	89
Interest	231,700	224,523	...	7,177
Miscellaneous	750,600	1,269,792	509,192	...
Army, Miscellaneous	829,400	1,101,503	272,103	...
Public Works, ditto	660,700	553,305	...	107,395
			678,780	1,182,225
				978,780
Total, India	49,283,700	49,085,255	...	203,445
England, Telegraph, and Miscellaneous Receipts	101,034	177,436	76,402	...
			76,402	...
Total, India and England	49,389,734	49,262,691	...	127,043

5. The Marine Receipts exceeded the Estimate by 109,484*l.*, but this included the value of labour and stores supplied for the Abyssinian Expedition. The Miscellaneous Receipts were 509,192*l.* above the Estimate, of which, 276,340*l.* was a credit for Government promissory notes belonging to rebels, which had been cancelled; 41,719*l.* is the amount of unclaimed deposits credited to Revenue, the remainder consisting of "larger credits on account of subscriptions and adjustments on account of the Bengal, Madras, and Bombay Military Funds." In the Army Miscellaneous Receipts

there was an increase of 272,103*l.*, the cause of which is not explained.

6. The Land Revenue was 299,029*l.* below the Estimate, mainly owing to the unfavourable season in Madras and the North-West Provinces. The receipt from Opium was 433,035*l.* lower than the Estimate, wholly in consequence of a smaller demand for Opium Passes at Bombay. The Receipts from Law and Justice had been over-estimated, and the sum realized, although less than the estimate, exceeds the receipt of any previous year. The cause of the smaller receipt from Public Works is not explained. The other items do not call for remark.

Duke of Argyll
21st July 1870.

7. The expenditure in India exceeded the estimate by 817,079*l.*, of which, 186,346*l.* was in the Army Charges, and 460,177*l.*, in the Public Works Ordinary.

8. The increase in Army Charges was caused by increased Commissariat

Expenditure in Bengal, and for Ordnance Establishment and Stores at Bombay. The increase in Public Works Ordinary expenditure was, to a considerable extent, consequent on works undertaken in districts suffering from drought or famine.

9. To the expenditure in England you have added 717,734*l.* on account of pensions "payable from the Military Funds of Bengal, Madras and Bombay."

10. Under the arrangement proposed in your Financial letter dated the 7th June 1867, No. 138, and approved in Sir Stafford Northcote's reply dated the 23rd August 1867, No. 311, the amount of pensions from those Funds was to be included among the charges in England, and a sum equal to the excess of the pension payments over subscriptions transferred annually to miscellaneous revenue from the balances of the Funds.

11. In your Financial letter dated the 15th March 1869, No. 63, which accompanied the actual accounts for 1867-68, you stated that the increase apparent

therein, as compared with the Regular Estimate for that year of 285,356*l.*, under Superannuation, Retired and Compassionate Allowances, was caused "by the addition of the pensions appertaining to the Military Funds, as well as by the adjustment of arrears of former years in donations to Service Funds in Bengal," and that the increase in the miscellaneous receipts, to the amount of about 308,000*l.*, consisted "of the ordinary subscriptions to the Military Funds, as well as the excess of expenditure in India and England over receipts transferred from deposits, to which head the balances of the Funds were credited."

EXPENDITURE, 1868-69.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt ...	2,684,200	2,790,265	106,065	.....
Interest on Special Loans for Public Works ...	99,000	107,656	8,656	.....
Interest on Service Funds and other accounts ...	599,630	599,844	9,014	.....
Allowances, Refunds, and Drawbacks ...	502,740	553,492	50,752	.....
Land Revenue ...	2,076,330	2,142,819	66,489	.....
Forest ...	270,250	260,464	.....	9,786
Abkaree (Excise) ...	272,890	302,284	29,394	.....
Assessed Taxes ...	20,050	22,680	2,630	.....
Customs ...	183,480	175,880	.....	7,600
Salt ...	389,770	359,724	.....	30,046
Opium ...	1,769,330	1,720,111	.....	49,219
Stamps ...	99,820	95,419	.....	4,401
Mint ...	95,020	90,784	.....	4,236
Post Office ...	617,200	577,554	.....	39,646
Telegraph ...	482,310	411,661	.....	70,649
Allowances to District and Village Officers ...	396,650	342,689	.....	53,961
Administration and Public Departments ...	1,148,210	1,198,399	50,189	.....
Law and Justice ...	2,782,910	2,845,447	62,537	.....
Police ...	2,436,290	2,476,580	40,290	.....
Marine ...	681,690	790,779	109,149	.....
Education, Science and Art ...	855,160	836,990	.....	18,170
Ecclesiastical ...	162,760	169,690	690	.....
Medical Services ...	376,710	380,361	3,651	.....
Stationery and Printing ...	228,770	243,875	15,105	.....
Political Agencies and other Foreign Services ...	236,730	321,177	84,447	.....
Allowances and Assignments under Treaties and Engagements ...	1,912,770	1,745,072	.....	167,698
Miscellaneous ...	416,000	518,351	102,351	.....
Superannuation, Retired and Compassionate Allowances ...	827,130	711,429	.....	115,701
Army ...	12,603,220	12,969,566	186,346	.....
Public Works Ordinary: Public Works, including Supervision and Cost of Land for Railways, and Loss by Exchange on Railway Transactions ...	5,973,340	6,433,517	460,177	.....
			1,388,022	570,943
			570,943	.....
Total India ...	41,390,550	42,207,829	817,079	.....
Expenditure in England ...	5,762,029	6,544,408	782,379	.....
Ditto ditto, for Stores transmitted to India ...	1,587,681	1,584,314	.....	3,367
Guaranteed Interest on Railway Capital, less Net Traffic Receipts ...	1,723,943	1,700,470	.....	23,473
			1,599,458	26,940
			26,940	.....
Total India and England ...	50,464,203	52,036,721	1,572,518	.....

DUKE OF ARGYLL.
21st July 1870.

12. Although, therefore, the Fund pensions were not then entered among the charges in England, there appeared to be no reason to doubt that, in other respects, the contemplated arrangement as to including the pensions as a charge, and crediting a corresponding sum to miscellaneous revenue, was carried into effect.

13. It now appears from your Financial letter No. 96 of 1870, from the statement of Sir Richard Temple on the 2nd April 1870, and from your telegram of the 27th May last; that of the Military and Medical Fund Pensions paid in England, and shown among the remittance transactions, the Madras Military Fund Pensions only were included in your accounts of 1867-68, and estimate for 1868-69, although the full amount of the excess of pensions over subscriptions had been duly credited. You have, therefore, added the sum of 717,734*l.* to the charges in England on that account.

14. You were informed by my Financial despatch of the 24th March last, that from the 1st April following, all payments on account of the Fund pensions therein specified would be treated as charges on the revenues of India, and excluded from the account current, and the Finance and Revenue Accounts presented to Parliament have now been adjusted in accordance with the information since received from you.

15. The deficit of 1868-69 (exclusive of expenditure on Public Works Extraordinary) exceeded that of the previous year by 1,766,335*l.*; but in the year 1867-68 the receipts from Opium amounted to 8,923,568*l.*, the highest sum ever realized from that source of revenue, and the miscellaneous receipts were exceptionally large, in consequence of the transfer to revenue of

certain unclaimed deposits, as well as from the credit of excess of expenditure over subscriptions on account of the Military Funds from the balances of those Funds, the last-mentioned increase being balanced, to a certain extent, by an increase in the charge for Superannuation, Retired and Compassionate Allowances.

16. The deterioration in 1868-69 did not, however, arise from a falling off in the total revenue, which, on the contrary, exceeded that of 1867-68 by 655,611*l.*

17. There were larger receipts, as compared with the previous year, in the

REVENUES AND RECEIPTS.

	Actual, 1867-68.	Actual, 1868-69.	Increase.	Decrease.
	£	£	£	£
Land Revenue ...	19,986,640	19,926,171	.....	60,469
Tributes and Contributions from Native States ...	689,266	687,363	.....	1,923
Forest ...	331,088	407,342	76,254	.....
Abkaree (Excise) ...	2,238,981	2,283,736	44,805	.....
Assessed Taxes ...	653,848	508,700	.....	145,148
Customs ...	2,578,632	2,692,755	114,123	.....
Salt ...	5,728,693	5,588,240	.....	137,853
Opium ...	8,923,568	8,453,365	.....	470,203
Stamps ...	2,186,269	2,306,971	120,702	.....
Mint ...	120,252	193,788	73,536	.....
Post Office ...	659,679	707,792	48,113	.....
Telegraph ...	215,031	256,021	40,990	.....
Law and Justice ...	719,342	494,856	175,514	.....
Police ...	231,973	277,237	45,265	.....
Marine ...	455,090	688,084	232,994	.....
Education ...	73,845	73,711	.....	134
Interest ...	211,975	224,523	12,548	.....
Miscellaneous ...	1,127,551	1,259,792	132,241	.....
Army Miscellaneous ...	742,712	1,101,503	358,791	.....
Public Works, ditto ...	557,840	563,305	.....	4,535
			1,475,876	820,265
			820,265	
Total India ...	48,429,644	49,085,255	655,611	
England, Telegraph and Mis- cellaneous Receipts ...	104,768	177,436	72,668	
Total India and England ...	48,534,412	49,262,691	728,279	

Customs, of 114,123*l.*, from increase of commerce; of 120,702*l.* from Stamps; of 232,994*l.* under Marine, and of 358,791*l.* under Army Miscellaneous, the latter mainly arising from receipts for supplies of Stores for the Abyssinian Expedition; of 175,514*l.* in Law and Justice, from fees, fines, and forfeitures in Bengal, Madras, and the Punjab, and under numerous other heads, which were, however, to some extent, counterbalanced by diminished receipts, of 145,148*l.* in Assessed Taxes, from the change made in the assessment by Act IX of 1863; of 137,853*l.* in receipts from Salt in consequence of the exhaustion of the Government Stores in Bengal, and of 470,203*l.* from Opium.

18. The principal increases of Expenditure to which the larger deficit of

DUKE OF ARGYLL.

21st July 1870.

EXPENDITURE.

	1867-68.	1868-69.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Un- funded Debt	2,709,972	2,730,265	80,293	...
Interest on Special Loans for Public Works ...	51,861	107,656	55,795	.....
Interest on Service Funds and other Accounts	824,113	598,844	.....	225,269
Allowances, Refunds and Drawbacks	376,466	553,493	177,026	.....
Land Revenue ...	1,995,950	*2,142,819	146,869	.....
Forest	228,416	280,484	34,048	.....
Abkacee (Excise) ...	303,534	302,234	.....	1,250
Assessed Taxes	33,914	22,680	.....	10,634
Customs ...	207,185	175,880	.....	31,306
Salt	325,520	359,724	34,204	.....
Opium	1,874,121	1,720,111	.....	154,010
Stamps	92,950	95,419	2,469	.....
Mint	99,366	90,734	.....	8,632
Post Office	491,890	577,554	85,664	.....
Telegraph	396,517	411,881	15,364	.....
Allowances to District and Village Officers	385,961	342,689	.....	43,292
Administration and Public Departments ...	1,124,396	1,198,399	74,003	.....
Law and Justice ..	2,544,349	2,845,447	301,098	.....
Police ..	2,434,125	2,476,580	42,455	.....
Marine	926,539	790,779	.....	135,760
Education, Science and Art ..	783,510	836,990	53,480	.....
Ecclesiastical ...	158,707	163,590	4,883	.....
Medical Services	352,316	380,361	28,045	.....
Stationery and Printing ..	222,729	243,875	21,146	.....
Political Agencies and other Foreign Services	241,802	321,177	79,376	.....
Allowances and Assignments under Treaties and Engage- ments ...	1,873,072	1,745,072	.....	128,000
Miscellaneous ...	672,992	518,351	.....	154,641
Superannuation, Retired, and Compassionate Allowances	911,256	711,429	.....	199,827
Army	12,603,467	12,989,566	386,099	.....
Public Works, Ordinary — Public Works, including Supervision and Cost of Land for Railways and Loss by Exchange on Railway Transactions ...	5,800,269	6,433,517	633,248	.....
			2,255,765	1,092,621
Total India ..	41,044,485	42,207,629	1,163,144	
Expenditure in England	5,808,910	6,544,408	735,498	
Ditto, ditto for Stores transmitted to India	1,143,277	1,584,214	435,937	
Guaranteed interest on Rail- way Capital, less net Traffic Receipts ...	1,540,435	1,700,470	160,035	
Total India and England ..	49,542,117	52,036,721	2,494,614	

1868-69, is attributable were 177,026*l.* under Allowances, Refunds, and Drawbacks, from the payment to the Nizam of the accumulated surplus Revenue of the Berars; 146,869*l.* under Land Revenue, owing to larger payments on account of Khas Mehals, Additional Appointments, increases of Salaries, and adjustment of Official Postage; 85,864*l.* in Post Office Charges, from increased charges for conveyance of mails; 301,098*l.* under Law and Justice, from an increase to the number of Collectors and Magistrates in Bengal, increased purchases of materials for Jail manufactures, increased salaries, &c.; 79,376*l.* under Political Agencies and other Foreign Services, from payment of subsidy to the Ameer of Cabul, and 11,109*l.* for Reception charges; 386,099*l.* in Army Charges, from increases to the Bengal and Bombay Commissariat Establishments, Ordnance Establishment, Camp Equipage, &c.; 633,248*l.* in Public Works charges for Famine Relief Works, improve-

ment of the Port of Calcutta, Cyclone Works, &c., &c.; 435,937*l.* in Expenditure in England for Stores for India, mainly owing to the supply of moorings for the Hooghly, of machinery for making breech-loading ammunition, of the payment of Stationery supplied in the previous year, and to increased demands for Marine, Military and Public Works Stores, and 735,498*l.* in Net Expenditure in England, exclusive of Stores for India, mainly arising from charges in 1868-69 for a Sub-marine Cable for the Indo-European Telegraph, and for Military and Medical Fund Pensions, as already referred to.

19. Under these and other heads, the increases of charge amounted to 2,494,614*l.*

20. There were decreases amounting to 1,092,621*l.*, of which, the principal were 225,269*l.*, Interest on Service Funds and other Accounts, some arrears having been included in 1867-68, while in 1868-69 no interest was charged on the Balances of the Military Funds. 154,010*l.* in Opium. 135,760*l.* in Marine Charges, the expenditure of 1867-68 having included large payments on account of the Expedition to Abyssinia. 128,000*l.* in Allowances and Assignments under Treaties and Engagements, some exceptional expenditure having been included in 1867-68. 154,641*l.* under Miscellaneous, the expenditure in 1867-68 having included certain charges incurred for the relief of famine-stricken districts in Orissa. 199,827*l.* under Superannuation, Retired and Compassionate Allowances, arrears of Donations to Service Funds having been included in 1867-68.

Duke of Argyll.
31st July 1870.

21. Although, therefore, a large portion of the increased charge, such as the Payment to the Nizam, the Public Works expenditure for Famine Relief Works, the charge for Stores for India, and the cost of the Indo-European Telegraph cable and some other items, were exceptional, the more unfavorable result of 1868-69, as compared with 1867-68, is also attributable to increased charges caused by new appointments, increases of salaries, establishments, &c.

22. Your Budget Estimate for 1869-70 was—

	£	£
Regular Estimate for 1869-70, compared with the Budget Estimate for that year.	Receipts ...	... 49,340,840
	Expenditure—	
	India ...	40,903,740
England—net ...	...	5,490,483
Stores for India ...	...	1,366,273
Guaranteed Railway Interest, less net Traffic Receipts	1,527,700	1,527,700
		<u>49,288,196</u>
Surplus, exclusive of Public Works Extraordinary	...	52,644
Public Works Extraordinary—India ...	...	2,253,800
” ” ” England	...	1,312,000
		<u>3,565,800</u>
Deficit including Public Works Extraordinary	..	<u>3,513,156</u>

23. The Regular Estimate is—

	£	£
Revenue (including England, 194,477 <i>l.</i>)	...	50,387,925
Expenditure—		
India ...	...	41,553,258
England ...	...	6,458,929
Stores ...	...	1,414,412
Guaranteed Railway Interest, less net Traffic Receipts	1,524,821	1,524,821
		<u>50,951,420</u>
Deficit, exclusive of Public Works Extraordinary	...	563,495
Public Works Extraordinary—India ...	...	1,446,700
” ” ” England	...	1,171,347
		<u>2,618,047</u>
Deficit, including Public Works Extraordinary	...	<u>3,181,542</u>

24. The Regular Estimate of Revenue in India exceeds the amount

REVENUE AND RECEIPTS, 1869-70.

	Budget Estimate.	Regular Estimate.	Increase.	Decrease.
	£	£	£	£
Land Revenue ...	20,595,500	21,030,473	434,973	.....
Tributes and Contributions from Native States ...	693,200	765,133	71,943	.....
Forest ...	436,600	476,090	39,490	.....
Abkaree (Excise) ...	2,289,000	2,245,100	...	43,300
Assessed Taxes ...	900,000	1,051,600	151,600	.....
Customs ...	2,773,500	2,416,500	...	357,000
Salt ...	5,826,800	5,842,350	15,550	.....
Opium ...	8,286,540	7,953,800	...	332,740
Stamps ...	2,396,900	2,364,500	...	32,300
Mint ...	136,800	158,340	21,540	.....
Post Office ...	687,500	740,977	26,577	.....
Telegraph ...	220,000	192,400	...	27,600
Law and Justice ...	865,100	782,100	...	83,000
Police ...	301,400	265,960	...	35,443
Marine ...	248,500	300,530	52,030	.....
Education ...	83,400	73,958	...	9,442
Interest ...	261,900	322,850	61,250	.....
Miscellaneous ...	966,700	1,415,172	448,472	.....
Army, Miscellaneous ...	730,300	900,000	170,000	.....
Public Works, Miscellaneous	641,800	921,800	280,000	.....
			1,773,430	920,822
Total India	49,340,840	50,193,438	853,608	
England—Telegraph and Miscellaneous Receipts	54,000	194,477	140,477	
Total India and England	49,394,840	50,387,925	993,085	

shown in the Budget by 852,608. The Land Revenue is higher than the Budget Estimate by 434,973*l.*, which arises from bringing to account the accumulated proceeds from sale of waste lands. The Assessed Taxes are more by 151,600*l.* after including the additional 1 per cent. assessed for the latter portion of the year, but for which addition the receipts would have been 200,000*l.* below the Budget Estimate. The Miscellaneous Receipts are now estimated to exceed the sum included in the Budget by 448,472*l.*, which is obtained by bringing to account the balance of

the Police Superannuation Funds which have been abolished, as well as certain

lapsed bills and deposits. On the other hand, the Regular Estimate is lower than the Budget Estimate under several heads, the principal being 357,000*l.* in Customs, from depression of trade, and 332,740*l.* from Opium, owing to a lower price having been obtained at the sales in Bengal.

DUKE OF ARGYLL.
21st July 1870.

25. In the Expenditure, the Regular Estimate exceeds the Budget under numerous heads. The interest on Debt and on Service Funds is 151,655*l.* in excess of the Budget. The Allowances, Refunds and Drawbacks are more by 190,330*l.*, the Budget Estimate having been too low. The Marine Charges are increased by 432,454*l.*, the debts of the Port Canning and Calcutta Port Funds having been written off as irrecoverable. The Political Agencies and other Foreign Services are more by 146,290*l.* mainly from payments to, and charges for, the Ameer of Cabul. The increase in Miscellaneous Charges of 330,278*l.* is from the loss by exchange on bills on India and freight of stores having been estimated too low. There is an estimated increase of 130,000*l.* in Army Charges, partly from the high prices of food.

EXPENDITURE, 1869-70.

	Budget Estimate.	Regular Estimate.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt	2,794,770	2,821,500	26,730	.....
Interest on Service Funds and other Accounts	518,710	643,635	124,925	.....
Allowances, Refunds, and Drawbacks	259,370	449,700	190,330	.....
Land Revenue	2,196,790	2,167,240	.....	29,550
Forest	284,850	319,984	35,084	.....
Abkaree (Excise)	263,050	261,050	.....	2,000
Assessed Taxes	30,000	41,220	11,220	.....
Customs	182,640	181,800	.....	840
Salt	395,270	395,720	450	.....
Opium	1,724,330	1,848,200	123,870	.....
Stamps	96,410	101,720	5,310	.....
Mint	86,470	87,230	760	.....
Post Office	706,120	673,182	.....	32,938
Telegraph	447,000	437,451	.....	9,549
Allowances to District and Village Officers	345,530	292,970	.....	52,560
Administration and Public Departments	1,205,096	1,231,370	26,280	.....
Law and Justice	2,868,670	2,865,840	16,170	.....
Police	2,374,290	2,440,300	66,610	.....
Marine	473,390	905,844	432,454	.....
Education, Science and Art	912,200	868,370	.....	43,830
Ecclesiastical	169,100	162,840	.....	6,260
Medical Services	413,080	422,910	9,830	.....
Stationery and Printing	227,790	249,040	21,250	.....
Political Agencies and other Foreign Services	235,590	381,880	146,290	.....
Allowances and Assignments under Treaties and Engagements	1,886,190	1,873,514	.....	12,676
Miscellaneous	398,390	723,668	330,278	.....
Superannuation, Retired, and Compassionate Allowances	711,600	613,260	.....	98,320
Army	12,850,000	12,980,000	130,000	.....
Public Works Ordinary:— Public Works, including Supervision and Cost of Land for Railways and Loss by Exchange on Railway Transactions	5,851,050	5,091,250	.....	759,800
			1,697,841	1,048,328
			1,048,328	.....
Total India	40,903,740	41,663,268	649,511	.....
Expenditure in England	5,544,463	6,458,929	914,446	.....
Expenditure for Stores transmitted to India	1,366,273	1,414,418	48,139	.....
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,527,700	1,524,821	.....	2,879
			1,612,103	2,879
Total India and England	49,342,196	50,951,420	1,609,224	.....

The interest on Debt and on Service Funds is 151,655*l.* in excess of the Budget. The Allowances, Refunds and Drawbacks are more by 190,330*l.*, the Budget Estimate having been too low. The Marine Charges are increased by 432,454*l.*, the debts of the Port Canning and Calcutta Port Funds having been written off as irrecoverable. The Political Agencies and other Foreign Services are more by 146,290*l.* mainly from payments to, and charges for, the Ameer of Cabul. The increase in Miscellaneous Charges of 330,278*l.* is from the loss by exchange on bills on India and freight of stores having been estimated too low. There is an estimated increase of 130,000*l.* in Army Charges, partly from the high prices of food.

26. Under several heads of Expenditure in India, the Regular Estimate is below the Budget, but, with the exception of Public Works Ordinary, the differences are not large. In the Superannuation;

Retired, and Compassionate Allowances there is a decrease of 98,320*l.*, which results apparently from the transfer to the charges in England of the charge for the Military Fund Pensions. The reduction of 759,800*l.* in the expenditure on Public Works Ordinary is the effect of the measures adopted by you for stopping expenditure on that account.

27. The excess above the Budget Estimate of 914,446*l.* in the expenditure in England was caused by an increased payment of 65,161*l.* in the Telegraph Charges, on account of the supply of the Sub-marine Cable for the Indo-European Telegraph, &c.; by including among charges in England the pensions from the Military and Medical Funds, hitherto an Indian charge; by increases of 58,918*l.* and 165,024*l.*, respectively, arising from the operation of the new Civil and Military Furlough Rules; and by the payment of certain arrears of Lord Clive's Fund Pensions, which had been disbursed through the War Office.

DUKES OF ARGYLL.
—
21st July 1870.

28. It is apparent that, but for the measures adopted by you when you revised the Budget Estimate of 1869-70 in the autumn of last year, the deficit would have been very much larger. The increase of the income-tax and the salt duty at Madras and Bombay have not raised the Regular Estimate materially above the Budget Estimate of those heads, but it is obvious that a serious falling off must otherwise have occurred. The reduction in the expenditure on Public Works Ordinary of three quarters of a million is also attributable to the measures adopted by you at the same time, and the Regular Estimate, therefore, bears out the expectations which you then expressed that, if active measures were not adopted, the financial result of 1869-70 would probably be a deficit of one million and three quarters.

29. In your Budget Estimate for 1870-71 you have made some changes in the Abstract Account, to which I shall refer separately. But there are two changes which it is necessary to notice here.

First.—It has hitherto been the practice to include among the charges in England the guaranteed interest which is paid by the Government, after deducting net traffic receipts. In your Budget Estimate for 1870-71 you have included the net traffic receipts as a part of the income of the year, and the gross payment for guaranteed interest as a part of the charge of the year, and you appear to have transferred from Public Works Ordinary to Railways the cost of land for, and supervision of, Railways, and Loss by Exchange on Railway Transactions. These changes are not only very inconvenient, but wrong in principle, for they show an apparent increase of about three millions per annum, which is altogether erroneous, as the net traffic receipts from railways are deposited in the Government treasuries, as required by the several deeds of contract, to be appropriated toward meeting the guaranteed interest, and like deposits on account of Service or Local Funds should, as hitherto, be treated only as a cash transaction. The cost of land for, and supervision of, railways is a charge which would not, under any circumstances, be reduced by the railway traffic receipts.

Secondly.—From the estimated charges in England, the particulars of which were furnished to you with my Financial despatch dated 20th January last, No. 14, you have excluded the value of stores for Ordinary and Extraordinary Public Works. In your Financial letter dated the 8th March last, you intimated that you had accepted the proposal of the Public Works Department to treat the value of those stores as a remittance to India, but in my reply of the 28th April I objected to that proposition, as being an inconvenient deviation from the course which was adopted after deliberate consideration in regard to all supplies of stores.

30. I shall, therefore, as in former years, exclude the railway traffic receipts from the income, and shall include under Public Works Ordinary expenditure in India the charges incurred by Government for cost of land for, and supervision of, railways. I shall also continue to include the value of Public Works stores supplied from this country as a final charge in England, reducing the charges in India by a corresponding amount.

31. I now forward a revised Estimate of the receipts and disbursements of the Home Treasury for the current year, which, as compared with the Estimate forwarded with my Financial despatch dated the 20th January last, No. 14, shows a net increase of expenditure in this country of 282,803*l.* Of that sum, 77,000*l.* is under Post Office, which includes some arrears of 1869-70, and also a sum of 51,992*l.*, payable to the Peninsular and Oriental Steam Navigation Company for additional subsidy for the years 1868-69 and 1869-70, which I had no reason to anticipate from the information furnished to me by the Postmaster General up to the time when the former Estimate was prepared. There is also, under Miscellaneous, a new charge of 12,230*l.* for the purchase of a Lunatic Asylum, which was rendered necessary by the unexpected and unavoidable termination of the arrangement under which lunatics, chargeable to India, have been hitherto placed at Pembroke House, Hackney. There are several increases under Army, of which, 47,400*l.* is the cost of the absorption of the Supernumerary Ensigncies in British regiments, and 38,000*l.* consisting of expenditure for arms, accoutrements, &c., not previously included, but which is met by a credit for similar articles under receipts. There is also 84,228*l.* for Military, Medical, and Indian Navy Fund Pensions, in addition to

the sums estimated by you, and 56,000*l.* for interest, in consequence of the increase of the four per cent. stock; there being, on the other hand, a credit of 77,000*l.* for subscriptions to the Military, Medical, and Indian Navy Funds, which had been omitted by you.

DUKE OF ARGYLL
21st July 1870.

32. Adopting the alterations shown in the revised Estimate, your Budget Estimate, 1870-71. Estimate for 1870-71 will stand as follows:—

	£	£
Revenues and Receipts (including England, 181,300 <i>l.</i>)	...	49,324,397
Charges in India	40,327,570	
Deduct Stores for Public Works Ordinary and other payments included under Charges in England	295,050	
	40,032,520	
Charges in England, including Stores	8,166,498	
Guaranteed Interest on Railways, to be paid in England	4,370,000	
Deduct Net Traffic Receipts	3,125,258	
	1,244,742	
	49,443,763	
Estimated deficit in Budget Estimate, excluding Public Works Extraordinary		119,363
Public Works Extraordinary, India	2,787,750	
" " England	281,000	
		3,068,753
Deficit, including Public Works Extraordinary		3,188,113

33. The Estimate of the Revenues and Receipts in India for 1870-71 is Budget Estimate for 1870-71, compared with 1,050,351*l.* less than Regular Estimate for 1869-70, although under certain heads there is an estimated increase of 3,363,710*l.*, which includes an additional receipt of 1,128,400*l.* from the increased rates of Income Tax, as well as 335,020*l.* from Salt, arising from the increased rates of duty imposed thereon in Madras and Bombay in the autumn of last year. You have also included increases of 112,690*l.* in Forest, 39,300*l.* in Akbarry, and 36,513*l.* in Post Office Revenue, as well as small augmentations under Education and Interest. A large increase in the receipt from Law and Justice is nominal, being the amount of Judicial Stamps transferred from Stamp Revenue, which is reduced by nearly the same amount.

REVENUES AND RECEIPTS.

	Regular Estimate, 1869-70.	Budget Estimate, 1870-71.	Increase.	Decrease.
	£	£	£	£
Land Revenue. (Canal Receipts transferred from Public Works to Land in 1870-71)	21,030,478	21,023,632	...	6,846
Tributes and Contributions from Native States	765,143	737,078	...	28,070
Forest	476,090	588,781	112,690	...
Akbarry (Excise)	2,246,700	2,285,000	39,300	...
Assessed Taxes	1,051,600	2,180,000	1,128,400	...
Customs	2,416,500	2,416,500	...	...
Salt	5,942,350	6,177,370	335,020	...
Opium	7,953,800	6,922,281	...	1,031,519
Stamps (Judicial Stamps transferred to Law and Justice in 1870-71)	2,364,600	760,000	...	1,604,600
Mint	153,340	139,970	...	13,370
Post Office	714,077	750,590	36,513	...
Telegraph	192,400	163,956	...	28,444
Law and Justice (<i>vide</i> note to Stamps)	782,100	2,474,800	1,692,700	...
Police	265,960	251,966	...	13,994
Marine	300,530	265,615	...	34,915
Education	73,958	79,574	4,616	...
Interest	322,850	337,301	14,471	...
Miscellaneous	1,415,172	787,874	...	677,298
Army Miscellaneous	907,000	733,925	...	168,075
Public Works, ditto (<i>vide</i> note to Land)	921,800	117,870	...	803,930
			3,363,710	4,414,061
				3,363,710
Total India	50,193,448	49,143,097	...	1,050,351
England, Telegraph and Miscellaneous Receipts	194,477	181,300	...	13,177
Total India and England	50,387,925	49,324,397	...	1,063,528

34. You estimate that, under other heads, the Revenues and Receipts will be 4,414,061*l.* below the Regular Estimate for 1869-70. The augmentation of nearly half a million in the Land Revenue, shown in the Regular Estimate for that year, was obtained partly by bringing to account the proceeds of the sale of Waste Lands, and partly from the collections in the Punjab and Madras having proved more favourable than

DUKE OF ARGYLL.
21st July 1870.

was expected. The credit on account of the accumulated proceeds of sales of Waste Lands was exceptional, and your Estimate of Land Revenue for 1870-71 would have been much below the Regular Estimate of 1869-70 if you had not transferred from the head of Public Works to Land Revenue the water rent paid by the landholders for water obtained from the State Canals, amounting to about half a million per annum. Including these receipts, the Land Revenue is estimated by you at nearly the same amount as the Regular Estimate for 1869-70.

35. The apparent decrease of 1,604,600*l.* in the Stamp Revenue is nominal, being nearly equal to the amount transferred to Law and Justice, and the falling off of 803,930*l.* in Public Works Miscellaneous Revenue is partly nominal, as nearly 500,000*l.* is transferred, as already referred to, from that head to Land Revenue.

EXPENDITURE.

	Regular Estimate, 1869-70.	Budget Estimate, 1870-71.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt	2,821,500	2,893,700	172,200	.....
Interest on Service Funds and other Accounts	643,635	514,002	.....	129,633
Allowances, Refunds and Drawbacks	449,700	400,000	.. ..	49,700
Land Revenue (including Allowances to District and Village Officers in 1870-71)	2,167,240	2,497,612	330,372	.....
Forest	319,934	437,540	117,606	.....
Abkaree (Excise)	261,050	288,994	27,944	.....
Assessed Taxes	41,220	59,100	17,880	.....
Customs	181,800	189,214	7,414	.....
Salt	395,720	499,019	103,299	.....
Opium	1,848,200	2,018,110	164,910	.....
Stamps	101,720	48,012	.....	53,708
Mint	87,230	86,499	.....	731
Post Office	673,182	664,866	.....	8,296
Telegraph	437,451	356,792	.....	80,659
Allowances to District and Village Officers	292,970	{ Included under Land. }	.. ..	292,970
Administration and Public Departments	1,231,370	1,199,201	.....	33,169
Law and Justice	2,685,640	3,064,538	179,698	.....
Police	2,440,900	2,319,964	.....	120,936
Marine	905,844	476,176	.....	429,668
Education, Science and Art	868,370	680,530	.....	.....
Minor Departments	{ Included under Education, &c. }	239,167	51,327	.....
Ecclesiastical	162,840	169,795	6,955	.....
Medical Services	422,910	503,654	80,744	.....
Stationery and Printing	249,040	280,625	11,585	.....
Political Agencies and other Foreign Services	381,880	278,675	.....	103,205
Allowances and Assignments under Treaties and Engagements	1,873,514	1,767,754	.....	105,760
Miscellaneous	723,668	695,087	.....	28,601
Superannuation, Retired and Compassionate Allowances	613,280	730,481	117,201	.....
Army	12,980,000	12,490,000	.....	490,000
Public Works Ordinary—				
Public Works, including Supervision and Cost of Land for Railways and Loss by Exchange on Railway Transactions...	5,091,250	4,109,413	.....	981,837
			1,388,135	2,908,873
				1,388,135
Total India	41,553,258	40,032,520	.....	1,520,738
Expenditure in England	6,458,929	6,701,874	242,945	.....
Ditto, ditto, for Stores transmitted to India	1,414,412	1,464,324	50,212	.....
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,524,821	1,244,742	.....	280,079
			293,157	1,800,817
				293,157
Total India and England	50,951,420	49,443,760	.....	1,507,660

36. Your estimate of the receipt from Opium is 1,031,519*l.* below that of the Regular Estimate for 1869-70, a sum, however, fully as large as the present prospect appears to justify.

37. The Miscellaneous Receipts of 1869-70 included the balance of the Police Superannuation Funds, and some other items of an exceptional nature, and your estimate for 1870-71 is therefore lower by 677,298*l.*

38. The other items which are below the estimate for 1869-70 do not call for remark.

39. The total expenditure in India is estimated for 1870-71 at 1,520,738*l.* below the Regular Estimate for 1869-70, notwithstanding there are increases amounting to 1,388,135*l.* under certain heads.

40. The principal estimated increases are, —172,200*l.*, interest on Funded and Unfunded Debt, a full year's interest being included on the Loans raised in 1869-70, and on the Debt created for the purchase of the Elphinstone Land Company's Estate, &c.; 117,606*l.* in Forest Charges for felling and sale of Tim-

ber for State Railways, the value of which is included in the Forest Revenue; 103,299*l.* for Manufacture of Salt, &c., 164,910*l.* in Opium, owing to increased cultivation and manufacture in the North-West Provinces; 178,698*l.* under Law and Justice, of which 55,261*l.* is on account of Commission on Sale of

Court Fee Stamps, transferred from head Stamps, and 78,800*l.* for Service of Processes. The increase of 117,201*l.* in the Superannuation, Retired and Compassionate Allowances is for gratuities and pensions to persons affected by the rule for compulsory retirement at the age of 55, and for Pensions of the Police Superannuation Fund, which has been abolished.

DUKE OF ARGYLL
—
21st July 1870.

41. The estimated decrease of 129,633*l.* in Interest on Service Funds and other accounts is caused by the abolition of the Police Superannuation Fund and by a smaller payment than last year for interest on deficiency in the Cash Balances. The reduction of 120,936*l.* in the Police Charges is attributable to reductions in the Force; that of 429,668*l.* in Marine is caused by the non-recurrence of an exceptional charge in 1869-70 for writing off debts due from the Calcutta, Bassein and Moulmein, and Mutlah Port Funds. The lower estimate of 103,205*l.* for Political Agencies and other Foreign Services arises from the payments to the Ameer of Cabul having been included in the charges of the previous year.

42. The reduction of the Army Charges is estimated at 490,000*l.*, and that of the expenditure on Public Works Ordinary at 981,837*l.*

43. The guaranteed interest on Railway Capital, less net traffic receipts, is estimated at 280,071*l.* less, and the expenditure in England at 242,945*l.* more than the Estimate for 1869-70.

44. Your Budget Estimate for 1870-71, therefore, so far as regards Revenue, shows that from all principal sources, except Opium, you have no reason to anticipate a falling off. It is to the reduction in Opium and the lower estimate of Miscellaneous and Army Miscellaneous Receipts, which were exceptionally high in 1869-70, that the lower estimate of total Revenue is mainly due.

45. The reductions apparent in your estimate of Expenditure for 1870-71, especially in the Army and Public Works Ordinary Charges, prove that you strenuously endeavoured to avoid the imposition of additional taxation; but you were, nevertheless, unable to bring about an equilibrium in 1870-71 without increasing the Income Tax to 3½ per cent.

46. No effort will be wanting on my part to keep down the expenditure in this country, but an examination of the details of that expenditure for 1870-71, as contained in the Estimate now transmitted to you, will show that, for the most part, it does not admit of reduction.

<i>Charges connected with the Collection of the Revenue, and direct Claims thereon, exclusive of stores.</i>		£	£
<i>Post Office—</i>			
Amount payable under Postal arrangement with the Lords of Her Majesty's Treasury	..	132,000	
Subsidy on account of the Mail Service between Bussorah and Bagdad	..	4,800	
<i>Telegraph—</i>			
Indo-European Telegraph	..	38,500	
Allowances and Assignments under Treaties and Engagements—			
His Highness Maharajah Duleep Singh	..	19,336	
			194,636
<i>Charges on the Revenues.</i>			
<i>Marine Charges—</i>			
Contribution towards the expenses of Her Majesty's Ships employed in the Indian Seas	..	70,000	
Pensions and Retired Allowances	..	51,000	
Furlough and Absentee Allowances	..	2,750	
On account of Contracts for construction of two Ironclad Monitors for Bombay	..	84,000	
			207,750
<i>Political Agencies and other Foreign Services—</i>			
Mission to the Court of Persia	..	12,000	
Her Majesty's Establishments in China	..	46,000	
			58,000
Superannuation, Retired and Compassionate Allowances	..		236,000
Annuities, Pensions, and Allowances payable in respect of the Indian Military Funds, the Bengal and Bombay Medical Funds, and the Indian Navy Fund	..		494,000
Civil Furlough and Absentee Allowances	..		158,000
<i>Army, Effective—</i>			
The Imperial Government for Troops serving in India	..	730,000	
Furlough Allowances	..	400,000	
Passage of Officers and Troops	..	102,000	
On account of Contracts for construction of Indian Troop Transports	..	12,800	
India Overland Troop Transport Service	..	207,200	
Purchase of Horses	..	800	
<i>Miscellaneous—</i>			
Contribution from Indian Revenues towards Education of Artillery and Engineer Cadets	..	6,612	
Proportionate Expenses incurred in training the			

47. Of the charges connected with the collection of the Revenue, &c., specified in the margin, the sum of 132,000*l.* is estimated to be payable under the arrangement entered into by the Postmaster General in communication with the Treasury and the Secretary of State for India in Council, which will not expire until February 1880. The subsidy on account of the Mail Service between Bussorah and Bagdad is payable under an arrangement for the conveyance of the mails between those places. The Indo-European Telegraph charge comprises the sums payable to the

	£	£	£
Duke of Argyll.			
21st July 1870.			
number of Royal Engineer Officers specially required for service in India ...	1,750		
Expenses of Cadets at Sandhurst nominated by the Secretary of State for India ...	3,500		
Expenses of Medical Officers at Netley ...	8,020		
Passages and advances of pay to ditto ...	5,000		
Other payments under this head ...	4,118		
		1,481,800	
Army, Non-effective—			
The Imperial Government on account of Retired Pay, &c., of Troops serving or having served in India ...	213,500		
Retired pay, including Colonels' Allowances ...	754,000		
Lord Clive's Fund: Pensions and Payments to Representatives of Lord Clive ...	130,000		
Charges to India for cost of absorption of Supernumerary Ensigns in British Regiments ...	47,400		
Gratuities equal to the value of their Commissions granted to Officers of the late Indian Regiments on their retirement from the service ...	6,800		
		1,151,500	
			2,633,300
Interest on Funded and Unfunded Debt—			
Interest on Loans contracted in England ...	1,669,863		
Dividends on the Indian Transfer Loan ...	63,000		
			1,732,863
Dividends to Proprietors of East India Stock ...	629,970		
Guaranteed Interest on the Capital of Railway and other Companies ...	4,370,000		
Stores for India ...	1,464,324		
Public Works Extraordinary—			
Calcutta and South-Eastern Railway Debentures falling due 1st January 1871 ...	10,550		
Punjab Northern (State) Railway ...	173,300		
Rajpootana Railway ...	91,150		
			281,000
			12,460,118
Administration and Public Departments, Home Establishments, &c. ...	297,400		
Stationery and Printing ..	8,000		
Miscellaneous ...	141,800		
Public Works—Other Payments ...	650		
			357,850
Disbursements affecting the Remittance Account between England and India ...			1,045,000
Total Disbursements in England ...			18,862,498

Governments of Turkey and Persia and the expenses of the London Office. The payment to the Maharajah Duleep Singh is on account of a fixed engagement.

48. Of the charges on the Revenues, the Contribution towards the expenses of Ships of the Royal Navy employed in the Indian Seas was agreed to after matured deliberation; the Marine Pensions and Furlough Allowances are payable under established rules, and the Ironclad Monitors for Bombay were provided to meet an acknowledged necessity.

49. The payments on account of the Mission to Persia, and Her Majesty's establishments in China are made under engagements with the Imperial Government, and much correspondence has taken place with the Lords of the Treasury, in order, if possible, to obtain a reduction of the charge in respect of the establishments in China. The Estimate for 1870-71 includes a sum of 23,000*l.* on account of Her Majesty's establishments in China, which was not paid in 1869-70.

50. The Superannuation, Retired and Compassionate Allowances, the several Military Medical, and Indian Navy Fund Pensions, and the Civil Furlough and Absentee Allowances, are payable under fixed rules.

51. The Army Charges for Furlough Allowances, Passage of Officers, Retired Pay, and Lord Clive's Fund Pensions, are all subject to fixed rules; the payments to the Imperial Government are now under reference to a Committee, whose first two Reports were forwarded to you with my Financial despatch dated 20th January 1870, No. 14, and the third Report accompanies this despatch; the Contracts for Transports and the general arrangements of the Indian Troop Transport Service were sanctioned after full consideration, and in communication with the Admiralty; the Charge for Purchase of Horses for the Stud in India, and Miscellaneous Expenses attendant on the Education of Cadets and Medical Officers, are unavoidable; and charges for absorption of supernumerary Ensigns in British Regiments and for the Gratuities, equal to the value of their Commissions, granted to Officers of British Regiments in India on their retirement, are consequent on the reductions made therein.

52. The Interest on Debt, Dividends to Proprietors of East India Stock, and Guaranteed Interest on Capital of Railway and other Companies, are charges subject to fixed conditions.

53. The supplies of Stores from this country are, as you are aware, entirely dependent on the demands made from India, and are purchased here on the best terms obtainable, and as nearly as possible in accordance with your requisitions, except in cases in which the demand appears to be excessive.

54. It is obvious, therefore, that none of the foregoing charges, which are estimated for 1870-71 at 12,460,148*l.*, admit of reduction from year to year. The Disbursements affecting the Remittance Account are, as you are aware, made on account of sums already deposited or repayable in India.

55. It is only in the remaining items of Home Expenditure, *viz.*, Administration and Public Departments, and Miscellaneous, that any change can be made, and you will observe, from the particulars given in the margin, that even

DUKE OF ARGYLL,
21st July 1870.

	No.	£	£
Administration and Public Departments—			
Salaries of Secretary of State, 2 Under Secretaries, 1 Assistant Under Secretary of State, and 15 Members of Council	19	28,450	
Correspondence Department, 6 Secretaries, 12 Assistant Secretaries, 1 Clerk of the Council, 1 Chief Clerk, 16 Senior Clerks, 1 Extra Senior Clerk, and 25 Junior Clerks	62	37,889	
Record and Statistical Department, Statistical Reporter, and 1 Assistant	2	2,100	
Military Funds Department (1 Director receiving no salary, he being also Financial Secretary), 1 Deputy Director, 4 Members of Committee, and 5 Book-keepers	10	2,420	
Registry and Despatch Department, 1 Registrar, 1 Despatch Clerk, 8 Assistants, 1 Extra Assistant, and 11 Clerks	17	6,760	
Accountant General's Department, 1 Accountant General, 3 Assistants, 9 Senior Clerks, and 12 Junior Clerks	25	12,514	
Store Department, 1 Director General, 1 Chief Clerk, 6 Senior Clerks, 13 Junior Clerks, 1 Assistant Inspector of Stores, 1 Member of Committee for Valuation of Military Equipments, 3 Sub-Inspectors, 1 Supervisor of Stamps for India, and 1 Assistant ditto, 1 Inspector of Scientific Instruments, and 1 Clerk to ditto, and 23 Examiners and Assistant Examiners	53	16,556	
Office of Inspector of Stores (vacant)	1	1,000	
Miscellaneous, 1 Government Director of Indian Railway Companies, 1 Librarian, 1 Assistant Librarian, 1 Reporter on the Products of India and Keeper of the Museum, 2 Assistants and 2 Sub-Assistants to ditto, 2 Members of the Medical Board for the Examination of Officers of the Indian Service, 1 Standing Counsel, 1 Solicitor, 1 Geographer, 1 Assistant to ditto, 1 Clerk of the Works, 1 Clerk to ditto, 1 Keeper of Records in Military Department, 1 Lithographic Printer	18	9,105	
Office Keepers and Messengers	65	6,979	
Acting Military Secretary to His Royal Highness the Commander-in-Chief, and 1 Clerk	2	1,180	
1 Assistant to the Director of Transports	1	1,000	
House-keeper, Assistant House-keeper, Housemaids, and Charwomen	32	1,847	
Artisans and Labourers employed at the India Office	12	1,005	
Clerks employed temporarily in the India Office and Store Department	75	5,595	
		385	
Auditor and Establishment		3,050	
Store Department, Labourers, Cartage, Lighterage, Dock Dues, &c.		22,000	
Law Charges		6,550	
Management of Debt, Payment to Bank of England		15,000	
Postage of Despatches		9,200	
Office Contingencies		17,600	
		207,400	
Stationery and Printing—Charges for Printing and Bookbinding, and Payment to Stationery Office for supplies of Stationery		8,000	
Miscellaneous—			
Passage and Outfit	17,000		
Examination Expenses and Allowances of Candidates for the Civil Service of India, the Indian Telegraph Department, the Indian Forestry Department, and Civil Engineers	27,260		
Allowances and Expenses of Officers in this country studying various subjects, Gunnery, Musketry, Railway Administration, Drainage, &c.	9,260		
Government Scholarships to Natives of India	1,800		
Maintenance of Lunatics	8,000		
Ealing Lunatic Asylum	12,230		
Indian Law Commission	2,500		
War Medals	12,000		
Red Sea and Indian Telegraph	18,027		
East India Company for management of Stock	2,840		
Salaries of Agents at Outposts	1,800		
Sundries	28,483		
	141,300		
Public Works—			
Salary of Mr. Parkes, C. B., Kurrachee Harbour Works	550		
Travelling Expenses of Mr. Parkes, and sums disbursed by him for passage to India, &c., of persons employed on the above service	100		
	650		
		387,350	

in respect of this small portion of the Home Expenditure, there is very little field for reduction. I am, however, fully sensible of the necessity for economy, and no expenditure will be sanctioned without careful consideration in Council.

56. [In regard to India, I would especially urge the exercise of strict economy in expenditure on ordinary public works—in the military expenditure—in the consumption of stores—and in the curtailment of unnecessary establishments in all Departments.] Your recent communications show that considerable sums have been expended very injudiciously in the construction of barracks, and until it is clearly established that the expenditure of the Government is brought down to the lowest standard consistent with efficiency, it is not to be expected that additional taxation will be borne without discontent.

57. Your expenditure on Public Works Extraordinary (Irrigation and State Railways) is estimated for 1870-71 at 3,068,750*l.*

58. The observations of your Excellency in the Legislative Council, on the occasion of the introduction of the Budget for 1870-71, shew that the irrigation works included therein are very important and extend throughout

DUKE OF ARGYLL,
21st July 1870.

the several Provinces; and the experience of past years, in which the actual expenditure has been generally much below the estimates, indicates that the works for which you have provided are fully as extensive as the supply of labour will enable you to execute with economy.

59. Upon a consideration generally of your Estimate of Income and Expenditure, I am satisfied that you have laboured earnestly to effect every reduction which can be carried into effect without impairing the efficiency of the several Departments of Government.

60. It was stated by Sir Richard Temple in the Legislative Council, on behalf of your Government, that it was with regret and reluctance that you felt compelled to raise the Income Tax from 1 to $3\frac{1}{2}$ per cent., but that a deficit could not otherwise be prevented; that as to the duration of the Income Tax you could not make any promise, but that you earnestly hoped that the tax at the present rate would not last beyond the current year, 1870-71.

61. You are obviously fully aware of the objections which exist to so high a rate of Income Tax, unless it be called for by an absolute necessity, and as you have deemed the increased rate indispensable for the current year, I shall not refuse to sanction it, but I trust that, in your arrangements connected with the Budget for 1871-72, you will be able to reduce the tax.

62. As to your Cash Balances, it appears that, commencing the year 1870-71 with a balance of 13,644,859*l.*, you will, after providing for bills of exchange to be drawn from this country to the amount of 10,000,000*l.*, and a disbursement in India of 2,871,800*l.* to the Railway Companies, retain a Cash Balance on the 31st March 1871 of 10,569,443*l.*

By your telegram of the 12th May, it appears that the Balance on the 31st March was 13,982,099*l.*

63. It was part of the Financial arrangements for the year 1869-70 (Financial Despatch to India, 7th January 1869) that 2,000,000*l.* should be borrowed in England, and that 700,000*l.* a month should be obtained by bills on India.

64. You subsequently requested that the drawings might be reduced to 7,200,000*l.*, and in agreeing to that proposition in my Financial despatch dated 29th July 1869, I stated that if the net deposits of the Railway Companies should not exceed the estimate, it would be necessary that a further sum of 1,200,000*l.* should be borrowed here during the year.

65. The sum obtained for bills on India was only 6,980,122*l.*, and the net deposit by the Railway Companies during the year, estimated at 1,932,000*l.*, was 1,886,276*l.*

66. In my Financial despatch dated 20th January 1870, No. 14, it was estimated that 2,683,000*l.* would be obtained by the sale of 4 per cent. stock during the year 1869-70, and that 2,000,000*l.* could be raised during 1870-71 without unfavourably depreciating the value of the stock.

67. Subsequently to the date of that despatch, the demand for 4 per cent. stock increased, and the amount raised during the year was, in consequence, 4,039,412*l.* being 800,000*l.* in excess of the amount contemplated in

my despatch of 29th July 1869, and 1,356,412*l.* in excess of the sum included in the estimate of December 1869.

DUKE OF ABERDEEN
21st July 1870.

68. Considering, however, that the drawings on India during 1869-70 were 1,419,878*l.* less than the estimate, that the net deposits by the Railway Companies were 45,724*l.* below the estimate, and that the cash balance on the 31st March 1870, which was 2,892,483*l.*, is not in excess of the sum required at the commencement of the year, I shall regard the 4,000,000*l.* raised in 1869-70 as applicable to the transactions of that year, and shall raise a further sum of 2,000,000*l.* during the current year.

DUKE OF ARGYLL-
21st July 1870,

A revised Estimate of the Receipts and Disbursements of the Home Treasury

RECEIPTS.		£
Balance, 1st April 1870	...	2,892,483
RECEIPTS OF ACCOUNT OF REVENUE		
Telegraph; Indo-European Telegraph	...	34,000
Miscellaneous; Interest realized from Investment of Cash Balance, &c.	...	30,000
Subscriptions to the Indian Military Funds, the Bengal and Bombay Medical Funds, and the Indian Navy Fund.	...	77,000
Army; Value of Clothing, Accoutrements, &c., in possession of Regiments on their transfer from the Indian to the British Establishment; Proceeds of Sales of Unserviceable stores, &c.	...	40,300
		181,300
RECEIPTS AFFECTING THE REMITTANCE ACCOUNT BETWEEN ENGLAND AND INDIA.		
From Her Majesty's Treasury and other Public Departments	...	147,000
Miscellaneous	...	15,000
		162,000
INDIAN RAILWAY AND OTHER GUARANTEED COMPANIES.		
Receipts	...	4,824,000
Withdrawals	...	2,297,000
	Net Receipts	2,527,000
Bills of Exchange on India	...	9,500,000
Amount to be received from Her Majesty's Treasury in part re-payment of disbursements in England and in India on account of the Abyssinian Expedition	...	100,000
To be raised on Loan	...	2,000,000

£17,162,783.

India Office, 31st May 1870.

W. G. GOODLIFE, Accountant General

of the Government of India, from 1st April 1870 to 31st March 1871.

DUKE OF ARGYLL

21st July 1870.

DISBURSEMENTS.

CHARGES CONNECTED WITH THE COLLECTION OF THE REVENUE, AND DIRECT CLAIMS THEREON.		£	£
Stamps—			
Stores for India	...	20,351	
Mint—			
Stores for India	...	9,409	
Post Office—			
Amount payable under Postal arrangement with the Lords of Her Majesty's Treasury	...	132,000	
Subsidy on account of the Mail Service between Bussoiah and Bagdad	...	4,800	
		136,800	
Stores for India	...	4,897	141,697
Telegraph—			
Indo-European Telegraph	...	38,500	
Telegraph Lines in India: Stores for India	...	183,600	
		222,100	
Allowances and Assignments under Treaties and Engagements—			
His Highness Maharajah Duleep Sing	...	19,336	412,893
CHARGES ON THE REVENUES.			
Administration and Public Departments, Home Establishments, &c.	...	207,400	
Marine charges—			
Contribution towards the expenses of Her Majesty's ships employed in the Indian Seas	...	70,000	
Pensions and Retired Allowances	...	51,000	
Furlough and Absentee Allowances	...	2,750	
On account of Contracts for the construction of two Ironclad Monitors for Bombay	...	84,000	
		207,750	
Stores for India	...	124,174	331,924
Stationery and Printing—			
Stores for India	...	75,625	
Other Payments	...	8,000	83,625
Political Agencies and other Foreign Services—			
Mission to the Court of Persia	...	12,000	
Her Majesty's Establishments in China	...	46,000	58,000
Miscellaneous—			
Civil Stores for India	...	25,127	
Other Payments	...	141,300	166,427
Superannuation, Retired, and Compassionate Allowances	...	236,000	
Annuities, Pensions and Allowances payable in respect of the Indian Military Funds, the Bengal and Bombay Medical Funds, and the Indian Navy Fund	...	494,000	
Civil Furlough and Absentee Allowances	...	158,000	
ARMY.			
<i>Effective.</i>		£	
The Imperial Government for Troops serving in India	...	730,000	
Furlough Allowances	...	490,000	
Passage of Officers and Troops	...	102,000	
On account of Contracts for Construction of Indian Troop Transports	...	12,800	
India Overland Troop Transport Service	...	207,200	
Purchase of Horses	...	800	
Miscellaneous	...	29,000	
		1,481,800	
Stores for India	...	785,041	266,841
<i>Non-Effective.</i>			
Charge to India for cost of absorption of Supernumerary Ensigncies in British Regiments	...	47,400	
The Imperial Government on account of Retired Pay, &c., of Troops serving or having served in India	...	213,500	
Retired Pay, including Colonels' Allowances	...	754,000	
Lord Clive's Fund—Pensions and Payments to Representatives of Lord Clive	...	130,000	
Gratuities, equal to the value of their Commissions, granted to Officers of the late Indian Regiments on their retirement from the service...	...	6,600	
		1,151,500	3,418,341
Public Works—			
Stores for India	...	236,400	
Other payments	...	650	237,050
Interest on Funded and Unfunded Debt—			
Interest on Loans contracted in England	...	1,669,868	
Dividends on the Indian Transfer Loan	...	63,000	
		1,732,868	
Dividends to Proprietors of East India Stock	...	629,970	7,750,605
GUARANTEED INTEREST ON THE CAPITAL OF RAILWAY AND OTHER COMPANIES	...		8,166,498
PUBLIC WORKS EXTRAORDINARY—			4,370,000
Punjab Northern (State) Railway	...	179,300	
Rajpootana Railway	...	91,150	
Calcutta and South-Eastern Railway Debentures, falling due 1st January 1871	...	10,550	281,000
DISBURSEMENTS AFFECTING THE REMITTANCE ACCOUNT BETWEEN ENGLAND AND INDIA—			
Advances on account of the Bengal, Madras and Bombay Civil Funds	...	123,000	
Pensions chargeable to the Madras Medical Fund	...	63,000	
Indian Annuity Funds—Civil Service annuities payable in England	...	201,000	
Her Majesty's Post-Master General, on account of postage collected in India	...	44,000	
Family Remittances, Remittances by Administrators General, &c.	...	602,000	
Prize Money	...	12,000	
		1,045,000	
TOTAL DISBURSEMENTS IN ENGLAND	...	13,862,498	
BALANCE, 31st MARCH 1871	...	3,300,295	
		17,162,793	

T. L. SECCOMBE,
Financial Secretary.

DUKE OF ARGYLL'S Statement of the payments for stores (including Freight) incorporated in the Revised Estimate of the Receipts and Disbursements of the Home Treasury of the Government of India from 1st April 1870 to 31st March 1871.

	BENGAL.		MADRAS.		BOMBAY.		TOTAL.		£
	Stores.	Freight.	Stores.	Freight.	Stores.	Freight.	Stores.	Freight.	
	£	£	£	£	£	£	£	£	£
Stamps, including Water-marked Paper ...	10,426	120	3,888	40	5,817	60	20,131	220	20,351
Mint—									
Copper ...									
Miscellaneous ...	2,300	50	399	10	6,500	150	9,199	210	9,409
Post Office ...	3,254	30	881	10	714	8	4,849	48	4,897
Telegraph ...	120,000	2,400	24,000	480	36,000	720	180,000	3,600	183,600
Marine—									
Coals ...	2,779		1,768		19,269		23,816		
Miscellaneous (excluding Monitors for Bombay)	51,860	1,200	2,227	60	44,011	1,000	98,098	2,260	124,174
Stationery ..	55,000	1,000	13,385	250	5,980	110	74,265	1,360	75,625
Miscellaneous	17,716	42	2,734	15	4,600	20	25,050	77	25,127
Army—									
Clothing for European Troops	85,242	500	26,742	125	20,869	100	132,853	725	
Ditto Native ditto ...	21,225	125	13,480	70	17,242	80	51,947	275	
Ordnance	131,439	2,500	38,130	600	36,570	550	206,139	3,650	785,041
Medical	30,190	350	11,000	120	14,083	150	55,273	620	
Surveyor General	2,775	30	388	5	120	1	3,283	36	
Miscellaneous	177,054	10,000	67,000	3,500	69,096	3,600	313,140	17,100	
Public Works	135,200	3,900	12,000	300	83,400	1,600	230,600	5,800	236,400
	846,460	22,247	218,022	5,585	364,161	8,149	1,424,643	35,981	1,464,624

Third Report of the Committee appointed by the Secretaries of State for War, and for India, to make arrangements for adjusting from 1st April 1870 the Home Charges for Effective Service of Her Majesty's Regiments in India on the principle of Actual Charges.

MEMBERS.

T. L. SECCOMBE, Esq., C. B.,
Financial Secretary, India Office.
H. W. S. WHIFFIN, Esq.,
Chief Auditor, War Office.

MAJOR-GENERAL JAMESON,
Auditor of Home Accounts, India
Office.
J. MILTON, Esq., Assistant Account-
ant General, War Office.

In compliance with the desire expressed by the Secretaries of State for War and for India, in a letter from Sir E. Lugard to the Under Secretary of State for India, dated the 4th January 1870, and the reply thereto, of the 5th January, the Committee have re-assembled for the further consideration of the subject of the payment by the Government of India of the Home Charges for Her Majesty's troops serving in India.

Since the date of the Committee's second Report, important changes have been proposed in the constitution of the Army in India, and propositions have also been made for recruiting the Army on a new principle which involves the breaking up of the Cavalry Depôt and Infantry Depôt Battalions, attaching in lieu of the former, a home troop of each regiment on service to a regiment of similar equipment at home; and of the latter two companies of each battalion abroad to a battalion at home, eight companies to be on foreign service, and 12 companies on home service.

A battalion of infantry in India would then consist of eight companies, each company having one captain and two subalterns: and there would be in respect of every battalion two companies at home, each with one captain and one subaltern, these two companies forming the depôt, and being attached to a home battalion of 10 companies.

The recruits annually required for each regiment of cavalry in India are estimated at 32; and for each battalion of infantry at 60. As under the proposed arrangement there would be nine regiments of cavalry and 50 battalions of infantry in India, the annual drafts required would be 288 cavalry and 30,000 infantry recruits.

The Committee have not before them at present any definite information as to the Artillery.

The propositions placed before the Committee are, that ten months is to be regarded as the average period of training of each Cavalry, and seven months of each Infantry, recruit, and that payment should be made from Indian revenues for recruits, at rates per man to be calculated with reference to those periods.

It is proposed by the members appointed by the Secretary of State for War that a proportion of the Staff charges of each regiment or battalion should be included in the calculation; but this is objected to by the members appointed by the Secretary of State for India, on the ground that the Staff charges in question would not be increased in consequence of one troop or two companies being attached to each regiment or battalion, and that the object to be kept in view is the repayment to Imperial revenues of expenditure incurred for the purposes of the Indian Government, and not the relief of the Imperial Exchequer from charges which it would incur independently of any Indian requirements.

The Committee have, therefore, submitted two statements, one exclusive, the other inclusive, of the regimental or battalion staff.

Proceeding to ascertain the charge of a Cavalry recruit under the arrangements above indicated, the Committee have taken into account the following items:—

	£	s.	d.	£.	s.	d.
Pay for ten months, at 1s. 5d. per diem	21	10	10			
Beer money for ten months, at 1d. per diem...	1	5	4			
Marching money and cost of conveyance of recruits, &c., 16 per cent. on pay	3	8	11			
Recruiting Staff charges	2	19	1			
Barrack accommodation for ten months at 6l. 2s. 11d. per annum	5	2	5			
Excess cost of bread and meat for ten months	1	4	5			
Charge for accoutrements for ten months	0	1	4			
Charge for practice ammunition... ..	0	8	1			
Clothing for ten months, at 4l. 8s. 9d. per annum	3	14	0			
Hospital expenses, at 17s. 7d. per annum	0	14	7			
Forage for ten months, providing one horse for three recruits	11	2	8			
Levy money	2	11	0			
Cost of free kit	2	3	1			
				58	5	9
The charge of the Troop Depôt.	£	s.	d.			
1 Captain	266	2	11			
1 Lieutenant	164	5	0			
2 Troop Sergeant-Majors	121	13	4			
3 Sergeants	136	17	6			
1 Trumpeter	28	17	11			
1 Artificer	38	0	5			
10 Rank and File	258	10	10			
Beer money	25	17	1			
Agency	19	8	4			
{ Allowance £16 14 7 }						
{ Poundage 2 13 9 }						
Contingent allowance	41	0	0			
Postage, &c.	7	0	0			
Mess allowance	25	0	0			
Forage for 17 horses, at 1s. 10d.	568	0	0			
Cost of remount horses	98	0	0			
Forage for five Officers' horses, 1s. 1½d. a day each	102	13	1			
For 43 recruits	1,902	2	3			
At per recruit	44	4	8			
	102	10	5			

DUKE OF ARGYLL.
21st July 1870.

DUKE OF ABERDEEN
21st July 1870.

If a proportion of the pay of the Regimental Staff in England be added,
viz:—

	£	s.	d.	£	s.	d.	
1 Lieutenant-Colonel	419	15	0				
1 Major	851	6	3				
1 Paymaster	228	2	6				
1 Adjutant (Allowance)	45	12	6				
Quartermaster	155	2	6				
1 Surgeon	273	15	0				
1 Assistant Surgeon	182	10	0				
1 Veterinary Surgeon	182	10	0				
Command Allowance	54	15	0				
Non-effective Allowance	40	0	0				
Special Allowance to Quartermaster	30	0	0				
Agency (1½d. per £ on 1,963l. 8s. 9d.)	12	5	5				
Forage for 21 Officers' horses, 1s. 1½d. a day each	431	3	1				
	<u>2,406</u>	<u>17</u>	<u>3</u>				
For one Troop (one-eighth)	300	17	2				
For each recruit for 10 months					5	16	8
The rate per recruit would be					<u>108</u>	<u>7</u>	<u>1</u>

On the same principles, the charge for Infantry Recruits would be as follows:—

	£	s.	d.	£	s.	d.	
Pay for seven months, at 1s. 2d. per diem	12	8	5				
Beer money for seven months at 1d. per diem	0	17	9				
Marching money, cost of conveyance of recruits, &c. (16 per cent. on pay)	1	19	9				
Recruiting Staff charges	2	19	1				
Barrack accommodation for seven months, at 6l. 2s. 11d. per annum	3	11	8				
Excess cost of bread and meat for seven months	0	17	1				
Accoutrements for seven months	0	1	0				
Practice ammunition	0	8	1				
Clothing for seven months, at 3l. 1s. 8d. per annum	1	16	0				
Hospital expenses for ditto, at 17s. 7d. per annum	0	10	3				
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing)	2	9	3				
Levy money and bounty	2	11	0				
					<u>30</u>	<u>9</u>	<u>4</u>

The charge of the two Depot Companies:—

Pay of 2 Captains	422	15	10				
2 Subalterns	237	5	0				
2 Colour Sergeants	97	6	8				
6 Sergeants	237	5	0				
4 Drummers	91	5	0				
6 Privates	127	15	0				
Beer money	27	7	6				
Contingent Allowance	36	10	0				
Postage and Stationery	14	0	0				
Mess Allowance	50	0	0				
Agency	18	5	0				
Ditto Poundage	8	7	9				
	<u>1,368</u>	<u>2</u>	<u>9</u>				
For 80 recruits							
Or per recruit					17	2	0
					<u>47</u>	<u>11</u>	<u>4</u>

If a proportion of the pay of the Regimental Staff in England be added DUKE OF ARGYLL.
viz.,— 21st July 1870.

	£	s.	d.	£	s.	d.
1 Lieutenant-Colonel	310	5	0			
2 Majors	584	0	0			
1 Paymaster	228	2	6			
1 Adjutant (Allowances)	63	17	6			
1 Instructor of Musketry (Allowances)	45	12	6			
1 Quartermaster	113	12	6			
1 Surgeon	273	15	9			
1 Assistant Surgeon	132	10	0			
Command Allowance	54	15	0			
Non-effective Allowance	40	0	0			
Special Allowance to Quartermaster	30	0	0			
Forage for 7 horses	234	4	2			
Agency	13	10	7			
	2,179	4	9			
For two Companies (one-sixth)	363	4	1			
For each recruit for seven months				2	12	11
The rate per recruit would be				50	4	3

In the above calculation no provision is made for deaths or desertions among the recruits, nor for those who are unable through ill-health to embark for India. Under the system hitherto existing, the charge on this account has been very heavy, as shown in the accompanying memorandum; but, in future, as the recruits would form part of a Home regiment or battalion instead of a Depôt battalion, it may be anticipated that their association with a larger body of trained men would reduce materially the extent of desertion.

The Committee are of opinion that if to the expense of each recruit, as already shown, a sum equal to one-third thereof be added, adequate provision would be made for the charge consequent on deaths, desertions, or inability of recruits to proceed to India. The charge for each Cavalry recruit would thus be 13*l.* 13*s.* 11*d.*, and for each Infantry recruit 6*l.* 8*s.* 5*d.*, or 14*l.* 9*s.* 5*d.* and 6*l.* 19*s.* if the Regimental Staff charges are to be paid by India.

In regard to invalids or time-expired men awaiting their discharge, it appears to the Committee that the expenditure actually incurred on that account should not be included in the rate per recruit.

They understand that all invalids will in future be sent to the Invalid Hospital at Netley, or to a Consolidated Depôt near the port of disembarkation, and they consider that the maximum period of remaining there should be six months; that at the expiration of that time, at the latest, the soldiers should either be discharged or brought on the strength of their regiments at home, the time-expired men and those incapable of further service being discharged as soon as possible after arrival in this country.

A statement of the charge on this account should be annually furnished by the War Office, and, after examination by the officers of the Secretary of State for India in Council, should be paid independently of the charge for recruits.

The charge for difference of men on passage should remain as specified in the second Report of this Committee, an addition of 10*l.* 0*s.* 5*d.* per man being made on account of forage to the charge for each Cavalry soldier, which was inadvertently omitted in the calculation annexed to the second Report.

In addition to the above charges, India would have to pay directly the Colonel's allowances and furlough pay.

In this Report the Committee have shown what would be the estimated cost of recruiting Cavalry and Infantry regiments in India under certain conditions placed before them. They have not entered upon the question how far those conditions are consistent with a due regard to economy. But they desire to express their concurrence in the view taken by the Committee presided over by Major-General Jameson, in their Report dated 5th August 1869, that, for the purpose of raising and training the number of recruits required for battalions of Infantry in India, it is not necessary to maintain more than one company with the Depôt in this country.

DUKE OF ARGYLL.
21st July 1870

In a subsequent report, the Committee, when supplied with information as to the Artillery, will be prepared to recapitulate their recommendations as to the mode of adjustment of the several claims.

(Signed) T. L. SECCOMBE.

G. I. JAMESON,
Major-General.

H. W. S. WHIFFIN.

J. MILTON.

(Signed) ROBERT P. DAY,
Secretary.

INDIA OFFICE,
28th February 1870.

We have agreed to the foregoing Report as showing the cost of Cavalry and Infantry recruits under certain prescribed conditions, which include the following charges :—

For Cavalry Recruits.—The pay of two officers, seven non-commissioned officers, and 19 rank and file for each Cavalry regiment, as well as the levy money, free kit, pay, and all allowances of 43 men for ten months, in order to provide 32 recruits for India.

For Infantry Recruits.—The pay of four officers, 12 non-commissioned officers, and six rank and file for two companies of Infantry, as well as the levy money, free kit, pay, and all allowances for 80 men for seven months, in order to provide 60 recruits.

We consider that the mere enumeration of the strength in officers and men, with reference to the number of recruits to be provided, is sufficient to show that any scale of charge based thereon must be excessive, whereas among the advantages specified in the confidential “plan for carrying out certain reductions of expenditure upon the Army in India, and organizing a system for training recruits for battalions serving abroad, it is expressly stated that the plan affords a more economical mode than that now existing of training and supplying drafts.”

How far the charge involved in the propositions before the Committee may be justified by other considerations than the best and cheapest mode of training recruits, it is not our province to consider. But we feel it to be our duty again to refer to the fact stated in the first report of the Committee, that the East India Company were able to send efficient Artillery and Infantry recruits to India at a cost of 26*l.* 7*s.* 5*d.* per man, instead of 136*l.* 13*s.* 11*d.* for Cavalry and 63*l.* 8*s.* 5*d.* for Infantry recruits, as now proposed.

We are fully aware that the changes made in the terms of enlistment, pay, clothing, &c., would have increased the charge as incurred by the East India Company, but the proposed establishments for, and the periods of, training, which have formed the basis of this third report of the Committee, appear to us to be enormously in excess of what can be possibly required for the purpose of properly recruiting the British Army in India.

(Signed) T. L. SECCOMBE.

G. I. JAMESON,
Major-General.

1871-72.

DUKE OF ARGYLL.
No. 184, dated 29th
June 1871.

I have considered in Council your Financial letters dated the 15th March last, Nos. 51 and 52, the first of which forwarded the Regular Estimate of the Revenues and Charges of India for the year 1870-71, and the second the Budget Estimate for 1871-72, with a copy of the Financial Statement made in the Legislative Council by Sir Richard Temple on the 9th of March.

2. In my Financial despatch dated the 16th March last, No. 72, reviewing the Actual Accounts of 1869-70 as compared with the Regular Estimate for that year, and with the Accounts of 1868-69, I made a comparison of the Revised Estimate for 1870-71, which you sent to me with your Financial letter dated the 7th December last, No. 262, with the Budget Estimate for that year. I shall, therefore, in the present despatch advert only, so far as regards 1870-71, to the changes apparent in the Regular Estimate of March last, as compared with your revised Estimate of December.

3. The Revised Estimate showed a probable surplus, exclusive of Public Works Extraordinary, of	£	
Regular Estimate of 1870-71 compared with Revised Estimate of December.	835,430	
Public Works Extraordinary	2,043,835	
Estimated deficit, including Public Works Extraordinary...	<u>1,208,405</u>	

DUKE OF ARGYLL
29th June 1871.

4. The Regular Estimate is as follows,—

Revenues and Receipts :—	£	£	
In India	50,839,200		
In England	178,196		
	<u>51,017,396</u>		
Expenditure :—			
In India	39,872,200		
In England, Stores for India	1,430,088		
Ditto, other Charges ...	6,772,134		
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,859,413		
	<u>49,933,835</u>		
Estimated surplus, exclusive of Public Works Extraordinary	1,083,561		
Public Works Extraordinary	1,146,743		
Estimated deficit, including Public Works Extraordinary	<u>63,182</u>		

5. The Revenues and Receipts, as given in the Regular Estimate, exceed

REVENUES AND RECEIPTS, 1870-71.

	Budget Estimate	Revised Estimate	Regular Estimate	As compared with Revised Estimate	
				Increase in Regular Estimate.	Decrease in Regular Estimate.
Land Revenue	£ 21,023,632	£ 21,150,000	£ 20,653,400	£ .	£ 496,600
Tributes and Contributions from Native States	787,073	737,073	739,300	2,227	
Forest ...	588,780	544,380	459,500		84,880
Excise on Spirits and Drugs	2,285,000	2,367,500	2,357,600		9,900
Assessed Taxes	2,180,000	1,975,000	2,075,000	100,000	
Customs	2,416,500	2,655,000	2,558,000		97,000
Salt	6,177,370	6,280,000	6,104,500		175,500
Opium ...	6,922,281	7,930,000	7,996,800	66,800	
Stamps	760,000	807,000	2,488,900	1,681,909	
	(Judicial Stamps included under Law and Justice)				
Mint	139,970	50,000	33,300		17,700
Post Office	750,590	764,500	895,100	130,600	
Telegraph	163,956	203,000	196,200		6,800
Law and Justice	2,474,800	2,393,000	755,400		1,637,600
	(Includes Judicial Stamps)				
Police ...	251,966	251,966	252,800	834	
Marine	265,615	233,000	272,100	39,100	
Education	78,674	64,062	62,200		1,862
Interest	337,321	304,111	302,700		1,411
Miscellaneous	737,674	752,692	948,400	195,708	
Army, Miscellaneous	733,925	733,925	854,000	120,075	
Public Works Ordinary	117,870	187,070	361,300	194,230	
" " Irrigation	(Included under Land Revenue)		473,600	473,600	
				2,905,174	2,429,253
				2,429,253	
Total India	49,143,087	50,363,279	50,839,200	475,921	
England, Telegraph and Miscellaneous Receipts	181,300	209,700	178,196		31,504
				475,921	31,504
				31,504	
Total, India and England	49,324,387	50,572,979	51,017,396	444,417	

by 444,417. the revised Estimate of December, the principal increases being 100,000. in Assessed Taxes, 66,800. in Opium, and 130,600. in Post Office receipts, which is described by you as being official postage, and therefore nominal. The Miscellaneous receipts were also higher by 195,708. from the transfer of 93,497. the balance of the Ameen's Fund at Bombay, and a larger sum from the Capital of the Military and Medical Funds. The increases apparent under Stamps is mainly due to the transfer to that head of the receipts from Judicial Stamps, which in the Estimates were included under Law and Justice. The increases

of 473,600*l.* under Public Works, Irrigation, is the amount of the Canal receipts, which in the Revised Estimate had been included under Land Revenue.

6. The principal decreases were 81,880*l.* under Forest, which you attribute to a smaller demand than had been expected for timber for State Railways, owing to delay in the settlement of the Gauge question, 97,000*l.* under Customs, and 175,500*l.* from Salt, the improvements under those heads anticipated in the December Estimate not being likely to be realized.

7. In the Expenditure the Regular Estimate is below that of December

EXPENDITURE, 1870-71

	Budget Estimate.	Revised Estimate.	Regular Estimate.	As compared with Revised Estimate.	
				Increase in Regular Estimate.	Decrease in Regular Estimate.
	£	£	£	£	£
Interest on Funded and Unfunded Debt	2,993,700	2,993,700	2,946,300	...	47,400
Interest on Service Funds and other Accounts	514,002	550,710	545,500	..	5,210
Allowances, Refunds, and Drawbacks	400,600	394,100	398,800		5,300
Land Revenue (including Allowances to District and Village Officers)	2,497,612	2,459,000	2,410,100	..	47,900
Forest	437,540	426,515	396,000	..	40,515
Excise on Spirits and Drugs	288,594	298,900	273,300	..	25,600
Assessed Taxes	59,170	47,150	43,700	..	3,450
Customs	189,214	192,500	185,900	..	7,600
Salt	499,019	480,700	416,500	..	64,200
Opium	2,013,110	2,069,000	2,065,000	2,000	..
Stamps	43,012	62,760	100,000	..	37,260
Mint	95,499	68,114	57,200	..	10,914
Post Offices	664,886	639,000	633,800	..	5,200
Telegraph	356,792	333,700	374,600	40,900	..
Administration and Public Departments	1,198,201	1,193,201	1,155,600	..	42,601
Law and Justice	3,064,538	3,040,619	2,962,400	..	78,219
Police	2,319,964	2,319,964	2,269,500	..	50,464
Marine	476,176	476,176	422,000	..	54,176
Education	690,530	638,552	616,200	..	22,352
Minor Departments	239,167	239,167	218,900	..	20,267
Ecclesiastical	169,795	160,500	153,600	..	6,900
Medical Services	503,654	511,500	505,200	..	6,300
Stationery and Printing	260,625	265,700	235,300	..	20,400
Political Agencies and other Foreign Services	278,675	275,841	268,000	..	7,841
Allowances and Assignments under Treaties and Engagements	1,767,754	1,752,705	1,710,600	..	42,105
Miscellaneous	695,067	938,600	1,002,900	64,300	..
Superannuation, Retired and Compassionate Allowances	730,481	730,915	678,900	..	52,015
Allotments for Provincial Services	...	...	200,000	200,000	..
Army	12,480,000	12,480,000	12,682,800	192,800	..
Public Works Ordinary (including Supervision and Cost of Land for Railways, and Loss by Exchange on Railway Transactions)	4,109,413	4,096,673	4,024,700	..	71,973
				537,250	799,007
					537,250
Total India	40,032,520	40,133,952	39,872,200		261,752
Expenditure in England	6,701,374	6,862,760	6,772,134		90,626
Ditto, ditto, for Stores transmitted to India	1,464,624	1,474,354	1,430,088		44,266
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,244,742	1,266,483	1,859,413	592,930	..
				592,930	396,644
				396,644	..
Total, India and England	49,443,760	49,737,540	49,933,835	126,286	

under most heads, the only exceptions being Opium, Stamps Telegraph, Miscellaneous, Allotments for Provincial Services, and Army Charges. The increase under Army is 192,800*l.*, the charges in India for Overland Transport having been omitted in the Budget and Revised Estimate.

8. The Expenditure in England is now estimated at 134,892*l.* less than was anticipated when I received your revised Estimate. Of the reduction, 44,266*l.* is in the value of Stores sent to India, the remainder being principally in Army Charges.

9. The decrease of charge in India and England, shown in the Regular Estimate,

amounting to 396,644*l.* is, however, more than counterbalanced by the increase of 592,930*l.* for Guaranteed Interest on Railway Capital, consequent on the falling off in net Traffic Receipts.

10. The changes apparent in the Regular as compared with the Revised Estimate are, therefore, not very important, but they indicate that your efforts to limit expenditure have been successful.

Budget Estimate for 1871-72 compared with Regular Estimate for 1870-71.

11. Your Budget Estimate for 1871-72 is as follows:—

DUKE OF ARGYLL.
29th June 1871.

Revenue and Receipts (including England 163,000%)	...	49,098,900
Charges in India	...	39,023,800
" England for Stores transmitted to		
India	...	1,306,200
" " other charges	...	6,818,599
Guaranteed Interest on Railway Capital	...	4,638,600
Deduct net Traffic Receipts	...	2,781,700
		<u>1,856,900</u>
		49,005,499
Estimated surplus in Budget Estimate, excluding Public Works Extraordinary	...	93,401
Public Works Extraordinary, India	...	3,236,500
" " " England	...	389,500
		<u>3,626,000</u>
Estimated Deficit, including Public Works Extraordinary	...	3,532,599

REVENUES AND RECEIPTS.

	Regular Estimate, 1870-71	Budget Estimate, 1871-72.	Increase.	Decrease.
	£	£	£	£
Land Revenue	20,653,400	20,709,700	56,300	...
Tributes and Contributions from Native States	739,300	730,100	...	9,200
Forest	459,500	573,400	113,900	...
Excise on Spirits and Drugs	2,357,600	2,351,100	...	6,500
Assessed Taxes	2,075,000	600,000	...	1,475,000
Customs	2,558,000	2,556,300	...	1,200
Salt	6,104,500	6,190,000	85,500	...
Opium	7,998,800	8,038,500	41,700	...
Stamps	2,488,900	2,542,100	53,200	...
Mint	32,300	40,600	8,300	...
Post Office	895,100	865,600	...	29,500
Telegraph	196,200	213,600	17,400	...
Law and Justice	755,400	466,600	...	288,800
Police	252,900	...	...	252,900
Marine	272,100	237,900	...	34,200
Education	62,200	...	...	62,200
Interest	302,700	309,900	7,200	...
Miscellaneous	943,400	841,300	...	107,100
Army, Miscellaneous	854,000	805,000	...	49,000
Public Works, Ordinary	361,300	367,400	6,100	...
Ditto Irrigation	473,600	496,300	22,700	...
			412,300	2,315,600
				412,300
Total India	50,839,200	48,935,900	...	1,903,300
England, Telegraph and Miscellaneous Receipts	178,196	163,000	...	15,196
Total India and England	51,017,396	49,098,900		1,918,696

Decrease in Revenue per Budget Estimate	...	£	1,918,496
Reduction in Income Tax	...	£1,475,000	
Transferred to Provincial Services	...	656,400	
			<u>2,131,400</u>
Better in Budget Estimate	...	£212,904	

12. The total Revenues and Receipts in India and England are estimated at 1,918,496% below the Regular Estimate for 1870-71, but that is after allowing 1,475,000% for the reduction of Income Tax and 656,400% the amount stated in Sir R. Temple's speech as the receipts which have been made over to the Local Government on account of Provincial Services. Independently of these reductions, the estimated Revenue of 1871-72 under other heads exceeds by about 212,904% that of 1870-71.

13. From the Land Revenue you anticipate an increase of 56,300%.

which you appear to attribute mainly to the progress of the new settlements in the North-West Provinces and Oude, and you have estimated an improvement of 113,900% in Forest, the receipts in 1870-71 having been unfavourable affected by the delay in the construction of Government Railways.

DUKE OF ARGYLL.
29th June 1871.

14. You also anticipate an increase of 85,500*l.* from Salt.

EXPENDITURE.

	Regular Estimate, 1870-71.	Budget Estimate, 1871-72.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt	2,946,300	2,942,300	...	4,000
Interest on Service Funds and other Accounts	545,500	528,100	..	17,404
Allowances, Refunds, and Drawbacks	338,600	336,000	..	2,600
Land Revenue (including Allowances to District and Village Officers)	2,410,100	2,530,600	120,500	..
Forest	386,000	451,100	65,100	..
Excise on Spirits and Drugs	273,300	294,700	21,400	..
Assessed Taxes	43,700	43,400	..	300
Customs	185,000	193,400	8,400	..
Salt	416,500	762,700	46,200	..
Opium	2,065,000	2,102,900	37,900	..
Stamps. (Stationery included in Budget Estimate for 1871-72)	100,000	141,200	41,200	..
Mint	57,200	59,400	2,200	..
Post Offices	633,800	646,600	12,800	..
Telegraph	374,600	351,500	..	23,100
Administration and Public Departments	1,155,600	1,229,800	74,200	..
Minor Departments	218,900	235,600	16,700	..
Law and Justice	2,962,400	2,427,100	..	535,300
Police	2,269,500	Included in Provincial Services.	..	2,269,500
Marine	422,000	487,100	65,100	..
Education	606,200	Included in Provincial Services.	..	606,200
Ecclesiastical	153,600	164,900	11,300	..
Medical Services	505,200	170,400	..	334,800
Stationery and Printing	235,300	Included under Stamps and Provincial Services.	..	235,500
Political Agencies and other Foreign Services	268,000	262,900	..	5,100
Allowances and Assignments under Treaties and Engagements	1,710,600	1,701,500	..	9,100
Superannuation, Retired, and Compassionate Allowances	678,900	628,700	..	50,200
Miscellaneous	1,002,900	866,300	..	136,600
Allotments for Provincial Services	200,000	4,799,300	4,599,300	..
Army	12,682,800	12,410,000	..	272,800
Public Works Ordinary (Including Supervision and Cost of Land for Railways, and Loss by Exchange on Railway Transactions)	4,024,700	2,556,300	..	1,468,400
			5,122,300	5,970,700
				5,122,300
Total, India	39,872,200	39,023,800	..	848,400
Expenditure in England	6,772,134	6,818,599	46,465	..
Ditto, for Stores transmitted to India	1,430,088	1,306,200	..	123,888
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,859,413	1,856,900	..	2,513
			46,465	974,801
				46,565
Total, India and England	49,933,835	49,005,499	..	928,336

15. From Opium you expect that you will receive 8,038,500*l.*, being 41,700*l.* in excess of the probable receipt in 1870-71.

16. You also expect to receive 53,2000*l.* more from Stamps, 8,300*l.* from Mint, and 17,400*l.* from Telegraph.

17. The decreases in the Revenues do not call for observation.

18. The Expenditure in India and England is estimated by you at 49,005,499*l.*, as against 49,933,835*l.* in the Regular Estimate for 1870-71, the apparent decrease being 928,336*l.* But from that sum must be deducted 656,400*l.* allotted as receipts on account of Provincial Services, and the reduction then is only 271,936*l.*

19. So far as regards the several heads of charge of which portions have been transferred to Provincial

Services, it is hardly practicable to make any useful comparison.

20. The charge for printing for the Local Governments being now made a Provincial Service, I approve of your having abolished the head of Stationery and Printing, the cost of printing for the Government of India being transferred to Administration and Public Departments. But as at present informed, I do not concur in the propriety of your having added Stationery to Stamps. The charge under Stamps is the amount incurred in realising the Stamp Revenue, whereas the expenditure for Stationery is a charge of Administration.

Duke of ARGYLL
29th June 1871.

21. The distinguishing features of your Budget Estimate for 1871-72 are, that you have thought it safe to estimate a sum of 8,038,500*l.* as the receipt from Opium; that you have reduced the Income Tax from six to two annas in the rupee, and raised the minimum of income for taxation to Rs. 750 per annum; and that you then anticipate a surplus, exclusive of Expenditure on Public Works Extraordinary, of 93,401*l.*

22. I do not doubt but that in regard to Opium the grounds on which you anticipated so large a receipt as 8,038,500*l.* appeared to you to be sufficient, but I am apprehensive that your estimate is larger than can safely be taken in framing a Budget Estimate.

23. In regard to the Income Tax, it is obvious that both in regard to the rate per cent. and the minimum of income liable to assessment, you have been influenced by a desire to retain it as a source of revenue capable of being made more available in times of difficulty, and at the same time to divest the tax as far as possible of any objectionable feature.

24. The surplus of 93,401*l.* is much lower than the amount which successive Secretaries of State have requested should be provided for in the Budget Estimate, and when the high estimate from Opium is taken into account, the prospect of the finances of the year cannot be regarded as altogether satisfactory.

25. I should have been glad to have received particulars of the sum of 3,236,500*l.* included in your Estimate on account of Public Works Extraordinary in India. So far as I can gather from the information obtainable from your letter in the Public Works Department, the Estimate must be,—

	£	£
Irrigation Works in India	1,464,300	
State Railways „	1,772,200	
		3,236,500
The estimated payments in this country being,—		
Punjab Northern (State) Railway Stores	157,500	
And State Railways in North-West Provinces .. .	232,000	
		389,500
Total India and England		3,626,000

26. You estimate the Cash Balance in India on the—

	£
1st April 1871 at	16,012,051
and in England at	2,010,283
Together	18,022,183

and that if 2,500,080*l.* be raised by Loan in England, the Balances at the close of 1871-72 will be—

	£
India	15,121,251
England	2,125,283
Total	17,246,534

being a reduction of about a million during the year, or about the amount by which the charge for Extraordinary Public Works will exceed the sum raised on loan.

27. The Balance in England on the 1st April 1871 was 3,305,972*l.*, and up to the present time I have borrowed only about 1,000,000*l.* on account of 1871-72. The state of the balances is therefore favourable for the adoption of such measures as may be deemed expedient during the ensuing year for reducing the interest of the 5 per cent. Loan of 1856-57, which may be paid off on or after the 16th January 1872.

28. With reference to the approach of the time for dealing with that Loan, I do not think it would be wise to refrain from raising the further sum of 1,500,000*l.* during the current year, if the money market should continue favourable, and I shall adopt that course unless any circumstances should occur to show that it would be inexpedient.

1872-73.

DUKE OF ARGYLL.
No. 344, dated 29th
August 1872.

Para. 1. I have considered in Council your Financial letters No. 33, dated the 26th January 1872, which forwarded the Finance and Revenue Accounts for the year 1870-71 for presentation to Parliament, and Nos. 124 and 125, dated the 12th April, with the comparison of the Estimates for 1871-72 and Budget Estimate for 1872-73 transmitted therewith.

2. Your Revised Estimate for 1871-72 reached me with your Financial letter dated the 6th December last, No. 331, but I do not intend to make any comparison of that Estimate with the Budget Estimate for the same year, as your Regular Estimate gives later and more useful information.

3. The Regular Estimate for 1870-71, presented to Parliament in May 1871, was as follows:—

	£
Revenues and Receipts (including England 178,196 $\frac{1}{2}$)	... 51,017,396
Expenditure:—	£
In India	... 39,872,200
In England, Stores for India	... 1,430,088
Ditto, other Charges	... 6,772,134
Guaranteed Interest on Railway Capital, less net Traffic Receipts ...	... 1,859,413
	----- 49,933,835
Surplus, exclusive of Public Works Extraordinary	... 1,083,561
Public Works Extraordinary ...	... 1,146,743

Estimated deficit, including Public Works Extraordinary	... 63,182

4. The Accounts show that the Revenues and Receipts (including England 178,197 $\frac{1}{2}$.) were

	£
Revenues and Receipts (including England 178,197 $\frac{1}{2}$.)	... 51,413,686
Expenditure:—	£
In India	... 39,899,435
In England, Stores for India	... 1,425,150
Ditto, other Charges	... 6,771,300
Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts ...	... 1,834,811
	----- 49,930,696
Excess of Income over Expenditure, excluding Public Works Extraordinary	... 1,482,990
Public Works Extraordinary	... 1,167,810

Excess of Income over Expenditure	... £315,180

5 The actual financial result is, therefore, 399,429*l.* better than the Regular Estimate, if expenditure on Public Works Extraordinary be excluded, and 378,362*l.* if expenditure on that account be included.

DUKE OF ARGYLL.
29th August 1872.

6. The improvement is wholly due to the Actual Receipts having exceeded the Estimate under numerous heads, the principal being Customs, the increase in which was 52,789*l.*; Opium, 48,659*l.*; Marine, 61,045*l.*; Miscellaneous, 136,429*l.*; Army Miscellaneous, 89,685*l.*, and Public Works Ordinary, 68,366*l.* The increase in Customs arose from a general improvement throughout India, the only exception being Bombay. The other increases indicate only that your Estimate had been cautiously framed. On the other hand, there were decreases under certain heads, the most marked being under Post Office, which is explained by you as chiefly due to an over estimate.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Land Revenue ..	20,653,400	20,622,823	..	30,577
Tributes and Contributions from Native States ..	739,300	719,421	..	19,879
Forest ..	459,500	453,442	..	6,058
Excise on Spirits and Drugs ..	2,357,600	2,374,465	16,865	..
Assessed Taxes ..	2,075,000	2,072,025	..	2,975
Customs ..	2,558,000	2,610,789	52,789	..
Salt ..	6,104,500	6,106,280	1,780	..
Opium ..	7,996,800	8,045,459	48,659	..
Stamps ..	2,448,900	2,510,316	21,416	..
Mint ..	32,300	33,400	1,100	..
Post Office ..	895,100	805,235	..	89,865
Telegraph ..	196,200	227,402	131,202	..
Law and Justice ..	755,400	746,898	..	8,502
Police ..	252,900	270,971	18,071	..
Marine ..	272,100	333,145	61,045	..
Education ..	62,200	61,610	..	590
Interest ..	302,700	297,715	..	4,985
Miscellaneous ..	948,400	1,084,829	136,429	..
Army, Miscellaneous ..	854,000	943,685	89,685	..
Public Works, Ordinary ..	354,100	422,466	68,366	..
Ditto Irrigation ..	473,600	485,537	11,937	..
Ditto State Railways ..	7,200	7,576	376	..
			559,720	163,431
			163,431	
Total India ..	50,839,200	51,235,489	396,289	
England, Telegraph and Miscellaneous Receipts ..	178,196	178,197	1	
Total, India & England...	51,017,396	51,413,686	396,290	

7. The Actual Charges in India and England, including Guaranteed Interest on Railway, &c., Capital, less net traffic receipts, were 3,139*l.* less than the Regular Estimate.

DUKE OF ARGYLL.
29th August 1872.

EXPENDITURE, 1870-71.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt	2,946,300	2,960,130	13,830	...
Interest on Service Funds and other Accounts ...	545,500	530,491	...	15,009
Allowances, Refunds, and Drawbacks ...	338,600	356,431	17,831	...
Land Revenue (includes Allowances to District and Village Officers) ...	2,410,100	2,422,856	12,756	...
Forest ...	386,000	373,349	...	12,651
Excise on Spirits and Drugs ...	273,300	293,477	20,177	...
Assessed Taxes ...	43,700	43,991	291	...
Customs ...	185,000	186,991	1,991	...
Salt ...	416,500	389,964	...	26,536
Opium ...	2,065,000	2,014,425	...	50,575
Stamps ...	100,000	101,610	1,610	...
Mint ...	57,200	59,532	2,332	...
Post Office ...	633,800	613,041	...	20,759
Telegraph ...	374,600	380,588	5,988	...
Administration ...	1,155,600	1,153,192	...	2,408
Law and Justice ...	2,962,400	2,996,190	33,790	...
Police ...	2,269,500	2,275,335	5,835	...
Marine ...	422,000	475,602	53,602	...
Education ...	606,200	624,690	18,490	...
Minor Departments ...	218,900	212,897	...	6,003
Ecclesiastical ...	153,600	153,544	...	56
Medical Services ...	505,200	523,436	18,236	...
Stationery and Printing ...	235,300	233,675	...	1,625
Political Agencies and other Foreign Services	268,000	291,459	23,459	...
Allowances and Assignments under Treaties and Engagements ...	1,710,600	1,737,637	27,037	...
Miscellaneous ...	1,002,900	1,010,530	7,630	...
Superannuation, Retired, and Compassionate Allowances ...	678,900	655,969	...	22,931
Army ...	12,682,800	12,549,303	...	133,497
Public Works Ordinary: Public Works, including Supervision and Cost of Land for Railways, and Loss by Exchange on Railway Transactions ...	4,024,700	4,079,050	54,350	...
Allotments for Provincial Services ...	200,000	200,000	...	...
			319,285	292,050
			292,050	292,050
Total, India ...	39,872,200	39,899,435	27,235	...
Expenditure in England Ditto, ditto, for Stores transmitted to India, ...	6,772,134	6,771,300	...	834
Guaranteed Interest on Railway Capital, less net Traffic Receipts ...	1,430,088	1,425,150	...	4,938
	1,859,413	1,834,811	...	24,602
			27,235	30,374
				27,235
Total, India and England	49,933,835	49,930,696	...	3,139

COMPARISON OF 1870-71 WITH 1869-70.

	1869-70.	1870-71.	Better in 1870-71.
	£	£	£
India and England.			
Revenues and Receipts ...	50,901,081	51,413,686	512,605
Expenditure, including Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts ...	50,782,412	49,930,696	851,716
Surplus ...	118,669	1,482,990	1,364,321

8. Under certain heads there were increases in India amounting to 319,285*l.*, nearly counter-balanced, however, by decreases amounting to 292,050*l.* The increases or decreases are none of them important, except the decrease in the Army Charges, which were 133,497*l.* below the Regular Estimate, a reduction caused by a saving of Regimental Pay and Allowances, consequent on the Army being at a lower effective strength, the absorption of supernumerary Officers, reduced Commissariat Charges, and limited purchase of cattle.

9. The Guaranteed Interest on Railway Capital was 24,602*l.* below the Regular Estimate, which arose from an improvement in the traffic earnings of the Railway Companies.

10. On comparing the Revenues and Expenditure of the year 1870-71 with those of 1869-70, a great improvement is apparent.

11. The Revenue and Receipts in India and England in 1870-71 amounted

DUKE OF ABERLLEN
29th August 1872.

REVENUES AND RECEIPTS.

	Actual, 1869-70.	Actual, 1870-71.	Increase	Decrease.
	£	£	£	£
Land Revenue	21,088,019	20,622,823	..	465,196
Tributes and Contributions from Native States	765,126	719,421	...	45,705
Forest	471,590	453,442	...	18,148
Excise on Spirits and Drugs	2,253,655	2,374,465	120,810	...
Assessed Taxes	1,110,224	2,072,025	961,801	...
Customs	2,429,185	2,610,789	181,604	...
Salt	5,888,707	6,106,280	217,573	...
Opium	7,953,098	8,045,459	92,361	...
Stamps	2,379,316	2,510,316	131,000	...
Mint	157,214	33,400	..	123,814
Post Office	711,698	805,235	93,537	..
Telegraph	202,932	227,402	24,470	..
Law and Justice	801,954	746,898	...	55,056
Police	287,549	270,971	..	16,578
Marine	329,953	333,145	3,192	..
Education	74,889	61,610	...	13,279
Interest	336,376	297,715	..	38,661
Miscellaneous	1,446,982	1,084,829	...	362,153
Army, Miscellaneous	1,060,423	943,685	...	116,738
Public Works, Ordinary	414,655	422,466	7,811	..
Ditto Irrigation	534,979	485,537	...	49,442
Ditto State Railways	8,080	7,576	...	504
			1,834,159	1,305,274
			1,305,274	
Total India	50,706,604	51,235,489	528,885	
England: Telegraph, and Miscellaneous Receipts	194,477	178,197		16,280
			528,885	16,280
			16,280	
Total, India and England	50,901,081	51,413,686	512,605	

to 51,413,686*l.*, being 512,605*l.* in excess of those of 1869-70. The Expenditure, including Guaranteed Interest on Railway Capital less net traffic receipts, but exclusive of Public Works Extraordinary, was 851,716*l.* less in 1870-71 than in 1869-70, the surplus in 1870-71 being consequently 1,482,990*l.*, which exceeded by 1,364,321*l.* that of the previous year.

12. The principal increases of Revenue in 1870-71 were as follow,— 120,810*l.* in Excise on Spirits and Drugs, the effect of a general increase of consumption; 961,801*l.* from Assessed Taxes, consequent on the raising of the rate of the Income Tax to 3½ per cent.; 181,604*l.* in Customs, which had improved generally except at Bombay; 217,573*l.* from Salt, the Revenue in 1869-70 having been affected by the additional duty which checked sales. The difference in the receipt from Opium was only 92,361*l.*, and was in favour of 1870-71. There was an improvement of 131,000*l.* in the receipt from Stamps, part of which arose from the transfer of fees for service of process from Law and Justice. An apparent increase of 93,537*l.* in Post Office receipts is partly nominal, and was caused by bringing official postage more fully to account.

13. The Revenue was less in 1870-71 than in 1869-70 under Land, to the amount of 465,196*l.*, the accumulated proceeds

of Sales of Waste Lands (427,073*l.*) having been brought to account in 1869-70. The Mint receipts were lower by 123,814*l.*, in consequence of a diminished demand for coinage, and Miscellaneous receipts were less by 362,153*l.*, the balance of the Police Superannuation Fund (448,000*l.*) having been included in the receipts of 1869-70. Of the diminution of 116,738*l.* in Army receipts, no explanation is given in your letters, or of the falling off of 49,442*l.*

Duke of ABERL. 20th August 1872.

in the receipts from Irrigation, which, instead of increasing as the result of additional expenditure, were only 485,537*l* in 1870-71, against 534,979*l* in 1869-70.

14. The total expenditure in England and India in 1870-71 was 851,716*l*. below that of 1869-70.

EXPENDITURE.

	Actual, 1869-70.	Actual, 1870-71.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt ...	2,773,414	2,960,120	186,716	..
Interest on Service Funds and other Accounts ...	627,267	530,491	..	96,776
Allowances, Refunds and Drawbacks ...	465,094	356,431	..	108,663
Land Revenue (including Allowances to District and Village Officers in 1870-71) ...	2,174,779	2,422,856	248,077	..
Forest ...	313,477	373,349	59,872	..
Excise on Spirits and Drugs ...	256,528	293,477	36,949	..
Assessed Taxes ...	41,701	43,991	2,290	..
Customs ...	181,456	186,991	5,535	..
Salt ...	391,485	389,964	..	1,521
Opium ...	1,820,683	2,014,425	193,742	..
Stamps ...	100,913	101,610	697	..
Mint ...	88,049	59,532	..	28,517
Post Office ...	649,934	613,041	..	36,893
Telegraph ...	457,175	380,588	..	76,587
Allowances to District and Village Officers ...	283,609	Included under Land Revenue.	..	283,609
Administration ...	1,226,972	1,153,192	..	73,780
Law and Justice ...	2,903,454	2,996,190	92,736	..
Police ...	2,434,735	2,275,335	..	159,400
Marine ...	934,044	475,602	..	458,442
Education, Science and Art ...	868,626	624,690	..	243,936
Minor Departments ...	Included in Science and Art.	212,897	212,897	..
Ecclesiastical ...	161,083	153,544	..	7,539
Medical Services ...	443,074	523,486	80,412	..
Stationery and Printing ...	253,325	233,675	..	19,650
Political Agencies, and other Foreign Services	384,897	291,459	..	93,438
Allowances and Assignments under Treaties and Engagements ...	1,844,279	1,737,637	..	106,642
Miscellaneous	754,207	1,010,530	256,323	..
Superannuation, Retired, and Compassionate Allowances ...	592,752	655,969	63,217	..
Army ...	12,828,750	12,549,303	..	279,447
Public Works Ordinary: Public Works, including Supervision and Cost of Land for Railways, and Loss by Exchange on Railway Transactions ...	5,107,259	4,079,050	..	1,028,209
Provincial Services ...	..	200,000	200,000	..
			1,639,463	3,103,049
				1,639,463
Total India ...	41,363,021	39,899,435	..	1,463,586
Expenditure in England	6,458,211	6,771,300	313,089	..
Ditto ditto, for Stores transmitted to India ..	1,414,116	1,425,150	11,034	..
Guaranteed Interest on Railway Capital, less net Traffic Receipts ..	1,547,064	1,834,811	287,747	..
			611,870	1,463,586
				611,870
Total India and England ... £	50,782,411	49,930,696	..	851,716

15. There were increases, however, under certain heads, the most considerable being 186,716*l*. for interest caused by the loans raised in 1869, and the 1,830,000*l*. 4 per cent. stock created for the purchase of the Elphinstone Land Company's estate. An apparent increase of 248,077*l*. in charges on Land Revenue was caused by the transfer to that head of the Allowances to District and Village Officers, which had previously been shown separately. A larger expenditure on Opium of 193,742*l*. resulted from increased cultivation and manufacture of the drug in Bengal and the North-West Provinces. The charges of 212,897*l*. and 200,000*l*., under the new heads of Minor Departments and Provincial Services, respectively, are counterbalanced by reductions under Education, Science and Art, Police, and Stationery and Printing, from which the expenditure has been transferred. An increase of 256,323*l*. under Miscellaneous is attributable to loss by exchange, caused by the unfavourable rates at which bills were drawn in London on India. The expenditure in England, exclusive of

Stores, exceeded the charge for 1869-70 by 313,089*l.*, and included a payment of an arrear due under the Postal arrangement, of charges for the Civil Engineering College and the India Lunatic Asylum, as well as a larger amount of interest on 4 per cent. stock. The charge for Guaranteed Interest on Railway Capital was also larger in 1870-71 by 287,747*l.*, caused by the increase of Capital, and a falling off in net traffic receipts.

DUKE OF ARGYLL
29th August 1872.

16. On the other hand, the interest on Service Funds and other account was 96,776*l.* less, owing to the abolition of the Police Superannuation Fund, and to a smaller payment of interest on account of deficiency in the Government balances at the Presidency Banks.

17. The apparent reductions under Police, Education, Science and Art, and Stationery and Printing, have been already noticed in connexion with the new heads of Minor Departments and Provincial Services.

18. The Marine Charges were 458,442*l.* lower than in 1869-70, the charges of that year having been greatly increased by large irrecoverable advances being brought to account in respect of the Calcutta, Mutlah, and Bassein and Moulmein Port Funds:

19. The charge for Political Agencies and other Foreign Services was less by 93,438*l.*, the charges of 1869-70 having included a payment of nearly that sum to the Ameer of Cabul.

20. The payment for Allowances and Assignments under Treaties and Engagements was less by 106,642*l.*, owing to lapses and commutations of pensions.

21. The Army Charges were 279,447*l.* less than in 1869-70, consequent on reductions in the general staff in India and in the European Cavalry and Infantry, the absorption of supernumerary officers, the withdrawal of bounty money in certain cases, reductions in the Commissariat charges, and limited purchase of cattle.

22. By far the greatest reduction was, however, in Public Works (Ordinary) Expenditure, which was 1,028,209*l.* below that of 1869-70, the reduction having been made to meet the financial exigency which became apparent in the autumn of 1869.

23. It appears, therefore, that although the Revenue of 1869-70 was augmented to the amount of 875,073*l.* by extraordinary receipts from accumulated proceeds of Sales of Waste Lands, and by the transfer to Revenue of the Balance of the Police Superannuation Fund, there was, nevertheless, an increase in the total receipts of 1870-71, as compared with the previous year, of 512,605*l.*, being a general improvement of 1,387,678*l.*, of which, 961,801*l.* was due to the increase in the Opium Revenue.

	£
Proceeds of Sales of Waste Lands ...	427,073
Balance of Police Superannuation Fund ...	448,000
	875,073

24. The Expenditure of 1870-71 was less than in the previous year by 851,716*l.*, but that for 1869-70 included a large extraordinary charge of 408,913*l.* on account of irrecoverable advances to the Calcutta, Mutlah, and other Port Funds. The reduction in 1870-71 in the Public Works Charges, already referred to, was to some extent obtained by the postponement of useful works.

remissions on account of drought in the Southern Mahratta Country, and stoppage of sales of Government estates in Bengal. The Forest Revenue is less by 146,800*l.*, owing to diminished supplies of timber for railways, a reduction counterbalanced to some extent by saving in expenditure. Salt is less by 193,800*l.*, the Budget Estimate having apparently been too high.

DURE OF ARG XLL,
29th August 1872.

28. The Regular Estimate of Expenditure is 1,723,143*l.* lower

EXPENDITURE.

	Budget Estimate, 1871-72.	Regular Estimate, 1871-72.	Increase.	Decrease.
	£	£	£	£
Interest on Funded and Unfunded Debt ...	2,942,300	3,036,400	94,100	..
Interest on Services Funds and other Accounts ...	528,100	494,500	...	33,600
Allowances, Refunds and Drawbacks ...	336,000	286,700	...	49,300
Land Revenue (including Allowances to District and Village Officers) ...	2,530,600	2,440,500	...	90,100
Forest ...	451,100	335,000	...	116,100
Excise on Spirits and Drugs ...	294,700	135,200	...	159,500
Assessed Taxes ...	43,400	30,600	...	12,800
Customs ...	193,400	184,900	...	8,500
Salt ...	462,700	462,300	...	400
Opium ...	2,102,900	1,611,300	...	491,600
Stamps ...	141,200	87,600	...	53,600
Mint ...	59,400	73,300	13,900	...
Post Office ...	646,600	611,900	...	34,700
Telegraph ...	351,500	384,400	32,900	...
Administration ...	1,229,800	1,219,800	...	10,000
Law and Justice ...	2,427,100	2,297,300	...	129,800
Marine ...	487,100	394,700	...	92,400
Minor Departments ...	235,600	221,900	...	13,700
Ecclesiastical ...	164,900	156,800	...	8,100
Medical Services ...	170,400	175,800	5,400	...
Political Agencies and other Foreign Services	262,900	256,000	...	6,900
Allowances and Assignments under Treaties and Engagements ...	1,701,500	1,702,700	1,200	...
Miscellaneous ...	866,300	745,500	...	120,800
Superannuation, Retired and Compassionate Allowances ...	628,700	618,800	...	9,900
Army ...	12,410,000	12,150,000	...	260,000
Public Works Ordinary; Public Works (including Supervision and Cost of Land for Railways, and Loss by Exchange on Railway Transactions) ...	2,556,300	2,519,700	...	36,600
Provincial Services ...	4,799,300	4,851,100	51,800	...
			199,300	1,738,400
				199,300
Total India ...	39,023,800	37,484,700	...	1,539,100
Expenditure in England	6,818,599	6,726,453	...	92,146
Ditto, ditto, for Stores transmitted to India...	1,306,200	1,249,568	...	56,632
Guaranteed Interest on Railway Capital, less net-Traffic Receipts ...	1,856,900	1,821,635	...	35,265
Total, India and England	49,005,499	47,282,356	...	1,723,143

than the Budget. The principal reductions are 116,100*l.* under Forests, already referred to; 159,500*l.* under Excise, mainly from the cost of Opium for home consumption having been struck out of the Regular Estimate, a corresponding credit having been cancelled; 491,600*l.* in Opium Charges, consequent on the failure of the last crop and the lower payments to cultivators; 129,800*l.* in Law and Justice, which appears to be partly nominal; 120,800*l.* in the Miscellaneous Charges, being a reduction of the estimated Loss by Exchange; 260,000*l.* in Army Charges, from reductions in cost of provisioning European troops, and of compensation to Native troops for dearness of provisions, of charge for feeding cattle, reductions in Medical Branch, Military Account Department, and Commissariat

Establishments; and 92,146*l.* in the expenditure in England, and 56,632*l.* in the Charge for Stores transmitted to India.

DUKE OF ARGYLL.
29th August 1872.

29. In the Budget for 1872-73 the Revenues and Receipts, £
(including England 180,900£.) are estimated at ... 48,771,000

	£	
The Charges in India at	... 38,497,200	
" England for Stores for India*	... 1,325,950	
" " other than Stores	... 6,910,850	
	£	
Guaranteed Interest on Railway Capital	... 4,724,000	
Net Traffic Receipts	... 2,924,000	
		1,800,000
		<u>48,534,000</u>

Estimated Surplus, excluding Charges for Public Works Extraordinary	... 237,000
Public Works Extraordinary	£
India	... 2,204,800
England, including Stores for India	... 410,200
	<u>2,615,000</u>

Estimated Deficit, including Public Works Extraordinary ... 2,378,000

30. The estimated Revenues and Receipts for 1872-73 are 1,242,686£.

REVENUES AND RECEIPTS.

	Regular Estimate, 1871-72.	Budget Estimate, 1872-73.	Increase.	Decrease.
	£	£	£	£
Land Revenue	20,567,000	20,900,000	333,000	...
Tributes and Contributions from Native States	756,000	728,000	...	28,000
Forest	426,600	581,000	154,400	...
Excise on Spirits & Drugs	2,361,700	2,236,000	...	125,700
Assessed Taxes	824,600	570,000	...	254,600
Customs	2,560,200	2,570,000	9,800	...
Salt	5,996,200	6,103,000	106,800	...
Opium	9,253,400	7,700,000	...	1,553,400
Stamps	2,496,000	2,500,000	4,000	...
Mint	90,600	160,000	69,400	...
Post Office	803,700	786,000	...	17,700
Telegraph	212,700	236,000	23,300	...
Law and Justice	377,000	408,000	31,000	...
Marine	194,600	192,000	...	2,600
Interest	333,000	451,000	118,000	...
Miscellaneous	866,300	828,200	...	38,100
Army, Miscellaneous	860,800	839,900	...	20,900
Public Works, Ordinary	335,900	310,900	...	25,000
Ditto Irrigation	470,600	482,000	11,400	...
Ditto State Railway	7,500	8,100	600	...
			861,700	2,066,000
				861,700
Total India	49,794,400	48,590,100	...	1,204,300
England: Telegraph and Miscellaneous Receipts	219,286	180,900	...	38,386
Total, India and England	50,013,686	48,771,000	...	1,242,686

below the Regular Estimate for 1871-72, but there are increases under numerous heads, amounting to 861,700£. Of these increases, 333,000£. is in the Land Revenue. In 1871-72 a considerable allowance had been made at Bombay on account of drought, and 77,000£. due in respect of 1871-72 is expected to be received in 1872-73. The remaining increase is mainly owing to the Settlements in Oude. An increase of 154,400£. appears in the Forest Receipts from an anticipated larger supply of timber for State Railways. Salt is expected to yield 106,800£. and Mint 69,400£. more than in 1871-72. You also estimate an increased receipt of 118,000£. for Interest, consequent on the augmented investment in Government Securities of the reserve of the Currency Department to nearly the amount of six millions. But these and some minor increases are much more than counterbalanced by estimated decreases amounting to 2,066,000£., of which the receipts from Excise, Assessed Taxes, and Opium only call for notice. The reduction in Excise of 125,700£. is ex-

plained by you as "being due to an arrangement made in order to avoid the "double credit of the cost price of Opium retailed for consumption in India." The Assessed Taxes are 254,600*l.* less, partly from large arrears of the tax for 1870-71 having been collected in 1871-72, and partly from the exemption from the tax in 1872-73 of incomes below Rs. 1,000 a year.

DUKE OF ARGYLL.
29th August 1872.

31. Your estimate of Opium Revenue is 1,553,400*l.* below that for 1871-72. In making that estimate you were influenced by the consideration that the quantity of Opium for sale in 1872-73 was 5,520 chests less than that sold in 1871-72, and that you could not reckon on the continuance of so high a price as that which was obtained in that year.

32. The estimated Charges of 1872-73 exceed by 1,251,644*l.* the Regular Estimate for 1871-72.

EXPENDITURE.

	Regular Estimate, 1871-72.	Budget Estimate, 1872-73	Increase.	Decrease
	£	£	£	£
Interest on Funded and Unfunded Debt ...	3,036,400	2,875,100	...	161,300
Interest on Service Funds and other Accounts ...	494,500	527,000	32,500	...
Allowances, Refunds, and Drawbacks ...	286,700	317,000	30,300	...
Land Revenue (including Allowances to District and Village Officers) ...	2,440,500	2,497,000	56,500	...
Forest ...	335,000	445,000	110,000	...
Excise on Spirits & Drugs	135,200	147,000	11,800	...
Assessed Taxes ...	30,600	31,000	400	...
Customs ...	184,900	189,000	4,100	...
Salt ...	462,300	439,000	26,700	...
Opium ...	1,611,300	2,323,000	711,700	...
Stamps ...	87,600	76,900	...	10,700
Mint ...	73,300	86,400	13,100	...
Post Office ...	611,900	658,400	46,500	...
Telegraph ...	384,400	364,000	...	20,400
Administration (including Stationery) ...	1,219,800	1,244,800	25,000	...
Minor Departments ...	221,900	278,000	56,100	...
Law and Justice ...	2,297,300	2,368,000	70,700	...
Marine ...	394,700	394,400	...	300
Ecclesiastical ...	156,800	161,000	4,200	...
Medical Services ...	175,800	178,000	2,200	...
Political Agencies and other Foreign Services	256,000	292,000	36,000	...
Allowances and Assignments under Treaties and Engagements ...	1,702,700	1,710,700	8,000	...
Superannuation, Retired and Compassionate Allowances ...	618,800	737,000	118,200	...
Miscellaneous ...	745,500	661,300	...	84,200
Provincial Services ...	4,851,100	4,918,000	66,900	...
Army ...	12,150,000	12,099,700	...	50,300
Public Works Ordinary. Including Supervision and Cost of Land for Railways, and Loss by Exchange on Railway Transactions ...	2,519,700	2,428,500	...	91,200
			1,430,900	418,400
			418,400	...
Total India ...	37,484,700	38,497,200	1,012,500	...
Expenditure in England	6,726,453	6,910,850	184,397	...
Ditto, ditto, for Stores transmitted to India	1,249,568	1,325,950	76,382	...
Guaranteed Interest on Railway Capital, less Traffic Receipts ...	1,821,635	1,800,000	...	21,635
			1,273,279	21,635
			21,635	...
Total, India and England	47,282,356	48,534,000	1,251,644	...

The increase is very general, the only exceptions being a reduction of 161,300*l.* in the charge for Interest on Debt, owing to the transfer of the principal portion of the 5 per Cent. Loan of 1856-57 to the 4½ per Cent. Loan of 1872; small reductions under Stamps, Telegraph, and Marine, and 84,200*l.* in Miscellaneous Charges, arising from a transfer of certain expenditure to Post Office and Minor Departments; 50,300*l.* in Army Charges, caused by the transfer to Public Works of expenditure of the Barrack Department; 91,200*l.* in Public Works Ordinary, the cause of which is not explained; and 21,635*l.* under Guaranteed Railway Interest, an improvement being anticipated in the net traffic receipts.

33. The principal increases are, 110,000*l.* in Forest expenditure, which you estimate will be more than counterbalanced by increased receipts; 711,700*l.* in Opium Charges, provision being made for the purchase of a full crop at an increased price; 118,200*l.* for Superannuation, Retired, and Compassionate Allowances, the settlement of the question of the Pensions to Covenanted Civil Servants having caused additional retirements; 184,397*l.* in the Expenditure in England, which is

mainly attributable to increased payments on account of the Indian Troop Service, and to the payment in 1871-72, on account of Postal Communication with India having been unusually low, and 76,382*l.* for Stores for India.

DUKE OF ARGYLL.
29th August 1872

34. From this examination of your Budget Estimate for 1872-73, it appears that, although the Estimated Expenditure exceeds by more than one million and a quarter that of the previous year, nearly the whole of the increase occurs in Opium Charges, and the other expenditure connected with the collection of the revenue, and I see no reason to doubt that you have endeavoured to keep your Estimate at the lowest sum consistent with a due regard to the efficiency of the several branches of the administration.

35. Your Estimate of Revenue is about one million and a quarter below that of the Regular Estimate for the previous year. The difference is mainly in Opium, the Estimate for 1872-73 being 7,700,000*l.*, which is 1,553,400*l.* below that for 1871-72. With reference to the uncertainty attending this branch of income, it would be unsafe to estimate a larger receipt.

36. You have included in your Estimate of Income, 570,000*l.* under Assessed Taxes, which is 254,600*l.* below the estimate for 1871-72, the reduction being consequent on your determination to raise the minimum of income on which the tax is to be assessed to Rs. 1,000.

37. Taking the receipt from Assessed Taxes into account, the estimated income of 1872-73 will exceed the expenditure by only 237,000*l.*, which is a smaller surplus than that which should be provided for in a Budget Estimate. Under such circumstances you determined, with my sanction, on retaining the Income Tax for the current year.

38. The Cash Balance in India on the 1st April 1870 was 13,940,451*l.*

In the Notification published in the "Gazette of India" of the 4th May 1872, the Cash Balance in India on 31st March 1872 is stated to have been 22,162,349*l.*

In the Budget for 1871-72 the Balance on 1st April 1871 was estimated at 16,012,051*l.*, and on 31st March 1872 at 15,121,251*l.*, but it now appears that on

that date the estimated Balance was exceeded by fully seven millions.

39. This very large increase is mainly due to the following causes:—

<i>Cash Balance 1st April 1871.</i>		
Per Budget Estimate	£16,012,051	
„ Account	16,818,743	
Increase	806,692	

1st. The Cash Balance on the 1st April 1871, *viz.*, 16,818,743*l.*, exceeded the Estimate by £ 806,692

<i>Surplus of 1871-72.</i>		
Per Budget Estimate	£93,401	
„ Regular ditto	2,731,330	
Increase	2,637,929	

2nd. The Regular Estimate shows a surplus increased by 2,637,929

<i>Expenditure on Public Works Extraordinary</i>		
Per Budget Estimate	£3,626,000	
„ Regular ditto	1,727,666	
Less	1,898,334	

3rd. The Expenditure on Public Works Extraordinary is now estimated to be less than the Budget to the amount of 1,898,334

5,342,955

40. In your Regular Estimate, there is entered among the receipts in India a sum of 1,486,800*l.* of Railway Capital which was not included in your Budget Estimate. In the absence of an explanation from you as to the nature of that receipt, I am unable to determine how far the further increase in your Cash Balance may be attributable to that entry.

41. In my Financial Despatch dated the 1st August, No. 310, I informed you that, in consequence of the measures adopted for reducing the deposits of the Railway Companies, it is probable that the sum paid into the Home Treasury by them will be 1,500,000*l.* below the Estimate, and that it will be necessary for you to remit a larger amount than had been estimated during the remainder of the current year. But with that increase it is probable that the balance in the Home Treasury on the 31st March 1873 will only amount to about 1,500,000*l.*, and even that is dependent on bills to the full amount of Rs. 1,30,00,000 per month being taken at an exchange of 1*s.* 10 $\frac{3}{4}$ *d.* during the remainder of the current year, which may not be realized.

42. It is also important to bear in mind that in August 1873 4,995,000*l.* of Five per Cent. Debentures will become payable in England, and that in the following year the Capital Stock of the East Indian Company will have to be paid off, which will require, in addition to the application of the Guarantee Fund to that object, a further sum of about 4½ millions.

DUKE OF ARGYLL.
29th August 1872.

43. The power of borrowing possessed by the Secretary of State in Council under the Act 32 & 33 Vict., cap. 106, expired at the end of the last Session of Parliament, and early next Session it will be necessary to obtain further powers to borrow, in order to be prepared for any occasion that may arise in this country requiring the provision of additional funds.

1873-74.

Para. 1.—I have considered in Council your Financial letters dated the 31st January 1873, No. 58, which forwarded the Accounts of the Revenue and Expenditure for the year 1871-72, and the 4th April 1873, No. 160, which enclosed copy of your Resolution of the 28th March 1873, and of the Minute of Sir Richard Temple, of the 27th of that month.

DUKE OF ARGYLL.
No. 336, dated 6th
August 1873.

2. I had previously received your Financial letter dated the 6th December 1872, No. 449A, with the Revised Estimate of Revenues and Charges for 1872-73, but that letter does not call for any observation, as the information which it contained was modified by the Regular Estimate.

3. The Regular Estimate for 1871-72, as presented to Parliament, was:—

Revenues and Receipts, India and England	...	..	...	£	50,013,886
Charges:—				£	
India	...	..	...	37,484,700	
England, Stores for India	...	..	...	1,249,568	
Ditto, other Charges	...	..	...	6,726,453	
Guaranteed Interest on Railway Capital, less net Traffic Receipts	...	..	...	1,821,635	
				—————	47,282,356
Estimated surplus, exclusive of Public Works Extraordinary	...	..	...	...	2,731,330
Public Works Extraordinary	...	..	...	...	1,727,666
				—————	—————
Estimated surplus, including Public Works Extraordinary	...	..	...	...	1,003,664
				—————	—————

4. The following are the Revenues and Receipts, and Expenditure shown by the Accounts :

Revenues and Receipts, India and England	...	...	...	£	50,110,215
Charges :—				£	
India	...	...	...	...	37,282,803
England, Stores for India	...	...	...	...	1,249,040
Ditto, other Charges	...	...	...	...	6,730,977
Guaranteed Interest on Railway Capital, less net Traffic Receipts	...	...	...	...	1,723,218
					<u>46,986,038</u>
Surplus exclusive of Public Works Extraordinary	...	...	...	...	3,124,177
Public Works Extraordinary	...	...	...	...	1,628,474
Surplus, including expenditure on Public Works Extraordinary	...	...	...	...	<u>1,495,703</u>

5. The total Receipts exceeded the Regular Estimate by 96,529*l.*, of which 75,324*l.*

REVENUES AND RECEIPTS, 1871-72.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Land Revenue	20,567,000	20,520,337	...	46,663
Tributes and Contributions from Native States	756,000	744,036	...	11,964
Forest	426,600	501,924	75,324	...
Excise on Spirits and Drugs	2,361,700	2,369,109	7,409	...
Assessed Taxes	824,600	825,241	641	...
Customs	2,560,200	2,576,990	15,790	...
Salt	5,996,200	5,966,595	...	29,605
Opium	2,253,400	2,253,859	459	...
Stamps	9,496,000	2,476,333	...	19,667
Mint	90,600	26,128	5,528	...
Post Office	803,700	820,894	17,194	...
Telegraph	212,700	206,580	...	6,120
Law and Justice	377,000	373,160	...	3,840
Marine	194,600	194,925	325	...
Interest...	333,000	327,906	...	5,094
Miscellaneous (includes receipts in aid of Superannuation, Retired, and Compassionate Allowances)	866,300	920,701	54,401	...
Army	860,800	889,340	28,540	...
Public Works Ordinary	84,700	87,519	2,819	...
" " Irrigation	470,600	471,580	980	...
Railways, Guaranteed	251,200	262,629	11,429	...
" State	7,500	3,766	...	3,734
			220,839	126,687
			126,687	126,687
Total, India	49,794,400	49,888,552	94,152	...
Receipts in England	219,286	221,663	2,377	...
Total, India and England	50,013,686	50,110,215	96,529	...

from Forest was consequent on the adjustment of demands against the State Railways for sleepers. There were also increases under some other heads (the principal, 54,401*l.*, in the Miscellaneous Receipts, being caused by increased credits on account of Madras Funds), but they were unimportant.

6. The Land Revenue Receipts were 46,663*l.* below the Estimate, certain collections at Bombay having been postponed in consequence of drought. There were small decreases in other branches.

7. The expenditure in India under some heads exceeded the Regular Estimate by 79,606*l.*, but the increases do not call for specific notice, and there were decreases amounting to 281,503*l.*, the principal being 113,902*l.* under Army, the actual expenditure for the Looshai Expedition, the Delhi Camp of Exercise, the Commissariat Department, and for Sea and Land Transport having been less than was anticipated. The other decreases were severally of small amount. The Guaranteed Interest on Railway Capital, less net Traffic Receipts, was, 98,417*l.* below the Estimate.

DUXE OF ARGYLL
6th August 1873.

EXPENDITURE, 1871-72.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Refunds and Drawbacks ...	286,700	285,537	...	1,163
Land Revenue (includes Allowances to District and Village Officers) ...	2,440,500	2,428,319	..	12,181
Forest ...	335,000	350,566	15,566	..
Excise on Spirits and Drugs ...	135,200	135,347	147	..
Assessed Taxes ...	30,600	29,566	...	1,034
Customs ...	184,900	184,921	21	...
Salt ...	462,300	470,178	7,878	...
Opium ...	1,611,300	1,595,694	...	15,606
Stamps ...	87,600	88,416	816	...
Mint ...	73,300	77,978	4,678	...
Post Office ...	611,900	616,115	4,215	...
Telegraph ...	384,400	366,012	...	18,388
Allowances and Assignments under Treaties and Engagements ...	1,702,700	1,705,174	2,474	...
Administration ...	1,219,800	1,234,681	14,881	..
Minor Departments ...	221,900	227,517	5,617	..
Law and Justice ...	2,297,300	2,267,444	...	29,856
Marine ...	394,700	376,705	...	17,995
Ecclesiastical ...	156,800	155,611	...	1,189
Medical ...	175,800	174,807	...	993
Political Agencies ...	256,000	266,442	10,442	...
Superannuation, Retired, and Compassionate Allowances ...	618,800	609,312	...	9,488
Loss by Exchange on Remittances to Home Treasury ...	..	395,964	...	12,327
Miscellaneous ...	745,500	337,209	...	2,895
Allotments for Provincial Services Army ...	4,851,100	4,858,205	...	113,902
Public Works Ordinary : Public Works (including Supervision and Cost of Land for Railways, and loss by Exchange on Railway Transactions) ...	2,519,700	2,489,722	...	29,978
Interest on Permanent and Floating Debt ...	3,036,400	3,032,672	...	3,728
Interest on service Funds and other Accounts ...	494,500	496,591	2,091	...
			79,606	281,503
				79,606
Total, India ..	37,484,700	37,282,803	..	201,887
Expenditure in England ..	6,726,453	6,730,977	4,524	..
Ditto, ditto, for Stores transmitted to India ...	1,249,568	1,249,040	...	528
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,821,635	1,723,218	...	98,417
			4,524	300,842
				4,524
Total, India and England ...	47,282,356	46,986,038	...	296,318

COMPARISON OF 1871-72 WITH 1870-71.

	1870-71	1871-72.	Less in 1871-72.
	£	£	£
<i>India and England</i>			
Revenues and Receipts ..	51,413,886	50,110,215	1,303,471
Expenditure, including Guaranteed Interest on Railway, &c., Capital, less net traffic Receipts ...	49,930,696	46,986,038	2,944,658
Surplus ...	1,482,990	3,124,177	1,482,990
Improvement in 1871-72 ...	...	1,641,187	...

Estimate by 79,606*l.*, but the increases do not call for specific notice, and there were decreases amounting to 281,503*l.*, the principal being 113,902*l.* under Army, the actual expenditure for the Looshai Expedition, the Delhi Camp of Exercise, the Commissariat Department, and for Sea and Land Transport having been less than was anticipated. The other decreases were severally of small amount. The Guaranteed Interest on Railway Capital, less net Traffic Receipts, was, 98,417*l.* below the Estimate.

8. The Revenues and Receipts in India and England in 1870-71 amounted to 51,413,686*l.* and in 1871-72 to 50,110,215*l.*, being 1,303,471*l.* less than in the previous year. The expenditure, including Guaranteed Interest on Railway Capital, &c., less net Traffic Receipts in 1870-71 was 49,930,696*l.*, and in 1871-72

DUKE OF ARGYLL. 46,986,038*l.*, or 2,944,658*l.* less than in 1870-71, so that, notwithstanding the diminution in the Revenues and Receipts, the result of 1871-72 was a surplus of 3,124,177*l.*, which exceeded by 1,641,187*l.* that of 1870-71.

6th August 1873.

9. The introduction into the accounts of the new head of Provincial Services renders it somewhat difficult to compare the Revenues and Charges of 1871-72 with those of 1870-71.

10. In the Accounts for 1870-71 a sum of 200,000*l.* was included for Provincial Services, but that allotment did not otherwise affect the Revenues or Charges of that year.

11. In your Financial letter dated the 14th December 1870, you estimated the amount of Receipts to be transferred from Law and Justice, Police

REVENUES AND RECEIPTS.

	Actual 1870-71.	Actual 1871-72.	Increase.	Decrease.
	£	£	£	£
Land Revenue ...	20,622,823	20,520,337		102,486
Tributes and Contributions ...	719,421	744,036	24,615	...
Forest ...	453,442	501,924	48,482	...
Excise on Spirits and Drugs ...	2,374,485	2,369,109	...	5,356
Assessed Taxes ...	2,072,025	825,241	...	1,246,784
Customs ...	2,610,789	2,575,990	...	34,799
Salt ...	6,106,280	5,966,595	...	139,685
Opium ...	8,045,459	9,253,859	1,208,400	...
Stamps ...	2,510,316	2,476,333	...	33,983
Mint ...	33,400	96,128	62,728	...
Post Office ...	805,235	820,894	15,659	...
Telegraph ...	227,402	206,580	...	20,822
Law and Justice ...	746,898	373,160	...	373,738
Police ...	270,971	Transferred to Provincial Services.	...	270,971
Marine ...	333,145	194,925	...	138,220
Education ...	61,610	Transferred to Provincial Services.	...	61,610
Interest ...	297,715	327,906	30,191	...
Miscellaneous (includes Receipts in aid of Superannuation, Re- tired, and Compassionate Allow- ances) ...	1,084,829	...	...	...
Army ...	943,685	920,701	...	164,128
Public Works Ordinary ...	119,134	889,340	...	54,345
Ditto Irrigation ...	485,537	87,519	...	31,615
Railways, Guaranteed ...	303,332	471,580	...	13,957
Ditto State ...	7,576	262,629	...	40,703
		3,766	...	3,810
			1,390,075	2737,012
Total India ...	51,235,489	49,888,552		1390,075
Receipts in England ...	178,197	221,663	43,466	1,346,937
				43,466
Total, India and England ...	51,413,686	50,110,215	...	1,303,471

and Education, at 647,731*l.*, and the total assignments for expenditure, exclusive of the sum so transferred, at 4,688,711*l.* It is necessary therefore to make allowance for those transfers in comparing the finances of 1871-72 with 1870-71.

12. The total decrease of Revenues and Receipts in India in 1871-72 amounted to 2,737,012*l.*, or, excluding the sum of 650,000*l.* transferred to Provincial Services, to 2,087,012*l.*, and arose mainly as follows.

13. A decrease in the Land Revenue of 102,486*l.* was consequent on the stoppage of the

sales of Government estates in Bengal, and the postponement of collections in Bombay on account of drought.

14. The Income Tax was less by 1,246,784*l.*, the tax having been reduced from 3½th to 1 per cent. in 1871-72.

15. Salt yielded less by 139,685*l.*, through lower collections in the Inland Customs Department, and at Bombay.

16. The Marine receipts of 1870-71 were augmented by Dockyard Services, &c., and there is consequently an apparent decrease in 1871-72 of 138,220*l.*, which is, however, nearly balanced by reduced charges. In like manner, the Miscellaneous receipts of 1870-71 were augmented by the assets of the Ameens' Fund at Bombay (93,497*l.*), which had been long held in suspense, and by the transfer of arrears from the Military and Medical Funds, and the receipts of 1871-72 were, in consequence, 164,128*l.* below those of 1870-71. The decrease under other heads were of comparatively small amount.

17. The only considerable increase in 1871-72 was in the Opium receipts,

Duke of Argyll.
6th August 1873.

EXPENDITURE.

	Actual, 1870-71.	Actual, 1871-72	Increase.	Decrease
	£	£	£	£
Refunds and Drawbacks ...	356,431	285,537		70,894
Land Revenue (includes Allowances to District and Village Officers) ...	2,422,856	2,428,319	5,463	
Forest ...	373,349	350,566		22,783
Excise on Spirits and Drugs ...	293,477	135,347		158,130
Assessed Taxes ...	43,991	29,566		14,425
Customs ...	186,991	184,921	80,214	2,070
Salt ...	389,964	470,178		
Opium ...	2,014,425	1,595,694		418,731
Stamps ...	101,610	88,416	18,446	13,194
Mint ...	59,532	77,978	3,374	
Post Office ...	613,041	616,115		
Telegraph ...	380,588	366,012		14,576
Allowances and Assignments under Treaties and Engagements ...	1,737,637	1,705,174	81,489	32,463
Administration ...	1,153,192	1,234,681	14,620	
Minor Departments ...	212,897	227,517		
Law and Justice ...	2,996,190	2,267,444		
Police ...	2,275,335	{ Included in } { Provincial } { Services }		728,746
Marine ...	475,602	376,705		2,275,335
Education ...	624,690	{ Included in } { Provincial } { Services }		98,897
Ecclesiastical ...	153,544	155,611	2,067	
Medical ...	523,486	174,807		348,679
Stationery and Printing ...	233,675	{ Included under } { Administration and } { Provincial } { Services. }		233,675
Political Agencies ...	291,459	266,442		25,017
Superannuation, Retired, and Compassionate Allowances ...	655,969	609,312		46,657
Loss by Exchange on remittances to Home Secretary ...		395,964		277,377
Miscellaneous ...	1,010,530	337,209		
Allotments for Provincial Services ...	200,000	4,848,205	4,648,205	
Army ...	12,549,303	12,036,098		513,205
Public Works Ordinary: Public Works (including Supervision and cost of Land for Guaranteed Railways, Loss by Exchange on Railway Transactions, and State Railways)	4,079,050	2,489,722		1,589,328
Interest on Permanent and Floating Debt ...	2,960,130	3,032,672	72,542	
Interest on Service Funds and other Accounts ...	530,491	496,591		33,900
			4,926,120	7,542,752 4,926,120
Total, India	39,899,435	37,282,803		2,616,632
Expenditure in England	6,771,300	6,730,977		40,323
Ditto, ditto, for Stores transmitted to India	1,42,150	1,249,040		176,110
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,834,811	1,723,218		111,593
Total, India and England	4,930,696	46,986,038		2,944,658

which were 1,208,400l. above those of the former year. There was also an increase in the Mint receipts of 62,728l., consequent on the renewal of bullion importation, and some other increases of small amount in India and England.

18. The Charges of 1871-72 were 2,944,658l. below those of 1870-71, and, after allowing for the reduction of 650,000l., caused by the transfer of receipts under the head of Provincial Services, were less by 2,294,658l.

19. The principal reductions were as follow.

20. 158,130l. in the Excise on Spirits and Drugs, the cost of Opium for Home consumption being omitted from the Charges, a corresponding credit to Revenue being cancelled,—an arrangement which will be observed in future years.

21. The Opium Charges were less in 1871-72 by 418,731l., owing to about one-fourth of the crop having been destroyed by

blight, thereby reducing the payment to cultivators.

22. The Charges for Law and Justice were greatly reduced by transfers to Provincial Services, to which cause also the disappearance of the Charges of Police, Education, and the Printing is attributable.

DUKE OF ARGYLE.
6th August 1873.

23. There was a reduction of 98,897*l.* in the Marine Charges, owing to the intermission of work in the Bombay Dockyard, which has been already referred to in connexion with the Revenues and Receipts, of 348,679*l.* in the Medical Charges, which now show only the Salaries of Medical Officers in Civil Stations, the remainder having been transferred to Provincial Services, and of 277,357*l.* in Miscellaneous Charges, owing to an improvement in the rate of exchange on the Home Treasury.

24. The Army Charges were less in 1871-72 by 513,205*l.*, in consequence of reductions in the cost of provisioning European Troops, and in the compensation to Native Troops for dearness of grain and forage, in the cost of feeding Army remounts and Commissariat cattle, purchase of rum, remounts, camp equipage, medical and other supplies, and in the Medical Branch, the Military Account Department, Commissariat Establishments, and in the charges for Sea and Land Transport.

25. The general Expenditure in England was less by 40,323*l.*, and the charge for Stores for India by 176,110*l.*, the payments for Telegraph, Stationery, and Public Works Stores having diminished.

26. The Guaranteed Interest on Railway Capital, less net traffic receipts, was 111,593*l.* below the charge for 1870-71, the traffic receipts having improved.

27. Comparing the Charges for 1870-71 under heads which are now

<i>Charges under former Arrangement.</i>			£	£
Law and Justice (reduced)	...	...	728,746	
Police (omitted in 1871-72)	...	...	2,275,335	
Education ditto	...	...	624,690	
Medical (reduced)	...	...	348,679	
Stationery and Printing (omitted in 1871-72)	...	...	233,675	
Public Works Ordinary (reduced)	...	...	1,589,328	
				5,800,453
<i>Charges under new Arrangement.</i>				
Administration (Printing transferred)	...	...	57,250	
Provincial Services	...	...	4,648,205	
Add—				
Receipts omitted under Law and Justice, Police, and Education	...	...	650,000	
				5,355,455
				<u>444,998</u>

either wholly or partially merged into that of Provincial Services, it appears that, after allowing for the receipts which are transferred to that head, a reduction of 444,998*l.* has been effected therein, as shown in the margin.

28. The only considerable increases were 72,542*l.* under Interest caused by the payment of arrears of unclaimed interest on debt, 80,214*l.* under Salt, for expenditure incurred on works at the Sambhur Lake, and for replenishing the stock of salt at Madras, and 81,489*l.* under Administration, the principal part being a transfer to that head of the charge on account of the Printing Establishments of the Government of India from the head of Stationery and Printing, which head has been abolished. The new charge shown under the head of Provincial Services was more than counterbalanced by reductions under Law and Justice, Police, Education, Medical, Printing, and Public Works Ordinary.

29. On the whole, it appears that but for the reduction in the Income Tax, the total Revenues and Receipts of 1871-72 would have been only 56,687*l.* less than in 1870-71, the reduction caused by the transfers to Provincial Services, and the diminution in the receipt under heads which were exceptionally high in 1870-71 having been more than counterbalanced by the increased receipt from Opium.

30. The great improvement which had the effect of leaving a surplus of Income over Expenditure in 1871-72 to the amount of no less than 3,124,177*l.* is, therefore, due to reductions of charge, and more especially in the Army Charges, in the Loss by Exchange or Remittances to Home Treasury, in the Superannuation, Retired, and Compassionate Allowances, in the charge for Stores supplied to India, and in the Guaranteed Interest on Railway &c., Capital, less net Traffic Receipts.

Comparison of Regular Estimate with Budget, 1872-73.

31. In the Budget for 1872-73 the

DUKE OF ANGLIA.
6th August 1873.

Revenues and Receipts in India and England were estimated at	£	48,771,000
Charges in India	£	38,497,200
England: Stores for India	£	1,325,950
" " Other Charges	£	6,910,850
Guaranteed Interest on Railway Capital, less net Traffic Receipts	£	1,800,000
		<u>48,534,000</u>
Surplus, exclusive of Public Works Extraordinary	£	237,000
Public Works Extraordinary	£	<u>2,615,000</u>
32. The Regular Estimate is,—		
Revenues and Receipts	£	49,914,915
Charges: India	£	38,169,800
England: Stores for India	£	1,145,368
" " other Charges	£	6,991,460
Guaranteed Interest on Railway Capital, less net Traffic Receipts	£	2,116,249
		<u>48,422,877</u>
Surplus, exclusive of Public Works Extraordinary	£	1,492,038
Public Works Extraordinary	£	<u>2,303,613</u>

33. The Revenues and Receipts in the Regular Estimate exceed those

REVENUES AND RECEIPTS,

	Budget- Estimates, 1872-73.	Regular- Estimate, 1873-74.	Increase.	Decrease,
	£	£	£	£
Land Revenue	20,900,000	21,229,000	329,000	
Tributes and Contributions	728,000	737,000	9,000	
Forest	581,000	549,000		
Excise on Spirits and Drugs	2,236,000	2,313,000	82,000	32,000
Assessed Taxes	570,000	575,000	5,000	
Customs	2,570,000	2,631,000	61,000	
Salt	6,103,000	6,149,000	46,000	
Opium	7,700,000	8,677,000	977,000	
Stamps	2,500,000	2,578,000	78,000	
Mint	160,000	54,000		106,000
Post Office	786,000	578,000		213,000
Telegraph	236,000	206,200		29,800
Law and Justice	408,000	385,000		23,000
Marine	192,000	199,000	7,000	
Interest	451,000	439,000		12,000
Receipts in aid of Superannuation, Retired, and Compassionate Allowances	584,000	482,300		101,700
Miscellaneous	214,200	251,400	7,200	
Army, Miscellaneous	839,900	870,500	30,600	
Public Works, Ordinary	48,000	61,200	13,200	
Ditto Irrigation	482,000	430,000		52,000
Railways, Guaranteed	262,900	283,000	20,100	
Ditto State	8,100	16,000	7,900	
			<u>1,673,000</u>	<u>569,500</u>
			569,500	
Total India	48,590,100	49,693,600	1,103,500	
Receipts in England	180,900	221,315	40,415	
Total, India and England	48,771,000	49,914,915	1,143,915	

shown in the Budget by 1,143,915 $\frac{1}{2}$ l., the improvement in Opium being 977,000 $\frac{1}{2}$ l. There is also an increase in the Land Revenue of 329,000 $\frac{1}{2}$ l., of which about 100,000 $\frac{1}{2}$ l. is due to the payments of arrears of 1871-72 at Bombay, the remainder being attributable to the favourable season in Bengal and British Burmah.

34. Of an increase of 82,000 $\frac{1}{2}$ l. in Excise, about one half is owing to receipts on account of outstanding balances, the remainder to the general prosperity in Bengal and Burmah.

35. The improvement of 61,000 $\frac{1}{2}$ l. in Customs is wholly due to an increase of a much larger amount in Burmah, there having been decreases elsewhere, resulting from the unsatisfactory state of the import trade.

DUKE OF ARGYLL,
6th August 1873.

36. Stamps yielded more by 78,000*l.*, the improvement being in Bengal, North-West Provinces, and Madras.

37. There were other increases of small amount.

38. On the other hand, there were decreases as compared with the Receipts estimated in the Budget of 106,000*l.* in Mint receipts from the importation of bullion having fallen off, 213,000*l.* under Post Office, arising entirely from official postage, balanced by corresponding decreases in the heads of charge. But as the expenditure under some of those heads is now merged in Provincial Services, a loss results to *Imperial* Finance. Apart from official postage, there is an improvement in the Postal revenue.

39. A decrease of 101,700*l.* under Receipts in aid of Superannuation, Retired, and Compassionate Allowances is explained by you as owing to its having been ascertained that 90,000*l.* more than was necessary had been credited in past years from the capital of the Military and Medical Funds. Of this item I should have been glad of a further explanation.

40. The decrease of 52,000*l.* under Irrigation you attribute to the favourable season having made artificial irrigation less necessary.

EXPENDITURE.

	Budget Estimates, 1872-73.	Regular Estimate, 1872-73	Increase.	Decrease.
	£	£	£	£
Refunds and Drawbacks ...	317,000	310,000	..	7,000
Land Revenue (including Allowances to District and Village Officers) ..	2,497,000	2,438,400	..	58,600
Forest ..	445,000	387,500	..	57,500
Excise on Spirits and Drugs ..	147,000	130,000	..	17,000
Assessed Taxes ..	31,000	14,000	..	17,000
Customs ..	189,000	179,000	..	10,000
Salt* ..	489,000	466,000	..	23,000
Opium ..	2,323,000	1,817,700	..	505,300
Stamps ..	76,900	83,400	6,500	..
Mint ..	86,400	70,900	..	15,500
Post Office ..	658,400	622,800	..	35,600
Telegraph ..	364,000	348,100	..	15,900
Allowances and Assignments under				
Treaties and Engagements. . .	1,710,700	1,687,700	..	23,000
Administration ..	1,244,800	1,211,800	..	33,000
Minor Departments ..	278,000	317,800	39,800	..
Law and Justice ..	2,368,000	2,220,600	..	147,400
Marine ..	394,400	359,200	..	35,200
Ecclesiastical ..	161,000	150,700	..	10,300
Medical Services ..	178,000	174,600	..	3,400
Political Agencies ..	292,000	326,300	34,300	..
Superannuation, Retired, and Compassionate Allowances ..	737,000	702,000	..	35,000
Loss by Exchange on Remittances to Home Treasury ..	500,000	740,000	240,000	..
Miscellaneous ..	161,300	77,900	..	83,400
Provincial Services ..	4,918,000	5,196,000	278,000	..
Army ..	12,099,700	12,024,900	..	74,800
Public Works Ordinary:				
Public Works (including Supervision and Cost of Land for Guaranteed Railways, Loss by Exchange on Railway Transactions, and State Railways) ..	2,428,500	2,656,400	227,900	..
Interest on Permanent and Floating Debt ..	2,875,100	2,872,100	..	3,000
Interest on Service Funds and other accounts ..	527,000	584,000	57,000	..
			883,500	1,210,900
				883,500
Total, India ..	38,497,200	38,169,800	..	327,408
Expenditure in England ..	6,910,850	6,991,460	80,610	..
Ditto, ditto, for Stores transmitted to India ..	1,325,950	1,145,368	..	180,582
Guaranteed Interest on Railway Capital, less net Traffic Receipts ..	1,800,000	2,116,249	316,249	..
			396,859	507,982
				396,859
Total, India and England ..	48,534,000	48,422,877	..	111,123

41. In the Regular Estimate for 1872-73 the total expenditure is 111,123*l.* below the Budget Estimate.

42. There were however, some considerable increases for charge, including 57,000*l.* described as owing to the adjustment of certain sums advanced in past years by the Madras Civil Service Annuity Fund, in excess of the sums paid in England.

43. An addition of 278,000*l.* to the Grant for Provincial Services for Public Offices for Bengal, Bombay, and Burmah.

44. An increase of 227,900*l.* under Public Works Ordinary arises from certain expenditure which had been originally included under Extraordinary having been found not properly debitable to Loan Funds, and transferred to this head.

45. An additional loss of 240,000*l.*, by Exchange on Remittances to the Home Treasury, arises from the remittance of a larger sum, and at a less favourable rate of exchange, than had been anticipated in the Budget Estimate.

DUKE OF ARGYLL.
6th August 1873.

46. There is also an increase of 80,610*l.* in the expenditure in England, but that is much more than accounted for by the decree of the Privy Council, passed after the first Estimate was prepared, in favor of the heirs of Mr. Dyce Sombre, and an increase of 316,249*l.* in Guaranteed Interest on Railway Capital resulted from the effect of floods, which caused additional expense to the railways, from decrease in the receipts on account of goods traffic, and from the debit against Revenue of a larger amount of charge for stores than belongs to an ordinary year.

47. The decreases were very numerous, and amounted to 1,391,482*l.*, the principal being 505,300*l.* in the charges of Opium, consequent on a deficiency of the crop; 147,400*l.* in Law and Justice, partly arising from savings in official postage; 83,400*l.* under Miscellaneous, a nominal decrease, owing to the redistribution of items hitherto included under that head; 74,800*l.* in Army Charges, resulting from the postponement of camps of exercise at Madras and Bombay, the retirement of Artillery Officers, the abolition of the Poona Depôt, the lower prices of grain and forage, and other savings, which were to a great extent counterbalanced by increased charges for the Looshai Expedition, for camps of exercise at Delhi, and charges for two Madras regiments returned from China and the Straits Settlements; and 180,582*l.* in the charge for Military and Marine Stores.

48. The other decreases, although numerous, and collectively of large amount, were not severally important, the several changes apparent in the Regular Estimate tending to show that your Budget Estimate for 1872-73 had been carefully prepared.

49. In your letter No. 160, you refer to certain alterations which had been previously agreed to by me in correspondence with your Government.

50. You now inform me that the charge for Medical Services, previously shown under a separate head, will not appear in the accounts subsequent to 1872-73, as you have transferred the remaining Medical Services to the Provincial Governments "with needful additions to the provincial allotments," and you propose that the receipts in England, which are of insignificant amount, should be treated in the Home accounts as a remittance for adjustment in India. I do not see any sufficient reason for treating those receipts differently from other receipts in England on account of Revenue, and they have therefore been included again under Miscellaneous Receipts as Revenue.

51. You also inform me, in para. 6 of the same letter, that, in the Budget for 1873-74, the grant for the Army (Overland Troop Transports) has been reduced by 80,000*l.* That is, however, an error, as you will observe from my telegram* to you of the 21st March, that the reduction of the charge for the Indian Troop Service by 80,000*l.* applied to the year 1872-73, and not to 1873-74.

52. In your Budget for 1873-74, you estimate the

Revenues and Receipts in India and England at ...		£	48,286,600
The Charges in India ...	38,185,000		
" England, for Stores for India ...	1,324,350		
" " other Charges ...	6,767,250		
Guaranteed Interest on Railway Capital less net Traffic Receipts ...	1,790,000		
Total Charges ...	48,066,600		
But, under a misapprehension of my telegram, to which I have already referred in para. 51 of this Despatch, you reduced the Charges in England in error by	80,000		
The Charges should therefore be ...			48,146,600
Estimated Surplus ...			140,000

DUKE OF ARGYLL.
6th August 1873.

53. A comparison of that Estimate with the Regular Estimate for 1872-73 shows, in respect of receipts, a net decrease of 1,628,315*l.*, there being reductions in some heads amounting to 2,079,615*l.*, and increases under others to the amount of 451,300*l.*

54. The estimated Land Revenue for 1872-73 having included arrears, you anticipate that the receipts in 1873-74 will be less than those of 1872-73 by 49,000*l.*

REVENUES AND RECEIPTS.

	Regular Estimate, 1872-73.	Budget Estimate, 1873-74.	Increase.	Decrease.
	£	£	£	£
Land Revenue ...	21,229,000	21,180,000	...	49,000
Tributes and Contributions ...	737,000	277,000	...	15,000
Forest ..	549,000	584,000	35,000	...
Excise on Spirits and Drugs	2,218,000	2,218,000	...	100,000
Assessed Taxes ...	575,000	10,000	..	565,000
Customs ...	2,631,000	2,649,000	18,000	...
Salt ..	6,149,000	6,144,000	...	5,000
Opium ...	8,677,000	7,500,000	...	1,177,000
Stamps ...	2,578,000	2,629,000	51,000	..
Mint ...	54,000	40,000	...	14,000
Post Office ...	573,000	719,000	146,000	...
Telegraph ...	206,200	219,400	13,200	...
Law and Justice ...	335,000	380,000	...	5,000
Marine ..	199,000	179,000	...	20,000
Interest ...	439,000	457,000	18,000	...
Receipts in aid of Superannuation, Retired, and Compassionate Allowances ..	482,300	571,400	89,100	...
Miscellaneous ...	251,400	214,000	...	57,400
Army ...	870,500	857,000	...	13,500
Public Works, Ordinary. ..	61,200	56,000	...	5,200
Ditto Irrigation ..	430,000	478,000	48,000	...
Railways, Guaranteed ...	283,000	293,000	10,000	...
Ditto State ..	16,000	39,000	23,000	...
			451,300	2,006,100
				451,300
Total, India ..	49,693,600	48,138,800	...	1,554,800
Receipts in England ...	221,315	147,800	...	73,515
Total, India and England ...	49,914,915	48,286,600	...	1,628,315

55. A reduction of 100,000*l.* in Excise is partly nominal, the cost of Opium purchased in Malwa, for Home consumption, being now excluded from both sides of the account, and you expect a falling off in the receipts in Madras.

56. By the expiration of the Income Tax a loss is estimated of 565,000*l.*

57. The Opium receipts are less by 1,177,000*l.* than in 1872-73, owing to the failure of the crop of Bengal Opium in 1872, and unfavourable reports of the crop in 1873. You estimate that 42,750 chests will be sold at Rs. 1,200 a chest, the price in 1872-73 having been Rs. 1,386-2-4 per chest, the duty on Malwa Opium being estimated on 37,050 chests, against 43,580 in the previous year.

58. The estimated receipts in England are 73,515*l.* below those of the previous year, in which the Interest on Investment of Cash Balances had been exceptionally high.

59. The estimated receipts in 1873-74 are more favourable under Forest (35,000*l.*), Customs (18,000*l.*), Stamps (51,000*l.*)—owing to the intended levy of process fees by means of stamps,—Post Office (146,000*l.*), the Receipts from

the Bullock Train and Military Van Dāk Department being for the first time included under the head of Post Office (the expenditure being increased by charges on the same account), Receipts in aid of Superannuation, Retired, and Compassionate Allowances 89,100 \textsterling , the amount credited in 1872-73 having been exceptionally small, and there are some smaller increases, the most important improvement being 48,000 \textsterling in receipts from irrigation as a consequence of the extension of irrigation from canals in Northern India.

60. You estimate the Expenditure of 1873-74 at 276,277 \textsterling less than

EXPENDITURE.

	Reguar Estimate, 1872-73.	Budget, Estimate, 1873-74.	Increase	Decrease.
	£	£	£	£
Refunds and Drawbacks ...	310,000	301,000	...	9,000
Land Revenue (including Allowances to District and Village Officers) ...	2,438,400	2,473,600	35,200	...
Forest ...	387,500	417,700	30,200	...
Excise on Spirits and Drugs ...	130,000	91,000	...	39,000
Assessed Taxes ...	14,000	1,000	...	13,000
Customs ...	179,000	185,000	6,000	...
Salt ...	466,000	480,000	14,000	...
Opium ...	1,817,700	2,115,000	297,300	...
Stamps ...	83,400	74,800	...	8,600
Mint ...	70,900	59,500	...	11,400
Post Office ...	622,800	742,800	120,000	...
Telegraph ...	348,100	374,000	25,900	...
Allowances and Assignments under Treaties and Engagements Administration ...	1,687,700	1,701,700	14,000	...
Minor Departments ...	1,211,800	1,232,900	21,100	...
Law and Justice ...	317,800	283,700	...	34,100
Marine ...	2,220,600	2,306,600	86,000	...
Ecclesiastical ...	359,200	357,600	...	1,600
Medical Services ...	150,700	156,100	5,400	...
Medical Services ...	174,600	Included in Provincial Services.	...	174,600
Political Agencies ...	326,300	398,500	72,200	...
Superannuation, Retired, and Compassionate Allowances ...	702,000	688,000	...	14,000
Less by Exchange on Remittances to Home Treasury ...	740,000	850,000	110,000	...
Miscellaneous ...	77,900	42,000	...	35,900
Provincial Services ...	5,196,000	5,149,200	...	46,800
Army ...	12,024,900	11,844,900	...	180,000
Public Works Ordinary: Public Works (including Supervision and Cost of Land for Guaranteed Railways, Loss by Exchange on Railway Transactions, and State Railways) ...	2,656,400	2,530,000	...	126,400
Interest on Permanent and Floating Debt ...	2,872,100	2,792,400	...	79,700
Interest on Service Funds and other Accounts ...	584,000	536,000	...	48,000
			837,300	822,100
			822,100	
Total India ...	38,169,800	38,185,000	15,200	...
Expenditure in England ...	6,991,460	6,847,250	...	144,210
Ditto ditto, for Stores transmitted to India ...	1,145,368	1,324,350	178,982	...
Guaranteed Interest on Railway Capital, less Net Traffic Receipts ...	2,116,249	1,790,000	...	326,249
			194,182	470,459
				194,182
Total India and England ...	48,422,877	48,146,600	...	276,277

in 1872-73, as the result of decreases amounting to 1,292,559 \textsterling , and of increases amounting to 1,016,282 \textsterling .

61. The principal items of decrease are in Interest on Permanent Floating Debt, 79,700 \textsterling , partly owing to the conversion in January 1872 of the 5 per cent. Loan of 1856-57 into a new loan at 4½ per cent. until January 1879, and subsequently at 4 per cent.; Medical Services, 174,600 \textsterling , the expenditure on this account being transferred to Provincial Services; Army, 180,000 \textsterling , partly owing to the charge for 1872-73. having included arrears and special payments, and partly from the Stud expenditure having been reduced; Public Works Ordinary, 126,400 \textsterling , an additional expenditure for pressing works having been incurred in the year 1872-73; Expenditure in England, 144,210 \textsterling . the Regular Estimate of Charges of 1872-73 having included the payment to the representatives of Mr. Dyce Sombre, and

Guaranteed Interest on Railway Capital, less net Traffic Receipts, 326,249 \textsterling , the charge in 1872-73 having been in your opinion exceptionally large.

DEBATE OF ASSEMBLY,
6th August 1873.

62. The principal increases are Opium, 297,300*l.*, the crop having failed in 1872-73, and smaller advances having been consequently made in that year; Post Office, 120,000*l.*, the charges of the Bullock Train and Military Van Dāk Department being included in 1873-74, as explained under Receipts; Law and Justice, 86,000*l.*, partly arising from the cost of service of processes in Madras being included, the increase being, to some extent, balanced by increased receipts under Stamps; Political Agencies, 72,200*l.*, provision having been made for special subsidies to the Ameer of Cabul, and for the Yarkand and Zanzibar Missions; loss by Exchange on Remittances to Home Treasury, 110,000*l.*, consequent on the increase of the amount to be remitted; and Expenditure in England for Stores for India, 178,982*l.* a larger expenditure being required for Military and Marine Stores.

63. After thus comparing your Budget Estimate for 1873-74 with your Regular Estimate for 1872-73, and considering the reasons assigned for the several changes apparent in the Budget, there appears to me to be reason to anticipate that, unless some unforeseen expenditure should be called for, or some remission of revenue be rendered necessary, the result of 1873-74 will be as favourable as you have estimated.

64. The surplus is, however, greatly below that which, as a general rule, it is deemed necessary to obtain. You had consequently to consider whether, in order to increase that surplus you should renew the Income Tax, and your determination was in the negative.

65. A difference of opinion on the question existed among the members of your Government, which is explained in the minutes on the subject forwarded to me with your separate revenue letters dated the 10th April and 1st May last, Nos. 11 and 12.

66. After full consideration of the whole subject in Council, I do not see that any conclusive objection has been shown to the policy of an Income Tax in India, a subordinate element in a general system of finance. On the contrary, it appears to me that it is better calculated than any other tax which has yet been proposed to reach the wealthy mercantile and trading classes, and to counterbalance the much heavier pressure of some other taxes on the less wealthy portion of the community. I am aware that opinions have been confidently expressed as to the unsuitability of the tax to the people of India, and it is certainly possible that direct taxes which were in reality much more objectionable, but which were common under native systems, would even now from long familiarity be less disliked. These, however, we have wisely abolished. In substituting an amended form of direct taxation, we must be liable to encounter some not unnatural opposition. But too much account need not be taken of a feeling which would probably subside.

67. It is certain, however, that special opposition had arisen to the tax in connexion with the raising of its amount in the middle of the year 1869-70, and its further increase in 1870-71, and this opposition was encouraged by the fact that in each of the years 1870-71 and 1871-72 the result of the finances was a surplus of so considerable an amount as to suggest that the tax was not called for in order to produce a sufficient excess of income over expenditure. In such circumstances, the policy of an Income Tax, assessed in a manner as little objectionable as possible, and steadily maintained at a low fixed rate (except under extraordinary emergencies), could not, perhaps, be considered under favourable conditions.

68. I do not propose, therefore, now to reopen the discussion which has thus been concluded, and which has been conducted on both sides with great ability and with weighty and important arguments. I am content to accept the decision to which you have come, under the particular circumstances in which it was arrived at.

69. I have, on former occasions, conveyed to your Government my views on several important branches of Indian Revenue. I refer especially to my separate Revenue despatches of the 21st January 1869 on the Salt duties, and of the 10th March 1870 and 16th February 1871 on the Export duties.

DUKE OF ABERDEEN
6th August 1873.

70. I am glad, therefore, to perceive that your Government is fully alive to the importance of those questions, and that your attention is at present directed to a consideration of the Salt duties, and that, notwithstanding the abolition of the Income Tax, your Excellency holds out the hope that an improvement of the Customs tariff and the abolition of the Transit duties on Sugar in the North-West Provinces may be effected. I am, indeed, of opinion that nothing short of urgent financial exigencies could justify their longer continuance.

71. I am, however, unable to entertain the hope that, without the aid of the Income Tax, you will be able, with a due regard to the maintenance of an adequate surplus, to accomplish the important reforms in the fiscal system of India, unless you should succeed in effecting large and decisive reductions in expenditure, and you may therefore rely on my cordial co-operation in your efforts to secure greater economy in every department of your administration, and to resist the growth of new and indefinite charges.

72. The course which you have pursued of refraining from re-imposing the Income Tax, notwithstanding your surplus will probably be, in consequence, little more than nominal, has the great advantage of clearly indicating the decided purpose of your Government to bring about, if possible, a sound financial condition by retrenchment and economy, rather than by an increase of taxation, a determination which will, doubtless, be borne in mind if, contrary to the desire and hope of the Government, it should hereafter become necessary, through unforeseen calamity, or any other cause, to re-impose the Income Tax.

73. It is gratifying to me that your estimate of Army expenditure in India for 1873-74 is reduced to 11,844,900*l.*, being 1,144,666*l.* below the charge of 1868-69, the year in which I called the attention of your Government to the necessity of effecting a reduction of about a million and a half in the cost of the Army. But when the increased expenditure in England, *viz.*, 85,479*l.* for Military stores and 393,606*l.* for other charges, are taken into account, the reduction in the total Army expenditure in India and England is only 665,581*l.*

74. It is not practicable at present to form any satisfactory estimate as to the Military charges in England in future years. The payments on account of effective and non-effective charges of British troops serving in India are altogether uncertain, and up to the present time I have been unable to obtain from the Secretary of State for War any definite information on the subject.

75. The Public Works expenditure demands, and will, I am satisfied, receive your careful consideration, in order that such works as are called for may be executed on a more economical system than has hitherto been observed.

76. In other Departments it would be unsafe to calculate on any great saving. The redemption of the dividend of the East India Company will afford relief to the amount of about 450,000*l.* a year, and some further reduction may be anticipated in the interest on debt. But against these must be set the increase which will certainly result from the revised Furlough rules for uncovenanted servants, and from the growth of Furlough and Retired allowances to Civil Engineers, Telegraphers, and Foresters, to whom these rules are applicable; and it must also be remembered that, as the capital of the several Military and Medical Funds becomes exhausted, the pensions will for many years form a heavier charge than at present on the revenues.

77. The financial results of 1870-71 and 1871-72 having been a large surplus of income over expenditure, and the outlay on Public Works Extraordinary having been greatly below the Estimate on which the arrangements for providing ways and means were based, your Cash balance on the 31st March 1872 amounted to 21,997,715*l.*,* and after providing for all expenditure of the year 1873-74, including that for Public Works Extraordinary, you estimate that on the 31st March 1874 it will amount to 14,800,000*l.*

78. If the actual expenditure on works of Irrigation and State Railways in 1872-73 and in the current year should correspond with your Estimate, the

DUKE OF ARGYLL
6th August 1873.

total expenditure on Public Works Extraordinary since the introduction of that head into the accounts will have been as follows :—

					£
1867-68	...	...	...	...	602,462
1868-69	...	..	...	..	1,370,613
1869-70	...	...	...	...	2,599,614
1870-71	...	...	...	...	1,167,810
1871-72	...	...	...	...	1,628,474
1872-73 (Regular Estimate)			..	...	2,303,613
1873-74 (Budget ditto)	...	...	...	...	3,878,000
					13,550,586
					13,550,586

which exceeds by nearly three-quarters of a million the total amount of the loans raised in this country on account of India since the last year 1860, *viz.*, 12,853,700*l.*

79. The debt in India has been somewhat increased during the same period, but after taking into account the securities issued for the purchase of the Elphinstone property (1,859,228*l.*), sums exceeding the remainder of the money obtained in India on loan have been advanced by your Government to Municipalities.

80. In my Financial despatch dated the 23rd January last, No. 12, I informed you that, in order to meet the disbursements in this country during the year 1873-74, it was necessary that a sum of 13½ millions should be remitted by your Government, and that you must, therefore, be prepared to meet bills to the amount of Rs. 1,20,00,000 a month.

81. You were subsequently informed by my telegrams of the 7th February and 21st March, that the monthly drawings for the present would be increased to Rs. 1,40,00,000.

82. During the month of April and May bills were accordingly drawn at that rate, at exchanges varying from 1*s.* 10¾*d.*, to 1*s.* 10⅞*d.* On the 4th June the amount for which tenders were accepted was only Rs. 56,20,000, *viz.*, 16 lacs at 1*s.* 10¾*d.*, and 40,20,000 at 1*s.* 0¼*d.* On the 18th June tenders were accepted for 70 lacs, of which 5 lacs were at 1*s.* 10¾*d.*, and the remainder at 1*s.* 10¼*d.*, but on the 2nd July the tenders accepted amounted to Rs. 36,90,000, *viz.*, Rs. 50,000 at 1*s.* 10¾*d.*, and Rs. 36,40,000 at 1*s.* 10¼*d.*, and on the 16th July to Rs. 6,11,000 at 1*s.* 10¼*d.*

83. Some uncertainty necessarily exists as to the future demand for bills, but I shall continue to draw at the rate of 140 lacs a month if tenders should be made for that amount at or above the rate of 1*s.* 10*d.*

84. An Act of Parliament has been passed authorizing the Secretary of State in Council to raise money in England for the service of India, and under it any sum not exceeding six millions sterling may be borrowed for the purpose of redeeming the dividend on the Capital Stock of the East India Company. It is not probable that the sum required for that purpose will amount to five millions, but, except for that special object, the power to borrow is restricted by the Act to temporary loans, not exceeding on the whole two millions.

85. During the passing of that Act through Parliament, a decided feeling was manifested adverse to empowering the Secretary of State in Council to increase the Home Indian Debt, even for Public Works Extraordinary, and, under these circumstances, whatever further loans may be found necessary must be obtained in India.

1874-75.

Para. 1. I have considered in Council your Financial letters dated the 19th December 1873, No. 558, and the 17th and 24th April and 8th May 1874, Nos. 141, 155, and 175, forwarding Abstracts of the Accounts of the Revenues and Charges and Receipts and Disbursements of the Government of India in the year 1872-73; of the Regular Estimate for 1873-74; and your Budget Estimate for 1874-75, with a Minute by Lord Napier of Magdala relating thereto.

MARQUIS OF
SALISBURY.
No. 387, dated 23rd
July 1874.

2. Your Financial letter No. 535 of 1873, forwarded a Revised Estimate of the Revenues and Receipts and Charges in India for 1873-74, but as your subsequent letter No. 155 of 1874, transmitted the Regular Estimates for the same year, the first mentioned letter does not call for any observation.

3. The Regular Estimate for 1872-73, as presented to Parliament in May 1873, was:—

1872-73.			
Actual Accounts compared with Regular Estimate.	Regular Estimate.		
Revenues and Receipts, India and England	£ 49,914,915
Charges:—			
			£
India	38,169,800
England, Stores for India	1,145,368
Ditto, other Charges	6,991,460
Guaranteed Interest on Railway Capital, less net Traffic Receipts	2,116,249
			<u>48,422,877</u>
Surplus, exclusive of Public Works Extraordinary	1,492,038
Public Works Extraordinary	<u>2,303,613</u>

4. The Revenues and Receipts and Expenditure shewn in the Accounts are as follow:—

			£
Revenues and Receipts, India and England	...	...	50,219,489
Charges:—			
			£
India	...	...	38,205,212
England, Stores for India	...	...	1,146,116
Ditto, other Charges	...	...	6,991,988
Guaranteed Interest on Railway Capital, less net Traffic Receipts	...	...	2,110,501
			<u>48,453,817</u>
Surplus, exclusive of Public Works Extraordinary	...	...	1,765,672
Public Works Extraordinary	...	...	<u>2,184,569</u>

5. Excluding Expenditure on Public Works Extraordinary, the surplus shewn in the Actual Accounts exceeds by 273,634. the surplus anticipated in the Regular Estimate.

			£
Surplus, exclusive of Public Works Extraordinary, Regular Estimate	...	...	1,492,038
Ditto ditto ditto per Accounts	...	...	1,765,672
Actual more than Estimate	...	...	<u>273,634</u>

MARQUIS OF
SALISBURY.
23rd July 1874.

6. That improvement was consequent on larger receipts under every head

REVENUES AND RECEIPTS, 1872-73.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Land Revenue ...	21,229,000	21,348,669	119,669	...
Tributes and Contributions	737,000	741,465	4,465	...
Forest ...	549,000	570,337	21,337	...
Excise on Spirits and Drugs	2,318,000	2,323,788	5,788	...
Assessed Taxes ...	575,000	580,139	5,139	..
Customs ...	2,631,000	2,653,890	22,890	...
Salt ...	6,149,000	6,165,630	16,630	...
Opium ...	8,677,000	8,684,691	7,691	..
Stamps ...	2,578,000	2,608,512	30,512	...
Mint ...	54,000	54,250	250	...
Post Office ...	573,000	580,312	7,312	...
Telegraph ...	206,200	229,186	22,986	...
Law and Justice ...	385,000	392,686	7,686	...
Marine ...	199,000	207,943	8,943	...
Interest ...	439,000	439,553	553	...
Receipts in aid of Superannuation, Retired, and Compassionate Allowances	482,300	494,335	12,035	...
Miscellaneous ...	251,400	256,408	5,008	..
Army, Miscellaneous ...	870,500	885,545	15,045	...
Public Works, Ordinary ...	61,200	64,202	3,002	...
Ditto Irrigation ...	430,000	413,535	...	16,465
Railways, Guaranteed (Gain by Exchange) ...	283,000	286,645	3,645	..
Ditto State ...	16,000	16,533	533	..
Total, India ...	49,693,600	49,998,254		
Receipts in England ...	221,315	221,235		80
			321,119,	16,545
			16,545	
Total, India and England	49,914,915	50,219,489	304,574	

except "Public Works, Irrigation." The actual receipts under that head were 16,465*l.* below the estimate, a portion of which was nominal, and the remainder was due to the receipts in the North-West Provinces and Punjab being less than was expected.

7. The Land revenue exceeded the estimate by 119,669*l.*, and was greatly in excess of the receipts of any previous year. You remark that a large portion of the Madras Land revenue is dependent on the season, but that you are unable to give any more precise explanation as to the cause of the increase. The increases under other heads were not of large amount, or otherwise important.

8. The actual expenditure in India and England exceeded the estimate by 30,940*l.* There were increases under numerous heads, the principal being 42,854*l.* in Allowances and Assignments under Treaties and Engagements, of which 35,000*l.* was owing to too low a sum having been estimated for the Bombay Presidency; 20,909*l.* under Administration, consequent on the cost of the tour of

EXPENDITURE, 1872-73.

	Regular Estimate.	Actual Accounts.	Increase.	Decrease.
	£	£	£	£
Refunds and Drawbacks ...	310,000	325,065	15,065	...
Land Revenue (including Allowances to District and Village Officers) ...	2,438,400	2,449,957	11,557	...
Forest ...	387,500	388,118	618	...
Excise on Spirits and Drugs ...	130,000	130,557	557	...
Assessed Taxes ...	14,000	13,244	...	756
Customs ...	179,000	180,375	1,375	...
Salt ...	466,000	476,646	10,646	...
Opium ...	1,817,700	1,813,976	...	3,724
Stamps ...	83,400	83,452	52	...
Mint ...	70,900	80,890	9,990	...
Post Office ...	622,800	616,412	...	6,388
Telegraph ...	348,100	362,756	14,656	...
Allowances and Assignments under Treaties and Engagements ...	1,687,700	1,370,554	42,854	...
Administration ...	1,211,800	1,232,709	20,909	...
Minor Departments ...	317,300	310,308	...	7,492
Law and Justice ...	2,220,600	2,218,895	...	1,705
Marine ...	359,200	360,836	1,636	...
Ecclesiastical ...	150,700	150,938	238	...
Medical Services ...	174,600	176,262	1,662	...
Political Agencies ...	326,300	343,734	17,434	...
Superannuation, Retired, and Compassionate Allowances ...	702,000	701,514	...	486
Loss by Exchange on Transactions with London ...	740,000	765,109	25,109	...
Miscellaneous ...	77,900	78,695	795	...
Provincial Services ...	5,196,000	5,223,190	27,190	...
Army ...	12,024,900	11,979,327	...	45,573
Public Works Ordinary: Public Works (including Supervision and Cost of Land for Guaranteed Railways) ...	2,633,400	2,599,136	...	34,264
State Railways ...	23,000	22,004	...	996
Interest on Permanent and Floating Debt ...	2,872,100	2,834,764	...	37,336
Interest on Service Funds and other Accounts ...	584,000	555,789	...	28,211
Total India ...	38,169,800	38,205,212	528	...
Expenditure in England ...	6,991,460	6,991,958	748	...
Ditto for Stores transmitted to India ...	1,145,368	1,146,116	...	5,748
Guaranteed Interest on Railway Capital, less Net Traffic Receipts ...	2,116,249	2,110,501	203,619	172,679
Total, India and England ...	48,422,877	48,453,817	30,940	...

MARQUIS OF SALISBURY.
23rd July 1874.

the Viceroy to Bombay and Sind having been underestimated; 25,109% in loss by Exchange on Remittances to the Home Treasury, the amount of the Secretary of State's bills having been larger than was expected; and 27,190% in Provincial Services, for Medical and other Stores supplied to the Police and Medical Departments in the Punjab, for which no provision had been made in the estimate.

9. The expenditure was less than the estimate by 45,573% in Army Charges, mainly owing to reduced purchases of Commissariat Stores; by 34,264% in Public Works Ordinary, of which 16,778% was consequent on land not being taken for Railways at Madras as estimated; and by 37,336% in Interest on Debt, certain sums having remained unclaimed.

10. It appears, therefore, on a comparison of the account with the Regular Estimate, that the differences were only such as must be looked for

when no special circumstances occur to disturb the arrangements contemplated in the Estimate.

11. The year 1871-72 had closed with a surplus of 3,124,177%, excluding expenditure on Public Works Extraordinary, and of 1,495,703%, including that expenditure. The financial result of 1872-73 was therefore less favourable than that of 1871-72 by 1,358,505%.

MARQUIS OF
SALISBURY.

23rd July, 1874.

12. The Revenues and Receipts of 1872-73 were, however, 109,274*l.*

	Actual, 1871-72.	Actual, 1872-73.	Increase.	Decrease.
	£	£	£	£
Land Revenue ...	20,520,337	21,349,669	828,333	...
Tributes and Contributions from Native States ...	744,036	741,465	...	2,571
Forest ...	501,924	570,337	68,413	...
Excise on Spirits and Drugs	2,369,109	2,323,788	...	45,321
Assessed Taxes ...	825,241	580,139	...	245,102
Customs ...	2,575,950	2,653,890	77,900	...
Salt ...	5,666,595	6,165,630	199,035	...
Opium ...	9,253,859	8,684,691	...	569,168
Stamps ...	2,476,333	2,608,512	132,179	...
Mint ...	96,128	54,250	...	41,878
Post Office ...	820,894	820,312	...	240,582
Telegraph ...	206,580	229,186	22,606	...
Law and Justice ...	373,160	392,686	19,526	...
Marine ...	194,925	207,943	16,018	...
Interest ...	327,906	439,553	111,647	...
Receipts in aid of Superan- nuation, Retired, and Com- passionate Allowances ...	585,634	494,335	...	91,299
Miscellaneous ...	335,067	256,408	...	78,659
Army ...	889,340	885,408	...	3,795
Public Works, Ordinary ...	87,519	64,202	...	23,317
" Irrigation ...	471,580	413,534	...	58,045
Railways, Guaranteed (Gain by Exchange) ...	262,629	286,645	24,016	...
State ...	3,766	16,533	12,767	...
Total, India ...	49,888,552	49,998,254		
Receipts in England ...	221,668	221,235	...	428
			1,509,439	1,400,165
			1,400,165	
Total, India and England	50,110,215	50,219,489	109,274	

above those of the
previous year, but
the Expenditure
exceeded that of
1871-72 by no less
than 1,467,779*l.*

13. Although the total Revenues and Receipts of 1872-73 were but little above those of 1871-72, there were increases which amounted to 1,509,439*l.*, and decreases amounting to 1,400,165*l.* The Land Revenue exceeded by 828,332*l.* that of 1871-72, in which year the receipts were affected by floods, and remissions on account of drought in the Southern Mahratta Country; whereas in 1872-73 the receipts included arrears of Revenue not collected in the previous year, and were augmented by the

favourable season in Bengal, Burmah, and Madras, at which Presidency the amount collected was 200,000*l.* in excess of any previous year. The Customs receipts also showed an increase of 77,900*l.*, which occurred wholly in Burmah. The Salt Revenue was 199,035*l.* in excess of that of 1871-72. An improvement of 132,179*l.* also occurred in the Stamp Revenue, and 111,647*l.* more Interest was obtained in consequence of the augmented investments of the Currency Department.

14. These and some minor increases were nearly counterbalanced by decreases under other heads, the principal being 245,102*l.* in the receipt from Assessed Taxes, large arrears having been collected in 1871-72, whereas in 1872-73 income below Rs. 1,000 a year were exempted. The Opium receipts were 569,168*l.* lower than in the previous year; the Mint receipts were also 41,878*l.* less. There was an apparent falling off of 240,582*l.* in the Post Office receipts, which was, however, wholly due to reduction of Official Postage, and was balanced by corresponding decreases in several heads of Charge. An apparent reduction of 91,299*l.* in the receipts in aid of Superannuation, Retired, and Compassionate Allowances was caused by an adjustment of an over credit of nearly equal amount in previous years.

15. The Charges of 1872-73 under certain heads exceeded those of the previous year by no less than 2,188,837*l.*, but were less under other heads to the amount of 721,058*l.*

16. The principal increases were 218,282*l.* in Expenditure on Opium, the deficiency of the crop in 1871-72 having led to a saving of expenditure in that year, while in the next year there was an advance of 10 per cent. on the

price paid to the cultivators: An apparent increase of 82,791*l.* under Minor

	Actual, 1871-72.	Actual, 1872-73.	Increase.	Decrease.
	£	£	£	£
Refunds and Drawbacks ..	285,537	325,065	39,528	..
Land Revenue (includes Allowances to District and Village Officers) ...	2,428,319	2,449,957	21,638	..
Forest ..	350,566	388,118	37,552	..
Excise on Spirits and Drugs	135,347	130,557	..	4,790
Assessed Taxes ..	29,566	13,244	..	16,322
Customs ..	184,921	180,375	..	4,546
Salt ..	470,178	476,646	6,468	..
Opium ..	1,595,694	1,813,976	218,282	..
Stamps ..	88,416	83,452	..	4,964
Mint ..	77,978	80,890	2,912	..
Post Office ..	616,115	616,412	297	..
Telegraph ..	366,012	362,756	..	3,256
Allowances and Assignments under Treaties and Engagements ..	1,705,174	1,730,554	25,380	..
Administration ..	1,234,681	1,232,709	..	1,972
Minor Departments ..	227,517	310,308	82,791	..
Law and Justice ..	2,267,444	2,218,895	..	48,549
Mhrine ..	376,705	360,836	..	15,869
Ecclesiastical ..	155,611	150,938	..	4,673
Medical ..	174,807	176,262	1,455	..
Political Agencies	266,442	343,734	77,292	..
Superannuation, Retired and Compassionate Allowances	609,312	701,514	92,202	..
Loss by Exchange on Transactions with London ..	395,964	765,109	369,145	..
Miscellaneous ..	337,209	78,695	..	258,514
Provincial Services	4,843,205	5,223,190	374,985	..
Army ..	12,036,098	11,979,327	..	56,771
Public Works Ordinary:				
Public Works (including Supervision and Cost of Land for Guaranteed Railways, and, up to 1871-72, Loss by Exchange on Railway Transactions) ..	2,481,495	2,599,136	117,641	..
State Railways ..	8,227	22,004	13,777	..
Interest on Permanent and Floating Debt ..	3,032,672	2,834,764	..	197,908
Interest on Service Funds and other Accounts ..	496,591	555,789	59,198	..
Total, India ..	37,282,803	38,205,212		
Expenditure in England ..	6,730,977	6,991,988	261,011	..
Ditto for Stores transmitted to India ..	1,249,040	1,146,116	..	102,924
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,723,218	2,110,501	387,283	..
			2,188,837	721,058
			721,058	
Total, India and England .	46,986,038	48,453,817	1,467,779	

Departments was nominal, and arose from transfers from "Miscellaneous," which was correspondingly reduced. The charge of Political Agencies was increased 77,292*l.* by payments to the Khan of Khelat and Shere Ali, the cost of the Seistan Arbitration, the expense of Durbars held by the Viceroy, and by the transfer to this head from Provincial Services of the charge of the Mhairwarra Battalion. An increase of 92,202*l.* in Superannuation, Retired, and Compassionate Allowances arose from an unusually large number of annuities having been taken in consequence of the recent settlement of the Pension question.

17. An increase of 369,145*l.* in Loss by Exchange on Transactions with London was owing to the unfavourable exchange prevailing in 1872-73. There was also an increase of 374,985*l.* in the Provincial Services,

consisting chiefly of grants for Public Offices for Bengal, Bombay, and Burmah. An increase of 117,641*l.* in Public Works Ordinary was caused by the prosecution of several pressing works, and the transfer to this head of certain charges originally, but improperly, intended to be defrayed from Loan Funds.

18. The expenditure in England in 1872-73 exceeded that of 1871-72 by 261,011*l.*, of which, 163,318*l.* was the amount of the award of the Privy Council to the representatives of the late D. O. Dyce Sombre, the remainder consisting of additional expenditure for the Civil Engineering College, payment of certain arrears for Maps and Charts, a grant of 20,000*l.* to the younger children of the late Earl of Mayo, and a larger payment for interest on Debt.

19. The Guaranteed Interest on Railway Capital, less net Traffic Receipts, was larger by 387,283*l.* in 1872-73, owing to an exceptionally large debit

MARQUIS OF
SALISBURY.
23rd July 1874.

against Revenue for Stores, and to decreased goods traffic receipts, and expenses caused by the effects of floods.

20. There were increases of less amount under several other heads, but they do not call for notice.

21. Of the items of expenditure in which there was an apparent decrease, the largest was 258,514*l.* in Miscellaneous, which was, however, nominal, and arose from the re-distribution of items hitherto included under that head. There was also an apparent decrease in Army Charges, but that was also nominal, as it resulted from the transfer of certain Barrack Charges to the Public Works Department. A reduction of 197,908*l.* in the charge for interest was to some extent due to the discharge, in January 1872, of the 5 per cent. Loan of 1856-57. There was also a diminution of 102,924*l.* in the payment for Military and Marine Stores.

22. On the whole, the financial result of 1872-73 is not unsatisfactory. The Revenues and Receipts exceeded those of 1871-72, notwithstanding that an arrear of Income Tax was collected in that year, and that the receipt from Opium in 1872-73 was upwards of half a million below that of the previous year. The charges, it is true, were nearly a million and a half in excess of 1871-72, but the principal increases were, as already shewn, for the most part exceptional in their character.

23. The Budget Estimate for 1873-74 was—

		£
	Revenues and Receipts (India and England) ...	48,286,600
1873-74. Regular Estimate compared with the Budget Estimate.	Charges—India £38,185,000	
	England. Stores for India 1,324,350	
	Other Charges 6,847,250	
	Guaranteed Interest on Railway, Capital less net Traffic Receipts ... 1,790,000	
		48,146,600
	Estimated Surplus	140,000
Exclusive of Expenditure on Public Works Extraordinary, which was estimated at		3,878,000

24. The Regular Estimate is—

		£
	Revenues and Receipts (India and England)	49,478,795
	Charges—India £42,098,900	
	England, Stores for India 1,157,924	
	Other Charges 6,707,053	
	Guaranteed Interest on Railway Capital, less net Traffic Receipts 1,567,531	
		51,531,408
Estimated Deficit	2,052,613	
Exclusive of Expenditure on Public Works Extraordinary, which is now estimated at		3,591,330

25. It appears, therefore, that the Revenues and Receipts, according to

MARQUIS OF
SALISBURY.
23rd July 1874

	Budget Estimate, 1873-74.	Regular Estimate, 1873-74.	Increase.	Decrease.
	£	£	£	£
Land Revenue ...	21,180,000	21,039,500	...	140,500
Tributes and Contributions	722,000	768,300	46,300	...
Forest ...	584,000	619,500	35,500	...
Excise on Spirits and Drugs	2,218,000	2,285,100	67,100	...
Assessed Taxes ...	10,000	19,600	9,600	...
Customs ...	2,649,000	2,624,600	...	24,400
Salt ...	6,144,000	6,151,000	7,000	...
Opium ...	7,500,000	8,322,000	822,000	...
Stamps ...	2,629,000	2,697,800	68,800	...
Mint ...	40,000	66,500	26,500	...
Post Office ...	719,000	720,000	1,000	...
Telegraph ...	219,400	239,700	20,300	...
Law and Justice ...	380,000	357,500	...	22,500
Marine ...	179,000	220,700	41,700	...
Interest ...	457,000	393,500	...	63,500
Receipts in aid of Superannuation, Retired, and Compassionate Allowances	571,400	590,800	19,400	...
Gain by Exchange on Transactions with London	*293,000	376,800	83,800	...
Miscellaneous	*214,000	242,200	28,200	...
Army ...	857,000	933,000	76,000	...
Public Works, Ordinary ...	56,000	70,800	14,800	...
Ditto Irrigation ...	478,000	465,000	...	13,000
State Railways	39,000	40,000	1,000	...
Total, India ...	48,138,800	49,243,900		
Receipts in England ..	147,800	234,895	87,095	...
			1,456,095	263,900
			263,900	
Total, India and England ...	48,286,600	49,478,795	1,192,195	

* These amounts are modified in the Statements received with India Financial Letter, No. 155 of 1874, and given as follow —
Gain by Exchange ... 806,800
Miscellaneous ... 200,100
The total is, however, the same.

the Regular Estimate, exceed the Budget Estimate by 1,192,195^l., the increase in the receipts from Opium alone being 822,000^l. There are estimated increased receipts under several other heads, the principal being in Excise, Stamps, and Army receipts, but they do not call for remark. There is also an increased receipt in England, arising mainly from Interest realized from investment of Cash Balance, sales of Cinchona Bark, and of Army and other Stores.

26. The receipts are lower in the Regular than in the Budget Estimate under the heads of Land Revenue, Customs, Law and Justice, Interest, and Public Works Irrigation, but the only important decrease is 140,500^l. in the Land Revenue, owing to the failure of rains in Bengal, the North-Western Provinces, and the Southern Districts of Madras.

MARQUIS OF
SALISBURY.

23rd July 1874.

27. The Regular Estimate of Expenditure exceeds the Budget Estimate

	Budget Estimate, 1873-74.	Regular Estimate, 1873-74.	Increase.	Decrease.
	£	£	£	£
Refunds and Drawbacks ...	301,000	276,400	...	24,600
Land Revenue (including Allowances to District and Village Officers) ...	2,473,600	2,497,300	23,700	...
Forest ...	417,700	405,200	...	12,500
Excise on Spirits and Drugs ...	91,000	93,100	2,100	...
Assessed Taxes ...	1,000	2,100	1,100	...
Customs ...	185,000	184,300	...	700
Salt ...	480,000	473,300	...	6,700
Opium ...	2,115,000	1,996,000	...	119,000
Stamps ...	74,800	64,900	...	9,900
Mint ...	59,500	70,100	10,600	...
Post Office ...	742,800	736,000	...	6,800
Telegraph ...	374,000	336,900	...	37,100
Allowances and Assignments under Treaties and Engagements ...	1,701,700	1,765,800	64,100	...
Administration ...	1,232,900	1,234,500	1,600	...
Minor Departments ...	281,700	288,000	4,300	...
Law and Justice ...	2,306,600	2,262,100	...	44,500
Marine ...	357,600	363,300	5,700	...
Eccelesiastical ...	156,100	157,500	1,400	...
Medical ...	*180,200	180,100	...	100
Political Agencies ...	398,500	322,000	...	76,500
Superannuation, Retired, and Compassionate Allowances ...	688,000	660,700	...	27,300
Loss by Exchange on Transactions with London ...	850,000	985,700	135,700	...
Miscellaneous ...	42,000	58,500	16,500	...
Provincial Services ...	4,969,000	5,071,500	102,500	...
Army ...	11,844,900	11,866,500	21,600	...
Public Works Ordinary; Public Works (including Supervision and Cost of Land for Guaranteed Railways) ...	2,478,000	2,431,500	...	46,500
State Railways ...	52,000	55,000	3,000	...
Interest on Permanent and Floating Debt ...	2,792,400	2,816,500	24,100	...
Interest on Service Funds and other Accounts ...	536,000	537,100	1,100	...
Famine Relief ...	...	3,907,000	3,907,000	...
Total, India ...	£ 38,185,000	42,098,900	...	...
Expenditure in England ...	6,847,250	6,707,050†	...	140,197
Ditto for Stores transmitted to India ...	1,324,350	1,157,924‡	...	166,426
Guaranteed Interest on Railway Capital, less net Traffic Receipts ...	1,790,000	1,567,531	...	222,469
			4,326,100	941,292
Total, India and England ..	48,146,600	51,531,408	3,384,808	

* In the original Budget Estimate for 1873-74 this amount was included in 5,149,200l. for Provincial Services.

† Includes 1,000l. consequent on Famine.

‡ " 12,250l. " " "

by 3,384,808l. there being increases amounting to 4,326,100l., and decreases to the amount of 941,292l. There are increases under numerous heads, but the principal are 64,100l. in Allowances and Assignments, under Treaties and Engagements, which is, however, nominal being more than counterbalanced by a decrease under Political Agencies; 135,700l. in Loss by Exchange is owing to the more unfavourable rates realized for Bills on India. The charge for Provincial Services is 102,500l. in excess of the Budget Estimate, of which the only explanation given in the statement forwarded by you is, that it is "partly for certain special grants-in-aid made to the Provincial Governments, partly on account of additions to the assignments for charges not fully provided for, and partly for services newly transferred."

28. The sum of 3,907,000l. is included in the Regular Estimate as Famine Expenditure.

29. On the other hand, the Regular Estimate of Expenditure is lower than the Budget under some heads to the amount of nearly a million, the most important items of decrease being 119,000l. in Opium Charges, owing to a probable shortness of the crop; 140,197l. expenditure in England, caused by the advances to the Imperial Government on account of Effective and Non-Effective Charge being less than was at first thought probable; 166,426l. in the Charge for Stores, owing to a diminished supply, and to the postponement of payment for some Army Stores till the year 1874-75. The Guaranteed Interest on Railway Capital, less net Traffic Receipts, is 222,469l. below the Budget

Estimate, and is attributable to estimated increased earnings and decreased working expenses on the East Indian, and Sind, Punjab and Delhi Lines.

MARQUIS OF SALISBURY,
23rd July 1874.

30. It is apparent, therefore, that but for the expenditure amounting to nearly four millions in 1873-74, incurred in order to avert, as far as possible, the consequences of the drought which has unhappily prevailed, the Regular Estimate would have shewn a surplus of 1,867,637* exclusive of expenditure on Public Works Extraordinary; instead of 140,000*l.* as estimated in the Budget.

1874-75. Budget Estimate.	31. Your Budget Estimate for 1874-75 is as follows :—	£	£
Revenues and Receipts ... ..		...	48,984,000
Charges—India		40,778,500	
England, Stores for India		1,402,500	
" Other Charges		6,797,000	
Guaranteed Interest on Railway Capital, less net Traffic Receipts		1,394,000	
		<u>50,372,000</u>	
Estimated Deficit, exclusive of Public Works Extraordinary ... ..		...	1,388,000
Public Works Extraordinary ... ..		...	<u>4,563,050</u>

32. Your estimate of Revenues and Receipts in India and England is

	Regular Estimate, 1873-74.	Budget Estimate, 1874-75.	Increase.	Decrease.
	£	£	£	£
Land Revenue	21,039,500	21,404,000	364,500	
Tributes and Contributions	768,300	726,000		42,300
Forest	619,500	606,000		13,500
Excise on Spirits and Drugs	2,285,100	2,286,000	900	
Assessed Taxes	19,600			19,600
Customs	2,624,600	2,738,000	113,400	
Salt	6,151,000	6,079,000		72,000
Opium	8,322,000	7,615,000		707,000
Stamps	2,697,800	2,708,000	10,200	
Mint	66,500	124,000	57,500	
Post Office	720,000	695,000		25,000
Telegraph	239,700	241,200	1,500	
Law and Justice	357,500	333,000		24,500
Marine	220,700	201,000		19,700
Interest	393,500	447,000	53,500	
Receipts in aid of Superannuation, Retired, and Compassionate Allowances	590,800	584,400		6,400
Gain by Exchange on Transactions with London	376,800	322,000		54,800
Miscellaneous	242,200	187,000		55,200
Army	933,000	870,000		63,000
Public Works, Ordinary	70,800	64,300		6,500
Ditto Irrigation	465,000	491,000	26,000	
State Railways	40,000	95,000	55,000	
Total, India	49,243,900	48,816,900		67,795
Receipts in England	234,895	167,100		67,795
			682,500	1,177,295
				682,500
Total, India and England	49,478,795	48,984,000		494,795

494,795*l.* below the Regular Estimate for 1873-74, the Opium Receipts being 707,000*l.* lower than the estimate for that year, and you anticipate a falling off in the Salt Revenue, from the effects of the famine and the removal of the southern preventive line in the Central Provinces.

33. There are reductions under several other heads, but they are unimportant. Tributes and Contributions, Marine, Gain by Exchange, Miscellaneous, and Army having been exceptionally large in 1873-74.

34. The Budget Estimate of Land Revenue exceeds by 364,500*l.* the Regular Estimate of 1873-74, 122,000*l.* of which you anticipate from the revision of the Settlements in the North-West Provinces, Punjab, and Bombay.

MARQUIS OF
SALISBURY.
28th July 1874.

An apparent improvement of 73,300*l.* at Madras is consequent on the Land Revenue in 1873-74 having been unusually low, and the remainder is on account of sums, the collection of which was suspended in 1873-74.

35. The Customs Revenue is expected to yield 113,400*l.* more than in 1873-74, from the anticipated recovery in Bengal and Burmah from the depression of that year. The other increases are comparatively unimportant.

36. The Budget Estimate of Expenditure in 1874-75, *viz.*, 50,372,000*l.*, is 1,159,408*l.* below that of 1873-74.

	Regular Estimate, 1873-74.	Budget Estimate, 1874-75.	Increase.	Decrease.
	£	£	£	£
Refunds and Drabacks	276,400	262,000	...	14,400
Land Revenue (including Allowances to District and Village Officers)	2,497,300	2,509,400	12,100	...
Forest	405,200	440,000	34,800	...
Excise on Spirits and Drugs	93,100	87,000	...	6,100
Assessed Taxes	2,100	...	...	2,100
Customs	184,300	186,000	1,700	...
Salt	473,300	490,000	16,700	...
Opium	1,996,000	2,115,000	119,000	...
Stamps	64,900	70,500	5,600	...
Mint	70,100	82,000	11,900	...
Post Office	736,000	733,600	...	2,400
Telegraph	336,900	382,100	45,200	...
Allowances and Assignments under Treaties and Engagements	1,765,800	1,702,600	...	63,200
Administration	1,234,500	1,191,500	...	43,000
Minor Departments	288,000	283,600	...	4,400
Law and Justice	2,262,100	2,277,000	14,900	...
Marine	363,300	383,200	19,900	...
Ecclesiastical	157,500	158,100	600	...
Medical	180,100	180,200	100	...
Political Agencies	322,000	402,000	80,000	...
Superannuation, Retired and Compassionate Allowances	660,700	700,000	39,300	...
Loss by Discharge on Transactions with London	985,700	746,000	...	239,700
Miscellaneous	58,500	44,800	...	13,700
Provincial Services	5,071,500	5,030,000	...	41,500
Army	11,866,500	11,869,700	3,200	...
Public Works, Ordinary:				
Public Works (including Supervision and Cost of Land for Guaranteed Railways)	2,431,500	2,550,200	118,700	...
State Railways	55,000	104,000	49,000	...
Interest on Permanent and Floating Debt	2,816,500	2,917,000	100,500	...
Interest on Service Funds and other Accounts	537,100	359,000	...	178,100
Famine Relief...	3,907,000	2,522,000	...	1,385,000
Total, India	42,098,900	40,778,500		
Expenditure in England	6,707,053*	6,797,000	89,947	...
Ditto, for Stores transmitted to India	1,157,924†	1,402,500‡	244,576	...
Guaranteed Interest on Railway Capital, less net Traffic Receipts	1,567,531	1,394,000	...	173,531
			1,007,723	2,167,131
				1,007,723
Total, India and England	51,531,408	50,372,000	...	1,159,408

*Includes 1,000*l.*
† " 12,250*l.*
‡ " 58,000*l.* } consequent on Famine.

and no longer as a remittance to India, in consequence of the passing of the Act for the transfer of the assets and liabilities of the Fund to Government.

The difference is more than accounted for by the expenditure on Famine Relief, which is 1,385,000*l.* less than that of the previous year.

37. There are estimated increases under certain heads amounting to 1,007,723*l.*, the principal being the following, 119,000*l.* in the Opium Charges, consequent on the favourable prospects of the Opium crop of this year; 80,000*l.* in Political Agencies, which is, to a great extent, caused by a transfer from Allowances and Assignments; 118,700*l.* in Public Works Ordinary, an additional grant of 100,000*l.* having been made for construction of agricultural works, and 25,000*l.* for repairs; 100,500*l.* under Interest, is the effect of contemplated loan operations; 89,947*l.* in the Expenditure in England, is attributable to the Civil Service Annuities payable in England (223,000*l.*) being treated as a charge,

The payment of those annuities will also absorb a large saving under the head of Interest; 244,576*l.* is consequent on increased expenditure for Mint Stores (copper for coinage), Stationery, Army Stores, and for river steamers for Famine Relief.

MARQUIS OF
SALISBURY.
23rd July 1874.

38. The Estimated Expenditure for 1874-75 is *less* than the Regular Estimate of 1873-74 under certain heads to the amount of 2,167,131*l.*, including a reduction of 1,385,000*l.* already referred to on account of Famine Relief.

39. The principal decreases, exclusive of Famine Relief, are 63,200*l.* in Allowances and Assignments, which is more than counterbalanced by increases under Political Agencies; 43,000*l.* under Administration is partly attributable to the Government of India remaining in Calcutta; 239,700*l.* in Loss by Exchange on transactions with London, arises from the remittances to this country having been reduced by the amount of the loan of five millions obtained in England, and a more favourable rate thereby rendered probable; 178,100*l.* for Interest on Service Funds and other accounts is owing to the transfer of the Civil Service Annuity Funds to Government, the annuities being now included as direct charges; and 173,531*l.* under Guaranteed Interest on Railway Capital, less net Traffic Receipts, arises from its being estimated that their receipts will increase and the working expenses decrease.

40. Of the introduction into the Estimates and Accounts of a head of Gain by Exchange on transactions with London, to include adjustments in regard to Railway Contracts, I approve, as well as of your proposition to state the expenditure on account of Famine Relief net, in order to avoid the disturbance of Revenue statistics by including as revenue recoveries from sale of grain.

41. The several modifications made by you in the Original Estimate of Receipts and Disbursements of the Home Treasury were rendered necessary by more recent information, and you have been informed by my Financial despatch dated the 25th June last, No. 341, that an Act has been passed, authorising the transfer of the assets of the Civil Service Annuity Funds to the Government.

42. The view of the Revenue and Expenditure shown in the Accounts and Estimates now before me is, on the whole, not unsatisfactory. The total

Opium Revenue.		
1872-73, Actual	.. .. .	£8,684,891
1874-75, Budget Estimate	... ..	76,15,000
		£1,069,691

Revenues and Receipts of 1874-75 are estimated at 1¼ million below the actual receipt of 1872-73, but nearly the whole of the difference is in the estimated

receipt from Opium, which is upwards of a million less than the sum received in 1872-73, as well as in several previous years, and the Expenditure, exclusive

Expenditure, India and England, exclusive of Famine Expenditure and Public Works Extraordinary.		
1872-73, Actual	.. .. .	£48,453,817
1873-74, Regular Estimate	... ..	£51,531,408
Deduct Famine Expenditure (India and England)	... ..	3,920,250
1874-75, Budget Estimate	... ..	£50,372,000
Deduct Famine Expenditure (India and England)	... ..	2,580,000
		£47,792,000

of outlay on account of the Famine and Public Works Extraordinary, is estimated at 660,000*l.* below that of 1872-73, notwithstanding that the charge on

account of Opium exceeds by 300,000*l.* the charge of that year.

43. It has been held by successive Secretaries of State that in ordinary years, when no exceptional expenditure is incurred on account of drought or for military operations,

Surplus, excluding Expenditure on Public Works Extraordinary, and in 1873-74 and 1874-75 for Famine Relief.		
1872-73, Actual	... ..	£1,765,672
1873-74, Regular Estimate	... ..	1,867,637
1874-75, Budget Estimate	... ..	1,192,000

the charges should be from half a million to a million within the income, and the finances of 1872-73, and as estimated for 1873-74 and

1874-75, much more than fulfil that expectation.

MARQUIS OF
SALISBURY.
23rd July 1874.

44. I have already expressed to you in the Revenue Department my approval of the measures which you adopted for mitigating the distress consequent on the drought, and which have been attended with such marked success, although the large outlay thereon has seriously affected the finances of 1873-74 and 1874-75.

45. Referring to the periodical failures of rain in some parts of India which must be anticipated, you are of opinion that it is necessary that, in addition to a fair surplus of income over ordinary expenditure, such further sum should be obtained as will constitute a reasonable provision for meeting expenditure on account of drought. You also advert to the important consideration as to the extent to which the disastrous effects arising from the want of rain may be obviated by the extension of irrigation works and railways, or other modes of communication, in reference to which a general review is now being made, under your instructions, of the position of the whole of India, on the receipt of which you will consider how far it may be desirable to accelerate the construction of reproductive works, and in what manner the necessary funds for those works shall be provided.

46. I quite agree with you that the periodical occurrence of famine should enter into your calculations when making provision for the wants of each successive financial year. This consideration may properly act as a motive for inducing you to provide such a surplus in each year as will make a sensible impression on the debt that has been incurred in a year of famine. But upon this subject, before you make any definitive arrangements, I should be glad to receive a more detailed statement of your Excellency's opinion.

47. I am fully sensible of the great importance of adopting effective measures for mitigating the effects of these calamitous visitations by works of irrigation and improved communication. It becomes, however, daily more apparent that great caution must be exercised in determining on the works to be undertaken, that much greater care than has hitherto been shewn should be used in framing the estimates, and that more efficient supervision should be given during the construction of the works.

48. Moreover, it appears to me to be necessary to re-consider the arrangement under which certain Works of Irrigation and State Railways have been excluded from the general account of Income and Expenditure under a separate

	Public Works Extraordinary.	£
1871-72, Actual	...	1,628,474
1872-73, Actual	...	2,184,569
1873-74, Regular Estimate	...	3,591,330
1874-75, Budget Estimate	...	4,563,050

head of Public Works Extraordinary.

49. The only ground on which that distinction can be justified is, that the works included under that head will prove to be remunerative, by yielding, in the shape of annual income, a sum equal to the interest on the money expended in their construction, including interest for the period subsequent to the commencement of each work during which no income is obtained.

50. It is, however, apparent that many of the State Railways will not yield such an income, and I am apprehensive that many of the Irrigation Works will be found to be also unremunerative in the same sense, and as the assumed ground, therefore, on which some of those works have been excluded from the Charges against Revenue does not really exist, the cost of them should be removed from the class of Public Works Extraordinary.

51. It is only by a strict observance of such a rule that the receipts from Irrigation Works and State Railways can be expected to increase proportionately with the charge for the Interest on the Debt incurred for their construction, and any neglect in this respect would have the effect, by exhibiting in the Accounts an erroneous view of the general finances, of increasing the Debt of India without an equivalent augmentation of income.

MARQUIS OF
SALISBURY,
23rd July 1874.

52. I do not, however, intend that, in regard to such works as shall be suggested, with a view to the prevention of famine, and which, may not come within the class of directly remunerative works, you are necessarily to refrain from proposing them, if you should be unable to meet the expenditure from ordinary income; for, in such a case, the works might properly be constructed from borrowed money, the expenditure being included among ordinary charges under a separate head.

53. The consideration of the mode in which the money which will henceforth be required for the construction of works properly designated Extraordinary, is to be raised, is not less important.

54. The advantages, political and economical, of raising in India whatever loans may be required by the Government are obvious, and for some time past the rate of interest on which loans could be obtained there has been nearly as low as on loans raised in England.

55. The sum which it is necessary to remit annually from India to England to meet the Home Expenditure is a very important element in the consideration of this subject. The total disbursements in this country are now about 15,000,000*l.* per annum, of which Interest on Debt and Guaranteed Interest amount to no less than 6½ millions. You are aware of the uncertainty, inconvenience and loss with which that sum is annually remitted, and it will henceforward be increased by the cessation of deposits on account of the Guaranteed Railway Companies.

56. Every addition to the Home Debt of India necessarily augments the amount to be remitted, and it would therefore obviously be inexpedient to increase that amount if it can be avoided. Extraordinary circumstances, such as the present Famine expenditure, may at times render it necessary to borrow in this country, but the necessity of reserving that power for such emergencies shows that it should not be resorted to on ordinary occasions.

57. I request, therefore, that you will, when considering the question, what public works should be undertaken, and how the funds required for them should be obtained, regard it as indispensable that only works which will repay the interest on the money expended on them are to be excluded from Charges against Income, that the utmost care be observed in the undertaking and prosecution of such works, and that the necessary funds for Public Works Extraordinary be obtained in India.

58. In my Financial despatch dated 22nd January last, No. 59, I informed you that, in order to meet the expenditure in this country during 1874-75, and to provide for the retention of a Cash Balance of about 2,000,000*l.* at the end of that year, it would be necessary that 15,000,000*l.* should be obtained by means of Bills on India. The sum of 5,000,000*l.* has since been raised here as requested by you, and the amount to be remitted is consequently reduced to 10,000,000*l.* Of that sum, 1,518,613*l.* has been already received for Bills on India, and about 8,500,000*l.* remains to be obtained.

59. In accordance with the telegrams to and from your Lordship of the 19th and 20th June 1874, copies of which are annexed, Tenders will be invited for Bills to the amount of Rs. 80,00,000 in July, and subsequently to the amount of one crore a month for the remainder of the official year, with the exception of three months, during which, if the average rate of exchange should not be more favourable than 1*s.* 10*d.* the rupee, it will probably be necessary that the drawings should be increased to Rs. 1,10,00,000 a month.

60. If any important change should occur in the rate of exchange tendered for Bills on India, it may be necessary to modify this arrangement, but of any such modification you will be apprised by telegram.

1875-76.

MARQUIS OF
SALISBURY.
No. 364, dated 15th
July, 1875.

Para. *1. I have considered in Council your Financial letters dated the 31st December 1874, No. 545, and the 19th March 1875, No. 107, which transmitted the Finance and Revenue Accounts for 1873-74, your Regular Estimate for 1874-75, your Budget Estimate for 1875-76, with the Financial Statement prepared by Sir W. Muir, and a copy of a Minute by the Commander-in-Chief as to Military Public Works.

2. The information contained in the Revised Estimate for 1874-75, forwarded with your Financial letter dated the 18th December 1874, No. 522, has been modified in your Regular Estimate for that year, and does not call for any remark.

3. In para. 3 of your Financial letter No. 107, you state that in incorporating in your Estimate the transactions of the Home Treasury, you have increased the estimate for Telegraph Stores in 1875-76 to 89,000*l.* and have reduced the provision for Public Works Extraordinary (Stores) to 699,800*l.* On these alterations I have no observation to offer.

4. You also inform me that you have shown under Refunds (and Drawbacks) the amount of fines returned to contractors in England in 1873-74 and 1874-75,—that you have transferred to the head of Superannuation Allowances the Marine Pensions in those years and in 1875-76, and have transferred from Miscellaneous to Medical in the Estimates for 1874-75 and 1875-76 the sum provided for the Royal India Lunatic Asylum at Ealing.

5. Of those alterations I do not approve.

6. The fines imposed on Contractors are credited in the Home Accounts as Miscellaneous Receipts, and any remission of a portion of those fines should be debited to Miscellaneous Charges.

7. The Marine Pensions and Retired Allowances should, I consider, be shown as Marine Charges, in like manner as Military Pensions are included under Army Charges, and you will observe that the alterations made in India in the Accounts and Estimates of Home Expenditure last year were not adopted.

8. I also consider that the charge on account of the Lunatic Asylum at Ealing should continue to be shown under the head of Miscellaneous, as it is not similar to the "Consolidated Salaries of Medical Officers and Allowances of Regimental Medical Officers in charge of Civil Stations" in India, of which the charge for "Medical Services" is composed.

9. Any such changes in the Accounts as those proposed would interfere very much with the comparisons of the expenditure of different years, and the charges in question will therefore be shown as they have heretofore been.

10. The Regular Estimate for 1873-74, as presented to Parliament, was:—

	£
Revenues and Receipts (India and England)	49,478,795
Charges:—	£ .
India	42,098,900
England, Stores for India	1,157,924
" other Charges	6,707,053
Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts	1,567,531
	51,531,408
Deficit, exclusive of expenditure on Public Works Extraordinary	2,052,613
Expenditure on Public Works Extraordinary	3,591,330

11. The Revenues and Receipts, and Expenditure shown by the Actual Accounts, are,—

Revenues and Receipts (India and England)	£	49,598,253
Charges:—		
India	£	42,094,995
England, Stores for India		1,156,535
other Charges		6,717,039
Guaranteed Interest on Railway, &c, Capital, less net Traffic Receipts		1,437,352
		<u>51,405,921</u>
Deficit, exclusive of expenditure on Public Works Extraordinary		1,807,668
Expenditure on Public Works Extraordinary		<u>3,553,507</u>

MARQUIS OF
SALISBURY
15th July 1875.

12. The actual result of the finances of 1873-74 was therefore more favorable than the Regular Estimate, the deficit, exclusive of Public Works Extraordinary, having been reduced from 2,052,613*l.* to 1,807,668*l.* That reduction was caused by—

An increase in the Revenue of	£	119,458
A decrease in the ordinary Expenditure, including famine relief, of		125,487

13. The increase in the Revenue of 119,458*l.* is the balance of differences

REVENUES AND RECEIPTS, 1873 74.

	REGULAR ESTIMATE.			ACTUAL ACCOUNTS.			Increase.	Decrease.
	India.	England	Total.	India.	England	Total.		
	£	£	£	£	£	£	£	£
Land Revenue	21,039,500	...	21,039,500	21,037,912	...	21,037,912	..	1,568
Tributes and Contributions	768,300	...	768,300	768,544	...	768,544	244	...
Forest	619,500	...	619,500	628,131	...	628,131	8,631	...
Excise on Spirits and Drugs	2,285,100	...	2,285,100	2,288,637	...	2,288,637	1,537	...
Assessed Taxes	19,800	...	19,800	20,136	...	20,136	336	...
Customs	2,624,600	...	2,624,600	2,628,495	...	2,628,495	3,895	...
Salt	6,151,000	...	6,151,000	6,150,662	...	6,150,662	...	338
Opium	3,322,000	...	3,322,000	3,324,879	...	3,324,879	2,879	...
Stamps	2,697,800	...	2,697,800	2,699,936	...	2,699,936	2,136	...
Mint	66,500	15	66,515	66,529	15	66,544	29	...
Post Office	720,000	...	720,000	688,198	...	688,198	...	31,802
Telegraph	239,700	4,213	243,913	246,425	4,213	250,638	6,725	...
Law and Justice	857,500	...	857,500	859,146	...	859,146	1,646	...
Marine	230,700	1,224	231,924	235,099	1,224	236,323	14,399	...
Interest	393,500	69,388	462,888	395,028	66,424	461,452	...	11,931
Receipts in aid of Super- annuation, Retired, and Compassionate Allowances	590,800	99,030	689,830	601,719	96,134	697,853	9,023	...
Gain by exchange on transactions with London	376,800	...	376,800	395,168	...	395,168	18,368	...
Miscellaneous	242,200	19,402	261,602	261,026	34,534	295,560	33,958	...
Army	937,800	26,298	964,098	982,703	28,336	1,011,039	51,741	...
Public Works, Ordinary	70,800	15,830	86,630	78,651	16,830	95,481	2,881	...
Ditto Irrigation... ..	465,000	...	465,000	473,174	1,401	476,575	11,575	...
State Railways	40,000	...	40,000	39,914	...	39,914	...	86
							165,203	45,745
TOTAL	49,243,900	234,895	49,478,795	49,360,142	238,111	49,598,253	119,458	...

under the several heads, which were generally of small amount. The principal increases were 18,368*l.* in Gain by Exchange on Transactions with London caused by the net traffic receipts from Guaranteed Railways having exceeded the Estimate; 33,958*l.* in Miscellaneous, the increased receipts in India being described by you

as "owing to certain unexpected adjustments," and those in England arising from increased fines paid by contractors in relation to supplies of stores and freight; and 51,741*l.* under Army, consequent on large credits for tents and other stores supplied in aid of famine relief. The principal decrease was 31,802*l.* under Post Office, and is explained in your letter as being "due to large over-estimates of the receipts of the bullock train and the Punjab Van Dāk, and to a large under estimate of the share of the steam postage payable to Her Majesty's Imperial Government."

MARQUIS OF
SALISBURY.
15th July 1875.

14. The expenditure of 1873-74, exclusive of Public Works Extraordinary, was 125,487*l.* below the Regular Estimate, 1873-74.

	REGULAR ESTIMATE.			ACTUAL ACCOUNTS.			Increase	Decrease.
	India.	England.	Total.	India.	England.	Total.		
	£	£	£	£	£	£	£	£
Refunds and Drawbacks	276,400	..	276,400	277,183	..	277,183	783	..
Land Revenue	2,497,300	1,729	2,499,029	2,482,803	1,729	2,484,532	..	14,497
Forest	405,200	5,361	410,561	384,540	5,861	390,401	..	20,160
Excise on Spirits and	..	..	..	..	..	..	..	..
Drugs	93,100	..	93,100	93,569	..	93,569	469	..
Assessed Taxes	2,100	..	2,100	2,165	..	2,165	65	..
Customs	184,300	..	184,300	183,868	..	183,868	..	437
Salt	473,300	..	473,300	477,967	..	477,967	4,667	..
Opium	1,996,000	..	1,996,000	2,001,277	..	2,001,277	5,277	..
Stamps	64,900	..	64,900	65,927	..	65,927	1,027	..
Mint	70,100	..	70,100	70,620	..	70,620	520	..
Post Office	786,000	64,908	850,908	786,910	64,908	851,818	910	..
Telegraph	355,900	40,340	396,240	380,417	40,395	420,812	24,572	6,428
Allowances and Assignments under Treaties and Engagements	1,765,300	19,336	1,784,636	1,837,364	19,336	1,856,700	71,564	..
Administration	1,234,500	215,604	1,450,104	1,243,238	211,293	1,454,531	4,427	..
Minor Departments	288,000	15,489	303,489	290,226	20,945	311,171	7,682	..
Law and Justice	2,262,100	..	2,262,100	2,266,136	..	2,266,136	4,036	..
Marine	864,300	114,212	978,512	967,900	114,162	1,082,062	103,550	..
Ecclesiastical	157,500	1,950	159,450	157,577	1,950	159,527	77	..
Medical	180,100	..	180,100	180,596	..	180,596	496	..
Political Agencies	322,000	34,367	356,367	331,283	34,892	366,175	9,808	..
Superannuation, Retired, and Compensation Allowances	860,700	860,994	1,721,694	662,598	860,371	1,522,969	1,275	..
Loss by Exchange on transactions with London	985,700	..	985,700	984,530	..	984,530	1,170	..
Miscellaneous	58,500	55,646	114,146	59,803	49,894	109,697	17,551	..
Civil Purlough and Absentee Allowances	..	260,137	260,137	..	258,464	258,464	..	1,673
Provincial Services	5,071,500	..	5,071,500	5,069,972	..	5,069,972	..	1,528
Army	11,866,500	2,510,620	14,377,120	11,872,941	2,502,858	14,375,799	..	1,322
Public Works Ordinary (including supervision and cost of land for Guaranteed Railways)	2,431,500	92,557	2,524,057	2,381,874	94,699	2,476,573	47,534	..
State Railways	55,000	..	55,000	72,824	..	72,824	17,824	..
Interest on Permanent and Floating Debt	2,816,500	2,434,297	5,250,797	2,814,523	2,434,297	5,248,820	..	1,977
Interest on Services Funds and other Accounts	537,100	..	537,100	541,001	..	541,001	3,901	..
Famine Relief	3,907,000	1,000	3,908,000	3,951,423	1,000	3,952,423	..	55,577
Expenditure in England for stores transmitted to India	..	1,157,924	1,157,924	..	1,156,535	1,156,535	..	1,389
Guaranteed Interest on Railway Capital, less net Traffic Receipts	..	1,567,581	1,567,581	..	1,437,352	1,437,352	..	130,179
							187,224	282,711
								157,224
Total Expenditure, exclusive of Public Works Extraordinary	42,098,900	9,432,503	51,531,403	42,094,995	9,310,926	51,405,921	..	125,487
Public Works Extraordinary	2,581,000	1,010,330	3,591,330	2,642,613	1,010,665	3,653,278	..	38,023
TOTAL	44,679,900	10,442,833	55,122,733	44,737,608	10,321,591	55,059,200	..	163,510

15. There were increases under certain heads, amounting to 157,224*l.* and decreases to the amount of 282,711*l.* Of the former, the most considerable was 71,564*l.* in the Allowances and Assignments under Treaties and Engagements, stated by you to be owing to the transfer "to this head from Land Revenue" of a debit in the Bombay Presidency, and to the adjustment of certain payments since 1868 to the family of Maharajah Dhuleep Singh.

16. The expenditure was below the Estimate under several heads. An apparent decrease of 14,497*l.* under Land Revenue was due to the transfer to the head of Allowances and Assignments above referred to. Under Forest the expenditure was 20,160*l.* below the Estimate, the expenditure in the Punjab having been over estimated. The expenditure on Public Works Ordinary was 47,534*l.* below the Estimate, of which 13,500*l.* was in Military Works, and 22,562*l.* was in cost of land for railways.

17. The expenditure for famine relief proved to be 55,577*l.* below the estimate.

18. The charge for Guaranteed Interest on Railway, &c., Capital was 130,79*l.* below the Estimate, and was mainly attributable to the famine traffic receipts having exceeded the estimate by 80,000*l.*, the remainder arising from an improvement which was general over all the lines.

19. The expenditure on Public Works Extraordinary was 38,023*l.* below the estimate, and a portion of that sum is explained by you as a transfer to the ordinary head of State Railways of a debit for the hitherto unvalued stock of the Calcutta and South-Eastern Railway.

20. The financial result of the year 1872-73 was a surplus of 1,765,672*l.*, exclusive of expenditure on Public Works Extraordinary, which amounted to 2,184,569*l.* The year 1873-74, as already shown, closed with a deficit of 1,807,668*l.*, exclusive of 3,553,307*l.* expended on Public Works Extraordinary.

Comparison of the actual accounts of 1873-74 and : 872-73.

21. A comparison of the accounts of the two years show that the

	ACTUAL, 1872-73.			ACTUAL, 1873-74.			Increase	Decrease.
	India.	England.	Total.	India.	England.	Total.		
Land Revenue	21,348,669	...	21,348,669	21,087,913	...	21,087,912	...	310,767
Tributes and Contributions	741,465	...	741,465	768,544	...	768,544	27,079	...
Forest	570,337	...	570,337	623,131	...	623,131	52,794	...
Excise on Spirits and Drugs	2,323,788	...	2,323,788	2,286,637	...	2,286,637	...	37,151
Assessed Taxes	580,139	...	580,139	20,136	...	20,136	...	560,003
Customs	2,053,890	...	2,053,890	2,628,495	...	2,628,495	...	25,395
Salt	6,165,630	...	6,165,630	6,150,682	...	6,150,662	...	14,968
Opium	8,234,891	...	8,234,891	8,324,879	...	8,324,879	...	349,812
Stamps	2,698,512	...	2,698,512	2,699,936	...	2,699,936	91,424	...
Mint	51,250	11	54,261	64,529	...	64,529	...	12,283
Post Office	580,312	...	580,312	688,198	...	688,198	107,886	...
Telegraph	229,186	20,616	249,802	248,425	4,213	250,638	836	...
Law and Justice	392,636	...	392,636	259,146	...	259,146	...	38,540
Marine	207,943	1,000	208,943	225,099	1,224	226,323	27,380	...
Interest	439,558	67,226	506,779	395,028	56,424	451,452	...	55,327
Receipts in aid of Superannuation, Retired, and Compassionate Allowances	494,335	62,743	557,078	601,719	96,194	697,913	110,775	...
Gain by Exchange on Transactions with London	301,436	...	301,436	395,168	...	395,168	93,732	...
Miscellaneous	241,617	7,009	248,626	281,026	34,534	295,560	46,934	...
Army	885,645	21,265	906,910	982,703	86,336	1,011,039	104,229	...
Public Works, Ordinary	64,202	11,365	75,567	73,681	15,380	89,061	13,944	...
Ditto Irrigation	413,535	...	413,535	475,174	1,461	476,635	63,040	...
State Railways	16,539	...	16,539	36,914	...	36,914	23,361	...
TOTAL	49,998,254	221,235	50,319,489	49,360,143	238,111	49,598,254	775,717	1,396,933

* In making this comparison, a sum of 14,791 for "Gain on transactions with London" (included under Miscellaneous in the Accounts presented to Parliament for 1872-73) has been transferred to "Gain by Exchange on Transactions with London."

Revenue of 1873-74 was 621,236*l.* below, and the expenditure, exclusive of Public Works Extraordinary, 2,952,104*l.* above, that of the previous year.

MARQUIS OF SALISBURY.
15. July 1875.

22. The receipts from Tributes and Contributions in 1873-74 exceeded those of the previous year in consequence of the recovery of arrears.

23. The Forest Revenue was larger in 1873-74 by 52,794*l.*, from an increased quantity of sleepers and fuel having been supplied to the Guaranteed and State Railways.

24. The revenue from Stamps in 1873-74 was 91,424*l.* in excess of that of the previous year, which was to some extent owing to increased receipts in Bengal, and to the levy of process fees in Madras by means of stamps, the receipts from Law and Justice being consequently reduced.

25. The Mint receipts were larger than those of 1872-73 by 12,283*l.*, the effect of an increased importation of silver bullion, which commenced in December 1873 and continued to the close of the year.

26. The increase of 107,886*l.* under Post Office was consequent on the receipts from the Bullock Train and Military Van Dāk Departments being for the first time included under this head.

27. The Marine receipts of 1873-74 were larger by 27,380*l.*, having been augmented by the sale of steamers of the Punjab Flotilla, by receipts in Bengal, and at the Bombay Dockyard for work done for the Royal Navy, and by adjustments of charge against other departments.

28. The increase of 110,775*l.* in 1873-74 of receipts in aid of Superannuation, Retired, and Compassionate Allowances was due to larger credits from the Military and Medical Funds.

29. The Gain by Exchange was 93,732*l.* above that of the previous year, consequent on increased railway receipts and the adjustment of credits belonging to former years.

30. The Miscellaneous receipts were larger in 1873-74 by 46,934*l.*, owing to the lapse of certain unclaimed deposits and Savings Bank balances, and to unexpected adjustments.

31. The increase of 104,229*l.* in Army receipts was due partly to credits for tents and other stores supplied for famine relief operations already noticed, and partly to some adjustments at Madras.

32. The receipts from Irrigation were larger by 63,040*l.* consequent on the expansion of irrigation from the canals of Northern India, and general improvement in other provinces. On the other hand, the Land Revenue of 1873-74 was 310,757*l.* below the amount received in 1872-73, which was attributable to several causes. The receipts were exceptionally large in 1872-73, and included arrears to the amount of 150,000*l.* on account of 1871-72. The failure of rain in Upper India in 1873-74 caused a postponement of the payment of revenue to the amount of about 72,000*l.* in Bengal, and 30,000*l.* in the North-Western Provinces. It was found necessary to reduce temporarily the assessment

MARQUIS OF
SALISBURY.

15th July 1875.

in Oude, and in Madras there was a decrease in the Southern Districts. There were, however, increases in Bombay, the Central Provinces, and Burmah.

33. The Excise Revenue of 1873-74 was 37,151*l.* below that of the previous year, but it was partly nominal, the cost price of opium purchased in Malwa for home consumption in Bombay having been excluded from both sides of the account.

34. The abolition of the Income Tax accounts for the falling off in the assessed taxes.

35. The receipt from Customs were 25,395*l.* below those of 1872-73, as the large shipments of rice from Burmah to Bengal, instead of to other countries, in 1873-74, led to a considerable loss of export duty. There was a decrease in Bengal resulting from the scarcity, but it was more than covered by increased receipts in Madras and Bombay.

36. The receipts from Salt were below those of 1872-73 by 14,968*l.*, the stock in Calcutta being low, and there was a diversion of capital and carriage in North-Western India from the salt to the grain trade, in consequence of the famine.

37. The Opium receipts were less in 1873-74 by 359,812*l.*, owing to a smaller number of chests having been sold.

38. A decrease of 32,540*l.* under Law and Justice was consequent on the transfer to the head of Stamps of certain receipts at Madras, which were brought to account in 1872-73 under this head, as already noticed.

39. The decrease of 55,327*l.* under Interest was due to the operation of the new Port Trust Act in Bombay, under which payment of Interest on the capital of the Trust was postponed till 1st April 1874.

40. The expenditure of 1873-74, exclusive of that on Extraordinary

	ACTUAL, 1872-73.			ACTUAL, 1873-74.			Increase	Decrease
	India.	England	Total	India	England	Total		
	£	£	£	£	£	£		
Refunds and Drawbacks	325,065		325,065	277,183		277,183		47,882
Land Revenue	2,440,967	2,994	2,452,951	2,482,303	1,739	2,484,042	31,581	
Forest	368,118	3,781	391,899	384,540	5,861	390,401		1,498
Excise on Spirits and								
Drugs	130,557		130,557	93,569		93,569		36,988
Assessed Taxes	18,244		18,244	2,165		2,165		11,079
Customs	180,375		180,375	183,863		183,863	3,488	
Salt	476,048		476,048	477,967		477,967	1,919	
Opium	1,813,976		1,813,976	2,001,277		2,001,277	187,301	
Stamps	483,452	37	483,489	65,927		65,927		17,562
Mint	80,890	8	80,898	70,620		70,620		10,278
Post Office	616,412	66,834	683,246	736,910	64,908	801,818	118,572	
Telegraph	362,766	23,215	390,971	330,417	40,395	370,812		20,159
Allowances and Assignments under Treaties and Engagements	1,730,554	10,336	1,740,890	1,837,364	19,336	1,856,700	106,810	
Administration	1,232,709	219,918	1,452,627	1,243,233	211,293	1,454,526	1,899	
Minor Departments	310,308	36,339	346,647	290,226	20,945	311,171		35,476
Law and Justice	2,218,895	3,330	2,222,225	2,268,136		2,268,136	43,961	
Marine	360,836	128,866	489,702	367,800	114,152	481,952	42,057	
Ecclesiastical	156,938	1,350	158,288	157,577	1,950	159,527	7,239	
Medical	176,262		176,262	180,596		180,596	4,334	
Political Agencies	343,734	47,062	390,796	331,283	34,892	366,175		24,621
Superannuation, Retired, and Compassionate Allowances	701,614	874,789	1,576,403	662,598	860,371	1,522,969		53,434
Loss by Exchange on Transactions with London	765,109		765,109	986,530		986,530	221,421	
Miscellaneous	78,695	197,031	275,726	69,803	40,894	109,697		166,029
Absentee Allowances		156,059	156,059		258,464	258,464	102,405	
Provincial Services	5,223,190	5,293,190	5,069,972	5,069,972		5,069,972		163,218
Army	11,979,327	2,712,549	14,691,876	11,872,941	2,602,853	14,475,794		216,082
Public Works Ordinary (including Supervision and Cost of Land for Guaranteed Railways)	2,599,136	26,665	2,625,801	2,391,624	94,699	2,476,323		149,478
State Railways	22,004		22,004	72,824		72,824		50,820
Interest on Permanent and Floating Debt	2,834,764	2,466,905	5,301,669	2,814,523	2,434,297	5,248,820		52,849
Interest on Service Funds and other Accounts	555,789		555,789	541,001		541,001		14,788
Famine Relief				3,861,423	1,000	3,862,423	3,862,423	
Expenditure in England for stores transmitted to India		1,146,116	1,146,116		1,156,535	1,156,535	10,419	
Guaranteed Interest on Railway Capital, less Net Traffic Receipts		2,110,501	2,110,501		1,437,352	1,437,352		673,149
Total Expenditure, exclusive of Public Works Extraordinary	38,205,212	10,248,605	48,453,817	42,094,965	9,310,926	51,405,891	2,982,104	
Public Works Extraordinary	1,881,022	803,547	2,184,569	2,542,642	1,010,665	3,553,307	1,368,738	
TOTAL	40,086,234	10,552,152	50,638,386	44,637,607	10,321,591	54,959,198	4,320,842	

included under this head in 1873-74, as already referred to.

Public Works, exceeded the expenditure of 1872-73 by 2,952,104*l.*

41. An increase of 31,581*l.* under Land Revenue was consequent on the vigorous prosecution of settlement operations.

42. The Opium Charges were 187,301*l.*, in excess of those of 1872-73, in which year the crop having to some extent failed, smaller advances were made.

43. The Post Office Charges were larger by 118,572*l.*, the expenditure on account of the Bullock Train and Military Van Dāk having been first

MARQUIS OF
SALISBURY
15th July 1875.

44. There was an increase of 106,810*l.* in the Allowances and Assignments under Treaties and Engagements, owing to the transfer to this head from Land Revenue in Bombay of certain charges, and to the adjustment in 1873-74 of payments made since the year 1868 to the family of Maharajah Dhuleep Singh.

45. Under Law and Justice there was an increase of 43,961*l.*, the payments to process-servers in Madras having been first brought on the books in 1873-74.

46. The Loss by Exchange on Transactions with London exceeded that of 1872-73 by 221,421*l.*, owing to the unfavorable rate of exchange prevailing in 1873-74.

47. The Civil Furlough and Absentee Allowances were larger in 1873-74 by 102,405*l.*, the Allowances to Military Officers in Civil employ having in that year been transferred to this head from "Army."

48. An increase of 50,820*l.* under State Railways was due to the transfer from the head of Public Works Extraordinary of a debit for "the hitherto unvalued stock of the Calcutta and South-Eastern Railway" referred to in paragraph 19 of this despatch.

49. The expenditure on account of Famine Relief amounted to 3,852,423*l.*

50. The Charges of 1873-74 were less than those of the previous year under several heads

51. There were decreases of 47,882*l.* under Refunds and Drawbacks; of 360,988*l.* in Excise on Spirits and Drugs, partly due to the exclusion from both sides of the account of the cost price of opium consumed at Bombay; of 35,476*l.* under Minor Departments, the charge in 1872-73 having included payments for the Census and for several Exhibitions, as well as arrears due to the India Office Geographer; of 53,284*l.* under Superannuation, Retired, and Compassionate Allowances, the charge for the year 1872-73, having included the grant of 20,000*l.* to the younger children of the late Earl of Mayo; of 166,029*l.* in Miscellaneous Charges, the sum of 163,318*l.* paid in England to the representatives of the late D. O. Dyce Sombre having been included in 1872-73; 153,218*l.* under Provincial Services, the charge in 1872-73 having included a large grant for Public Offices, &c. for Bengal, Bombay and Burmah, and a large charge consequent on the adjustment of the cost of Medical and Ordnance Stores supplied to the Medical and Public Departments in the Punjab.

52. The Army Charges were less in 1873-74 by 316,081*l.*, the charge for 1872-73 having included arrears for pay to two regiments of Madras Native Infantry returned from China and the Straits Settlements, arrear charges of the Order of British India, and extraordinary charges for the Looshai Expedition. In 1873-74 the charges in England for Furlough Allowances of Military Officers employed in the Civil and Public Works Departments were transferred to Civil Furlough and Absentee Allowances, as already referred to, and to Public Works Ordinary, and a smaller sum was paid to the Imperial Government for Effective charges of Troops serving in India.

53. Under Public Works Ordinary there was a decrease of 149,278*l.*, notwithstanding an increased charge of 68,034*l.* in England for additions to the Royal Indian Engineering College, and for Furlough Allowances of Military Officers in the Public Works Department, previously included among Army Charges.

54. Interest on Debt was less by 52,849*l.*, consequent on the conversion in India in 1872 of the 5 per cent. Loan of 1856-57 into 4½ and 4 per cent. Debt, and the reduction in England from 5 to 4 per cent. of interest on Debentures.

55. The most important decrease was, however, that of 673,149*l.* in Guaranteed Interest on Railway Capital, less net Traffic Receipts. The charge in 1872-73 had been exceptionally large, owing to a debit against Revenue of a larger sum than usual for Stores, to a decrease in the receipts from Goods Traffic, and to repairs rendered necessary by the effects of floods. In 1873-74, the gross Traffic Receipts exceeded those of 1872-73 by 751,761*l.*, of which, 400,000*l.* were received by the East Indian Railway for Famine Traffic, and the receipts on the Eastern Bengal, Great Indian Peninsula, Sind, Punjab and Delhi, and Oudh and Rohilcund Railways were also increased to a great extent from the same cause.

MARQUIS OF
SALISBURY.
15th July 1875.

56. The expenditure on Public Works Extraordinary in 1873-74 exceeded that of 1872-73 by 1,368,738*l.*

57. It appears, therefore, from this comparison that the apparent falling off in the Revenue in 1873-74 of 621,236*l.*, as compared with 1872-73, was mainly due to the cessation of the Income Tax, and that but for that cause, and reductions in the Land Revenue receipts, which were, however, exceptional, and in the receipt from Opium, the Revenue of 1873-74 would have considerably exceeded the Revenue of 1872-73.

58. It is also apparent that the excess in the Ordinary charges in 1873-74 over those of the previous year, was caused by the expenditure incurred on account of famine relief, and that independent of that contingency, the charges would have been less by about 900,000*l.*

59. For the year 1874-75 your Budget Estimate was—

Revenues and Receipts (India and England)	...	...	...	£ 48,984,000
Charges—				£
India	...	...	...	40,778,500
England, Stores for India	...	...	...	1,402,500
" other Charges	...	...	...	6,797,000
Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts	...	...	...	1,394,000
				<u>50,372,000</u>

Estimated Deficit 1,388,000

Exclusive of Expenditure on Public Works Extraordinary, which was estimated at 4,563,050

60. The Regular Estimate is—

Revenues and Receipts (India and England)	...	...	...	£ 50,070,410
Charges—				£
India	...	...	...	41,183,100
England, Stores for India	...	...	...	1,595,821
" other Charges	...	...	...	6,653,623
Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts	...	...	...	1,132,355
				<u>50,564,899</u>

Estimated Deficit 494,489

Exclusive of Expenditure on Public Works Extraordinary which is estimated at 4,032,103

61. The Regular Estimate of Revenue is 1,086,410*l.* in excess of the Budget, there

	BUDGET ESTIMATE, 1874-75.			REGULAR ESTIMATE, 1874-75			Increase.	Decrease
	India.	England.	Total.	India.	England.	Total.		
Land Revenue	21,404,000	..	21,404,000	21,083,000	800	21,083,300	£	£ 320,700
Tributes and Contributions	726,000	...	726,000	739,000	...	739,000	13,000	..
Forest	606,000	..	606,000	589,000	...	589,000	17,000	7,000
Excise on Spirits and Drugs	2,286,000	...	2,286,000	2,335,000	...	2,335,000	49,000	..
Assessed Taxes	..	..	..	3,800	..	3,800	3,800	..
Customs	2,738,000	...	2,738,000	2,642,000	...	2,642,000	96,000	96,000
Salt	6,079,000	...	6,079,000	6,188,000	...	6,188,000	109,000	..
Opium	7,615,000	...	7,615,000	8,520,000	...	8,520,000	905,000	..
Stamps	2,708,000	...	2,708,000	2,779,000	...	2,779,000	71,000	..
Mint	124,000	...	124,000	133,000	...	133,000	9,000	..
Post Office	695,000	...	695,000	713,000	...	713,000	18,000	..
Telegraph	241,200	10,800	252,000	285,500	13,710	279,216	27,216	..
Law and Justice	883,000	...	883,000	821,000	...	821,000	62,000	12,000
Marine	201,000	...	201,000	200,700	81,864	282,564	81,564	..
Interest	447,000	15,000	462,000	458,000	79,512	537,512	75,512	..
Receipts in aid of Superannuation, Retired, and Compassionate Allowances	584,400	94,600	679,000	599,000	94,809	693,809	14,809	..
Gain by Exchange on Transactions with London	822,000	...	822,000	870,000	...	870,000	48,000	..
Miscellaneous	137,000	8,000	145,000	196,000	81,699	227,699	82,699	..
Army	870,300	20,000	890,300	910,000	25,337	935,337	45,037	..
Public Works, Ordinary	64,300	12,700	77,000	62,500	17,143	79,643	15,643	8,357
Ditto Irrigation	491,000	...	491,000	438,000	398	484,298	93,298	3,702
State Railways	95,000	...	95,000	121,000	..	121,000	26,000	..
							1,528,169	441,759
TOTAL ...	£ 48,816,900	167,100	48,984,000	49,735,700	344,710	50,070,410	1,086,410	..

being increases under some heads to the amount of 1,528,169*l.*, and decreases under other heads of 441,759*l.*

62. The increase in Opium is no less than 905,000*l.*, the prices obtained having largely exceeded the original estimate.

63. The other principal increases are:— 49,000*l.* in Excise, although there

was a falling off in Bengal from the prevalence of scarcity and high prices; 109,000*l.* in Salt, notwithstanding the abolition of the Preventive line from the Taptee to the Muhanuddee and the small line between Madras and Bengal.

MARQUIS OF SALISBURY.
15th July 1875

It appears from the statement of Sir W. Muir, that the net loss caused by that measure will probably not exceed 40,000*l.*, and that the loss has been more than made good by progress in the general Salt Revenue of Bengal, the North-West Provinces, and the Punjab; 71,000*l.* under Stamps (after allowing 12,000*l.* for a reduction under Law and Justice) is mainly due to Bengal, but is more or less general; 81,554*l.* in Marine receipts, consequent on the sale, by the Secretary of State, of stock received some years since from the Scind Railway in payment for steamers, barges and stores forming the old Indus Flotilla; 75,512*l.* under Interest, mainly in England, which includes 10,690*l.*, the amount of unclaimed dividends received from the late East India Company, the remainder being interest obtained from the investment of portions of the Cash Balance; 48,000*l.* in Gain by Exchange is, for the most part, attributable to the scarcity in Bengal having caused an excess in traffic receipts on the Guaranteed Railways; and 45,337*l.* under Army is explained by Sir W. Muir as being due "partly to a change in the mode of accounting for Commissariat supplies, and also to unexpected receipts for stores supplied for the famine districts, &c."

64. On the other hand, the Regular Estimate of Land Revenue is 320,700*l.* below the Budget, of which the larger portion is attributable to the temporary suspension of payments in Bengal and the North-Western Provinces in consequence of the famine, the remainder being due to the unusual floods which devastated parts of Madras and Bombay.

65. The receipts from Customs are estimated at 96,000*l.* below the Budget, and the reduction is attributed to the rice exports from Burmah being in the present season very late.

66. The other decreases are comparatively unimportant.

67. The total Ordinary Expenditure shown in the Regular Estimate

	BUDGET ESTIMATE, 1874-75			REGULAR ESTIMATE, 1874-75.			Increase.	Decrease
	India.	England	Total	India.	England.	Total.		
	£	£	£	£	£	£	£	£
Refunds and Drawbacks	262,000		262,000	311,000		311,000	49,000	
Land Revenue	2,509,400	3,600	2,513,000	2,470,100	2,057	2,472,157	40,843	
Forest	440,000	5,000	445,000	427,200	2,551	429,751		13,249
Excise on Spirits and Drugs	87,000		87,000	88,000		88,000		4,000
Customs	186,000		186,000	178,000		178,000		80,000
Salt	490,000		490,000	478,900		478,900		11,100
Opium	2,115,000		2,115,000	2,349,700		2,349,700	234,700	
Stamps	70,500		70,500	66,400		66,400		4,100
Mint	82,000		82,000	112,600	170	112,770	30,770	
Post Office	733,600	73,800	807,400	746,200	53,130	799,330		9,070
Telegraph	382,100		382,100	356,200	35,975	392,175		19,325
Allowances and Assignments under Treaties and Engagements	1,702,600	19,400	1,722,000	1,720,600	19,336	1,739,936	17,936	
Administration	1,191,500	240,800	1,432,300	1,211,400	209,575	1,420,975		11,325
Minor Departments	288,600	21,000	309,600	274,600	22,311	296,911		7,689
Law and Justice	2,277,000	2,000	2,279,000	2,281,300	1,285	2,282,585	3,585	
Marine	383,200	121,000	504,200	374,800	121,933	496,733		7,447
Ecclesiastical	158,100	900	159,000	158,600	1,259	159,859		859
Medical	180,200		180,200	187,200		187,200		7,000
Political Agencies	402,200	43,000	445,200	331,100	37,964	369,064		75,986
Superannuation, Retired, and Compensation Allowances	700,000	1,070,000	1,770,000	691,000	1,099,863	1,790,863	20,863	
Loss by Exchange on Transactions with London	746,000		746,000	869,000		869,000	123,000	
Miscellaneous	44,800	32,000	76,800	99,500	59,383	158,883	81,383	
Civil, Furlough, and Absentee Allowances		277,000	277,000			277,000		60,667
Provincial Services	5,030,000		5,030,000	5,123,000	910	5,123,910	93,900	
Army	11,869,700	2,580,000	14,449,700	11,870,300	2,466,216	14,336,516		88,185
Public Works Ordinary (including Supervision and Cost of Land for Guaranteed Railways)	2,550,000	70,500	2,620,500	2,503,700	78,137	2,581,837		38,663
State Railways	104,000		104,000	281,000		281,000	177,000	
Interest on Permanent and Floating Debt	2,917,000	2,210,000	5,127,000	2,375,500	2,190,547	4,566,047		60,953
Interest on Services Funds and other Accounts	359,000		359,000	382,000		382,000		23,000
Famine Relief Expenditure in England for stores transmitted to India	2,522,000		2,522,000	2,370,900	5,079	2,375,979		146,021
Guaranteed Interest on Railway Capital, less net Traffic Receipts...		1,402,500	1,402,500		1,505,321	1,505,321	102,821	
		1,394,000	1,394,000		1,132,355	1,132,355		261,645
							1,056,317	863,418
								192,899
								530,947
								192,899
								530,947
								102,899
TOTAL	44,198,500	10,788,550	54,987,050	44,080,500	10,516,502	54,597,002		388,048

exceeds the Budget by 192,899*l.*, the increases under some heads amounting to 1,056,317*l.*, and decreases under other heads to 863,418*l.*

68. The principal increases are,—49,000*l.* in Refunds and Drawbacks from unexpected demands; 234,700*l.* in Opium, the Bengal crop having proved much larger than was expected; 123,000*l.* in Loss by Exchange on transactions with London, the Secretary of State's Bills having exceeded the sum of 1,000,000*l.* included in your Budget Estimate, and

MARQUIS OF
SALISBURY.
15th July 1875.

the rate of exchange having been lower than was estimated; 81,383*l.* in Miscellaneous, mainly owing to a call for capital on the Government shares in the Bank of Bombay; 93,900*l.* under Provincial Services, in consequence, as stated in Sir W. Muir's Minute, of "an extra grant of 27,000*l.*, (of which 17,000*l.* will be permanent) for public improvements in the new administration of Assam, a like grant of 25,000*l.* for Burmah, and (a less hopeful item) 24,000*l.* in adjustment of expenses incurred during the last three years "for the destruction of snakes in the Madras Presidency;" 177,000*l.* under State Railways, due to expenditure on the Tirhoot State Railway in excess of the amount charged to famine relief; and the expenditure in England for stores transmitted to India is increased by 193,321*l.*, there being an increase in Army stores to the amount of 146,688*l.*

69. The Regular Estimate of Expenditure is lower than the Budget under numerous heads, the principal being—75,936*l.* in charges of Political Agencies owing to non-payment of certain subsidies; 60,667*l.* in Civil Furlough Allowances paid in England, as the numbers of those who avail themselves of the new Furlough Rules are now declining; 83,185*l.* in Army Charges, which is almost wholly in England, and is in consequence of smaller payments for Effective Charges, Furlough Allowances, and India Troop Transport Service, which more than counterbalanced the increase of 147,040*l.* for capitalized value of annuities granted to Military Officers under the new retirement scheme; 38,863*l.* in Public Works Ordinary, owing to diminished operations, and "deduction of cost of land for Guaranteed Railways paid for in former years." 60,953*l.* in Interest on Permanent and Floating Debt, attributable to a full year's interest not having been demanded;" 146,021*l.* in Famine Relief; and 261,645*l.* in Guaranteed Interest on Railway, &c., Capital, consequent on the increased traffic receipts due to the carriage of grain to famine districts.

70. The Regular Estimate of expenditure on Public Works Extraordinary is 530,947*l.* below the Budget Estimate, the explanation of which, given by Sir W. Muir, is that 185,000*l.* is due to the "removal from this head to the ordinary account of the expenditure upon the Tirhoot State Railway, and 50,000*l.* to a like transfer of estimated outlay on the irrigation canals from the River Gunduck."

71. In a recapitulation of the cost of the famine in Bengal, Sir W. Muir states that the gross expenditure was 8,824,500*l.*, that the recoveries will amount to 2,624,000*l.*, and that it was thought better to enter in the estimates of Revenue and Expenditure only the net charge, and not to encumber the estimates of 1875-76 with recoveries which would have largely raised the apparent surplus of that year. The net charge will apparently be 6,304,809*l.*, the expenditure in 1873-74, including Stores purchased in England, having been £3,864,673

And in the Regular Estimate for 1874-75, including Stores from England	...	...	...	...	2,440,136
					<u>6,304,809</u>

72. Your Budget Estimate for 1875-76 is—

		£
	Revenues and Receipts	49,820,000
Comparison of the Budget Estimate for 1875-76, with the Regular Estimate for 1874-75.	Charges:—	
	India	39,503,500
	England, Stores for India	1,320,800
	Other Charges	6,906,700
	Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts	1,583,000
		<u>49,314,000</u>
	Estimated Surplus, exclusive of Expenditure on Public Works Extraordinary	506,000
	Public Works Extraordinary	<u>4,300,000</u>

73. Your estimated Revenue for 1875-76 is 250,410*l.* below the Regular Estimate for 1874-75, although there are estimated increases under some heads.

MARQUIS OF SALISBURY.
15th July 1875.

	REGULAR ESTIMATE, 1874-75.			BUDGET ESTIMATE, 1875-76			Increase.	Decrease.
	India.	England	Total.	India.	England.	Total.		
	£	£	£	£	£	£	£	£
Land Revenue	21,088,000	800	21,088,800	21,879,000	...	21,879,000	295,700	..
Tributes and Contributions ...	789,000	..	789,000	700,000	..	700,000	..	89,000
Forest	599,000	..	599,000	572,000	..	572,000	..	27,000
Excise on Spirits and Drugs	2,335,000	..	2,335,000	2,370,000	..	2,370,000	35,000	..
Assessed Taxes	3,000	..	3,000	..	..	..	..	3,000
Customs	2,642,000	..	2,642,000	2,670,000	..	2,670,000	28,000	..
Salt	6,188,000	..	6,188,000	6,208,000	..	6,208,000	20,000	..
Opium	8,520,000	..	8,520,000	8,050,000	..	8,050,000	..	470,000
Stamps	2,779,000	..	2,779,000	2,784,000	..	2,784,000	5,000	..
Mint	193,000	32	193,032	72,000	..	72,000	..	61,032
Post Office	713,000	..	713,000	735,000	..	735,000	22,000	..
Telegraph	265,500	13,716	279,216	268,400	21,600	290,000	10,784	..
Law and Justice	321,000	..	321,000	319,000	..	319,000	..	2,000
Marine	200,700	81,864	282,564	197,000	..	197,000	..	85,564
Interest	453,000	79,512	532,512	552,000	20,000	572,000	34,488	..
Receipts in aid of Superannuation, Retired and Compassionate Allowances	699,000	94,809	693,809	542,400	81,600	624,000	..	59,809
Gain by Exchange on Transactions with London	370,000	..	370,000	325,000	..	325,000	..	45,000
Miscellaneous	199,000	31,699	230,699	172,000	8,000	180,000	..	47,699
Army	910,000	25,337	935,337	880,000	27,000	907,000	..	28,337
Public Works, Ordinary	62,500	17,143	79,643	75,200	18,800	94,000	14,357	..
<i>Ditto</i> Irrigation	498,000	298	498,298	592,000	..	592,000	43,702	..
State Railways	121,000	..	121,000	230,000	..	230,000	109,000	..
							618,031	898,441
								618,031
TOTAL	49,725,700	344,710	50,070,410	49,632,000	187,000	49,820,000	..	250,410

74. There is an increase of 295,700*l.* in the Land Revenue, the improvement being in Madras, the North-Western Provinces and Burmah. In Bombay there are symptoms of decline. It is, however, observed in Sir W. Muir's Minute, that this great branch of income is likely to yield an appreciable increase year by year. The next most considerable increase is 109,000*l.* in receipts from State Railways, consequent on the further opening of

those railways to public traffic, and the carriage of Sambhur salt.

75. There is also an increase of 43,702*l.* in the receipts from Irrigation, mainly in the North-Western Provinces, and an advance is anticipated in the receipts of the Soane and Bombay Canals.

76. The other increases do not call for notice.

77. The most important decrease in the Revenue is 470,000*l.* in the receipts from Opium, but the estimated receipt is nevertheless 435,000*l.* in excess of the Budget Estimate for 1874-75. It is, however, stated in Sir W. Muir's Minute to be sufficiently safe.

78. The Mint receipts are estimated at 61,032*l.* below the Regular Estimate for 1874-75, in consequence of the cessation of the coinage of copper.

79. The decrease of 85,564*l.* in Marine receipts is owing to the extraordinary receipt in England in 1874-75, already referred to in paragraph 63 of this despatch.

80. The decrease of 59,809*l.* in receipts on account of Superannuation Allowances is owing to the exhaustion of the capital of one of the Military Funds from which transfers are made to meet the pensions.

81. The other decreases do not call for notice.

MARQUIS OF
SALISBURY.
15th July 1875.

82. The Budget Estimate of Expenditure, exclusive of Public Works

	REGULAR ESTIMATE, 1874-75.			BUDGET ESTIMATE, 1875-76.			Increase.	Decrease.
	India.	England.	Total	India.	England.	Total.		
	£	£	£	£	£	£		
Refunds and Drawbacks	311,000	...	311,000	300,000	...	300,000	...	11,000
Land Revenue	2,470,100	2,057	2,472,157	2,477,700	2,300	2,480,000	7,843	...
Forest	427,200	2,551	429,751	402,800	2,200	405,000	...	24,751
Excise on Spirits and Drugs	83,000	...	83,000	86,000	...	86,000	3,000	...
Customs	173,000	...	173,000	179,000	...	179,000	6,000	...
Salt	478,900	...	478,900	498,000	...	498,000	19,100	...
Opium	2,349,700	...	2,349,700	2,300,000	...	2,300,000	...	49,700
Stamps	66,400	...	66,400	74,000	...	74,000	7,600	...
Mint	112,600	170	112,770	73,600	...	73,600	...	39,170
Post Office	745,200	53,130	798,330	752,500	55,800	808,300	10,970	...
Telegraph	356,200	55,576	391,776	395,000	...	395,000	...	36,225
Allowances and Assignments under Treaties and Engagements	1,720,600	19,336	1,739,936	1,675,600	19,400	1,695,000	...	44,936
Administration	1,211,400	209,575	1,420,975	1,247,400	248,000	1,495,400	69,425	...
Minor Departments	274,500	23,311	297,811	278,000	10,000	288,000	...	9,811
Law and Justice	2,231,300	1,285	2,232,585	2,337,500	2,500	2,340,000	57,415	...
Marine	274,300	121,953	396,253	402,600	120,300	522,900	26,147	...
Ecclesiastical	158,400	1,259	159,659	160,100	900	161,000	1,141	...
Medical	187,200	...	187,200	180,200	...	180,200	...	7,000
Political Agencies	331,100	37,964	369,064	303,000	33,000	336,000	...	33,064
Superannuation, Retired, and Compassionate Allowances	691,000	1,089,863	1,780,863	695,500	1,120,000	1,815,500	24,637	...
Loss by Exchange on Transactions with London	869,000	...	869,000	1,390,000	...	1,390,000	521,000	...
Miscellaneous	98,800	59,383	158,183	43,800	33,000	76,800	...	81,383
Civil Furlough and Absentee Allowances	...	216,333	216,333	...	221,000	221,000	4,667	...
Provincial Services	5,123,000	900	5,123,900	5,058,400	600	5,059,000	...	64,900
Army	11,870,300	2,496,215	14,366,515	11,930,400	2,774,400	14,704,800	338,285	...
Public Works Ordinary (including Supervision and Cost of Land for Guaranteed Railways)	2,503,700	78,137	2,581,837	2,681,200	71,500	2,752,700	150,863	...
State Railways	281,000	...	281,000	180,000	...	180,000	...	101,000
Interest on Permanent and Floating Debt	2,875,500	2,190,547	5,066,047	3,045,200	2,162,800	5,208,000	141,953	...
Interest on Service Funds and other Accounts	382,000	...	382,000	376,000	...	376,000	...	6,000
Famine Relief	2,370,900	5,079	2,375,979	...	...	...	...	2,375,979
Expenditure in England for Stores transmitted to India	...	1,595,821	1,595,821	...	1,320,800	1,320,800	...	275,021
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	...	1,132,355	1,132,355	...	1,583,000	1,583,000	450,645	...
							1,871,916	3,122,315
								1,871,916
Total Expenditure, exclusive of Public Works Extraordinary	41,183,100	9,381,799	50,564,899	39,503,500	9,810,500	49,314,000	...	1,250,899
Public Works Extraordinary	2,897,400	1,134,703	4,032,103	3,600,200	699,800	4,300,000	267,897	...
							267,897	1,250,899
							...	267,897
TOTAL	44,080,500	10,516,502	54,597,002	43,103,700	10,510,300	53,614,000	...	983,002

Extraordinary, for 1875-76, is 1,250,899*l.* below the Regular Estimate for 1874-75. If, however, the charge on account of famine relief (including Stores from England) in the last mentioned year be deducted, the Budget Estimate for 1875-76 is no less than 1,189,237*l.* in excess of the Regular Estimate for 1874-75.

83. The principal increases are 36,225*l.* in Telegraph Charges, provision being made for the purchase of telegraphs on certain Guaranteed Railways, for the construction of new telegraphs both on the State and Guaranteed Rail-

ways, and for larger purchases of Stores; 69,425*l.*, under Administration, partly caused by expenditure in India consequent on the transfer of Government during the summer to Simla, and on the appointment of a new member of the Governor General's Council, and partly in England by certain additions to the India Store Department. Your Budget Estimate shows a decrease under this head, but that is consequent on the charge for Stores (the estimate for which in 1874-75 greatly exceeds the estimate for 1875-76) being included therein, whereas the charge for Stores is shown under a separate head in this despatch. Of 57,415*l.* in Law and Justice, above 20,000*l.* is for improved judicial machinery which has just been introduced in the Punjab, 20,000*l.* is for reorganizing the process-serving establishment in the Bombay Presidency, and provision is also made for the constitution of a new district in Burmah; 521,000*l.* in Loss by Exchange is consequent on the necessity for remitting to England the sum of 14,300,000*l.*, which it is estimated will be effected at an average exchange of 1*s.* 9½*d.* the rupee; 338,286*l.* in Army charges, of which 60,100*l.* is in India and 278,185*l.* in England, mainly for Retired Pay, and for payments to the Imperial Government for Effective Services. It is observed in Sir W. Muir's Minute that provision is made for the continuance of the Colonels' Retirement Scheme to the same extent as in 1873-74, also that 20,000*l.* is for increased pay to Majors of Royal Artillery and Engineers, and that within two or three years, "a large permanent addition has been made in military expenditure to improve the condition, equipment and organization of the Army. Among such improvements

MARQUIS OF
SALISBURY
15th July 1875

may be named the revised scale of pay for British troops, new establishment for Garrison instruction and Musketry inspection, additional hutting money for Indian troops, and increase of Subalterns in British and Indian regiments; 150,863*l.* in Public Works Ordinary, including supervision and cost of land for Guaranteed Railways, is mainly owing to an extraordinary grant of 100,000*l.* for Military works to admit of the more vigorous construction of barracks throughout the country, and to provision being made for special repairs in the Kidderpore Dockyard; 141,953*l.* in the charge for Interest on Permanent and Floating Debt is owing to the recent increase to the debt; 450,645*l.* in Guaranteed Interest, although the additional interest paid on the capital will be only 31,000*l.*, but as the traffic receipts of 1874-75 were greatly increased by the famine, the Budget Estimate for 1875-76 under this head compares unfavorably with the Estimate for the former year.

84. The Budget Estimate of expenditure under some heads is lower than the Regular Estimate of 1874-75. The Miscellaneous charges are 81,383*l.* less, owing to the non-recurrence of the special expenditure in that year for Government shares in the Bank of Bombay. Provincial Services are less by 64,900*l.*, the estimated special grants being lower.

85. The charge on account of State Railways is less by 101,000*l.*, as in the Regular Estimate for 1874-75, 185,000*l.* is included on account of the Tirhoot State Railway.

86. The expenditure in England for Stores for India is estimated at 275,021*l.* below that of 1874-75, when large payments were required for Stores and Freight for Famine Relief, Stationery, Public Works Stores, Snider Arms, Gun Carriages, Ammunition, &c.

87. The Budget Estimate of Expenditure on Public Works Extraordinary is 4,300,000*l.*, being 261,897*l.* in excess of the Regular Estimate for 1874-75, and you inform me that the instructions in relation to such works contained in my Financial despatch dated 23rd July last, No. 387, have been followed.

88. On a review of the Finances of the year 1873-74, and of the Regular Estimate for 1874-75, and the Budget for 1875-76, the particulars of which are shown in the statement annexed to this despatch, the following facts are apparent.

89. That the Income, including receipts from Irrigation and State Railways, which

			£
in 1873-74 amounted to	...	...	49,598,253
is estimated for 1875-76 at	...	...	49,820,000
being an estimated increase of	...	...	221,747

90. That the Expenditure (exclusive of charges on account of the Famine and on Public Works Extraordinary) which

			£
in 1873-74 amounted to	...	...	47,541,248
is estimated for 1875-76 at	...	...	49,314,000
being an estimated increase of	...	...	£1,772,752

although there is a reduction in the charge for Interest on Permanent and Floating Debt of 40,820*l.*, consequent on the redemption of the Dividend of the East India Company, the relief from which has now to a great extent been neutralized by the subsequent increase to the debt.

91. I am aware that the Army receipts of 1873-74 had been augmented by credits on account of supplies for famine relief, and that the charge in the year for Guaranteed Interest, less net Traffic Receipts, was reduced by the exceptional traffic on the railways consequent on famine relief operations; also that the estimated receipts from Opium for 1875-76 are 274,879*l.* below the actual receipts in 1873-74, while the charge on that account is increased; but, after allowing due weight to these considerations, I cannot regard the financial position with satisfaction.

MARQUIS OF
SALISBURY.
15th July 1875.

92. An estimated increase in the expenditure in two years of upwards of a million and three quarters cannot be disregarded. That increase occurs mainly under the following heads:—

	£
In Opium Charges	298,720
Superannuation, Retired, and Compassionate Allowances	292,531
Loss by Exchange	403,470
Army	454,571
Public Works Ordinary	234,621
	1,683,913

93. In regard to the Opium charges, it would, with reference to the receipts from that head of revenue, be unsafe to anticipate a smaller expenditure.

94. The charge for Superannuation, Retired, and Compassionate Allowances was increased in 1874-75 by the Civil Service Annuities being treated in that year for the first time as a direct charge, the addition being to some extent counterbalanced by a smaller charge on account of Interest, but the expenditure under this head will probably increase for some years to come.

95. The loss by Exchange may possibly be less than the amount included in the Budget, but at present there are no sufficient data on which to form a more favorable estimate, especially in view of the policy which it appears to be the present disposition of several European countries to pursue of adopting a single standard of gold.

96. In the Army expenditure, the large additional permanent charge recently incurred to improve the condition of the troops has been already referred to. The future payments to the Imperial Government for effective services will in a great measure depend on the report of Mr. Bouverie's Committee, but there is no reason to hope for any relief to the revenues of India as the result of the deliberations of that Committee.

97. Of the probability which exists of a future increase in the Public Works expenditure, an illustration is afforded by the Minute of the Commander-in-Chief, dated the 11th March 1875, forwarded with your letter No. 107.

98. I observe that the surplus to which you look forward is of a moderate amount, while it is obvious that if the receipts from Opium had been estimated by you at the same amount (7,615,000L.) as in your Budget for 1874-75 instead of at 8,050,000L., the estimated surplus for 1875-76 would have been only

	£
Surplus per Budget Estimate, the receipts from Opium being estimated at 8,050,000L.	608,000
Surplus if the estimated receipts from Opium were 7,615,000L. or less by	435,000
	171,000

71,0090L.

99. The smallness of the margin between your revenue and expenditure might not be a serious evil, if there were any branch of expenditure in respect to which material reductions could, in case of need, be counted on, or if your surplus were not almost entirely due to the increased productiveness which you attribute this year to Opium. It must not be forgotten that, although the yield of this source of revenue has been recently steady, it has been in times past liable to great fluctuation.

100. The absence of any considerable surplus presents an obstacle to the accomplishment of reforms which are urgently required in more than one department of your fiscal system. I refer especially to the Salt duties, and to the import duties upon cotton goods and manufactures. These measures can hardly be undertaken without a temporary sacrifice of revenue, and therefore cannot prudently be adopted without a larger surplus.

101. The first of these reforms, towards which your Excellency has already taken considerable steps, is of importance, as concerning a tax upon an article of the first necessity which is neither so productive nor so equitable in its incidence as it may become under a sounder system. The continued existence of an internal Customs line, with which the present form of this tax is intimately connected, furnishes a cogent reason for dealing with it at the earliest opportunity.

102. I have, in my separate Revenue despatch of this day's date, No. 6, called your Excellency's attention to the importance which I attach to the gradual withdrawal of the duties now levied upon cotton goods, before the lapse of time shall have created greater obstacles than those which already exist, to a change which is desirable both with a view of placing the industry on a solid foundation, and also of removing a growing cause of conflict between the manufacturing interests of England and of India, which may before long become a political difficulty. I regret that you have been compelled to postpone a revision of the tariff directed to this end.

MARQUIS OF
SALISBURY
15th July 1875.

103. In reviewing your loan transactions since 1869-70, your Excellency states that during that period not only have three quarters of a million been appropriated out of ordinary revenue to reproductive works, but that the whole cost of the famine in Bengal, amounting to 6,000,090*l.*, has been defrayed from surpluses on ordinary account. Indeed, during that period, excluding expenditure on Public Works Extraordinary, but including that on account of the Famine, the surpluses in the years 1869-70 to 1872-73, and as estimated for 1875-76, have exceeded the deficits of 1873-74 and as estimated for 1874-75, by no less than

* Surplus or deficit in each year, from 1869-70 to 1875-76, exclusive of expenditure on Public Works Extraordinary, but including that on account of the famine —

	Surplus.	Deficit.
	£	£
1869-70	118,689	—
1870-71	1,482,990	—
1871-72	3,124,177	—
1872-73	1,765,673	—
1873-74	—	1,807,868
1874-75 (Regular Estimate)	—	494,489
1875-76 (Budget)	506,000	2,302,157
	6,897,508	
	2,302,157	
	4,695,351	

4,695,351*l.*

104. The Cash Balances in the Indian Treasuries on the 31st March 1875 are estimated at 15,700,042*l.*, and in the Home Treasury at, 2,793,293*l.*, together 18,493,335*l.*

105. During 1875-76, you estimate that you will expend on reproductive works 4,300,000*l.*, and that 633,700*l.* will be withdrawn on account of Railway Capital, making together 4,933,700*l.* Assuming that the estimated surplus of 506,000*l.* will be realized, and that the receipts will exceed the disbursements on the general Cash Account by 316,000*l.*, a sum of 4,111,700*l.* is wanting to defray the estimated expenditure of the year.

106. If this expenditure were to be met from your Cash Balance, it would, you state, be reduced at the end of the year to 12,107,612*l.*, or, including the balance in England, to about 14½ millions. You consider that amount too small, and that "it will be necessary so to arrange that the balances (India and England) shall not fall below 17 millions." As the Maharajahs Scindia and Holkar are under engagements to contribute 160,000*l.*, you propose to raise by loan in India 2,500,000*l.*, and you then estimate that the Cash Balance in India and England will, on the 31st March 1876, amount to 17,906,598*l.* A balance of about 2,000,000*l.* at the commencement of the official year is sufficient for the Home Treasury, and 15,000,000*l.* is therefore the amount which you require for India.

107. The grounds on which you consider it necessary to hold so large a sum are not stated. In a Resolution of your Government, forwarded to me with your Financial letter dated the 24th April 1874, No. 142, it was observed that, apart from those directly under the Government of India, the balances need not on the 30th November exceed the sum of 8,000,000*l.*, and that, as the balances on the 30th November 1873 amounted to 14,516,625*l.*, they should be reduced by the sum of 3,810,000*l.*, viz., to 10,706,625*l.* After the month of November the balances generally increase, and in the Budget Estimates for the years from 1866-67 to 1869-70, the following balances were considered sufficient:—

	£
At the end of 1865-66	10,860,430
" " 1866-67	10,506,659
" " 1867-68	10,612,168
" " 1868-69	10,038,499
" " 1869-70	11,627,310

it being, however, stated in the Financial letter from the Government of India, forwarding the Estimate for 1869-70, that of a loan to be raised in that

MARQUIS OF
SALISBURY
—
15th July 1875.

year, half a million was required to strengthen in some measure the balances which, owing to recurring deficits, had for some time past been inconveniently low, but that additional sum was included in the estimated balance of 11,627,310*l.*

108. It appears from the above figures that a balance of about 11 millions was during several years adequate for the service of the State. Since the first of those years no great alteration has taken place in the conditions under which payments in various parts of the country have to be made. The increased facility of communication, which is the only material change, has tended to lessen, not increase, the necessity for heavy balances. I should have doubted the expediency of keeping them up, even if the money had been in your Treasury, but the policy of raising a special loan in order to maintain them appears to me to serve no useful purpose, but only to impose a needless burden on the Indian finances.

109. I observe in the Resolution before referred to, the following statement:—

“For some time past the balances in the Government Treasuries throughout the country have been so large, that it has been unnecessary to take any particular measures for their economical distribution. But the balances are now being rapidly reduced, and the resources of the State must be concentrated, so that they may be available for early use when required.”

110. The Resolution then proceeds to show in detail that it is not necessary that the balances of all the transactions taken together should in the month of November exceed the sum of 8,000,000*l.*, and it requires that a surplus of nearly 4,000,000*l.* should be forthwith collected from them for the public service, in addition to a sum of 2,500,000*l.* which was at the time under the control of the Government of India.

111. If this economical distribution has since been effected, there would appear to be still less reason for the unusually high estimate which you have now made of your future requirements in this respect.

112. In my Financial despatch dated the 28th January last, No. 23, I informed you that, in order to meet the expenditure of 1875-76, and to retain a Cash Balance of 2,000,000*l.* at the end of the year, it would be necessary, if the rate of exchange obtained for bills on India be only 1*s.* 10*d.* the rupee, to draw throughout the year bills to the amount of Rs. 1,30,00,000 a month.

113. Acting upon the information received from you in reply to my telegram of the 2nd January last, bills were drawn up to the end of May to the amount of Rs. 1,40,00,000 a month, at rates varying from 1*s.* 9½*d.* to 1*s.* 10½*d.* The drawings in June amounted to Rs. 1,30,00,000 at rates varying from 1*s.* 9½*d.* to 1*s.* 9¼*d.* (exclusive of Rs. 2,00,000, for which bills were granted to the Agents for Crown Colonies), and tenders will be invited for Rs. 1,20,00,000 during July. For the remaining months of the year 1875-76 it will be necessary to draw at the rate of Rs. 1,40,00,000 a month.

Abstract Statement of the Revenues and Charges of India in the year 1873-74, and as estimated for 1874-75 and 1875-76.

MARQUIS OF SALISBURY.
15th July 1875.

REVENUES AND RECEIPTS.	1873-74.			REGULAR ESTIMATE, 1874-75.			BUDGET ESTIMATE, 1875-76.			INCREASE OR DECREASE IN ESTIMATES FOR 1875-76, AS COMPARED WITH ACTUALS OF 1873-74.		CHARGES.	1873-74.				REGULAR ESTIMATE, 1874-75.				BUDGET ESTIMATE, 1875-76.				INCREASE OR DECREASE IN ESTIMATES FOR 1875-76, AS COMPARED WITH ACTUALS OF 1873-74.	
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.	Increase.	Decrease.		India.	IN ENGLAND.		TOTAL.	India.	IN ENGLAND.		TOTAL.	India.	IN ENGLAND.		TOTAL.	Increase.	Decrease.
														Stores for India.	Other Charges.			Stores for India.	Other Charges.			Stores for India.	Other Charges.			
Land Revenue	21,037,912	...	21,037,912	21,083,000	300	21,083,300	21,379,000	...	21,379,000	11,088	...	Refunds and Drawbacks	277,183	...	277,183	311,000	...	311,000	300,000	...	300,000	22,817	...			
Tributes and Contributions	768,544	...	768,544	739,000	...	739,000	700,000	...	700,000	...	68,544	Land Revenue	2,482,863	1,743	1,729	2,486,275	2,470,100	2,782	2,057	2,474,939	2,477,700	...	2,300	2,480,000	...	6,275
Forest	623,131	...	623,131	599,000	...	599,000	572,000	...	572,000	...	51,131	Forest	384,540	98	5,861	390,499	427,200	3,410	2,551	433,161	402,800	...	2,200	405,000	14,501	...
Excise on Spirits and Drugs	2,286,637	...	2,286,637	2,335,000	...	2,335,000	2,370,000	...	2,370,000	83,363	...	Excise on Spirits and Drugs	93,569	...	...	93,569	93,000	369	...	83,359	86,000	...	...	86,000	...	7,569
Assessed Taxes	20,136	...	20,136	3,000	...	3,000	...	...	...	...	20,136	Assessed Taxes	2,165	...	...	2,165	...	...	...	...	...	...	...	...	...	2,165
Customs	2,628,495	...	2,628,495	2,612,000	...	2,612,000	2,670,000	...	2,670,000	41,505	...	Customs	183,863	...	...	183,863	178,000	18	...	178,018	179,000	...	...	179,000	...	4,863
Salt	6,150,662	...	6,150,662	6,188,000	...	6,188,000	6,208,000	...	6,208,000	57,338	...	Salt	477,967	278	...	478,245	478,900	32	...	478,932	498,000	...	...	498,000	19,765	...
Opium	8,324,879	...	8,324,879	8,620,000	...	8,520,000	8,050,000	...	8,050,000	...	274,879	Opium	2,001,277	3	...	2,001,280	2,349,700	264	...	2,349,964	2,200,000	...	...	2,300,000	298,720	...
Stamps	2,699,936	...	2,699,936	2,779,000	...	2,779,000	2,784,000	...	2,784,000	81,064	...	Stamps	65,927	22,913	...	88,840	66,400	59,232	...	125,632	74,000	49,000	...	123,000	34,160	...
Mint	66,529	15	66,544	133,000	32	133,032	72,000	...	72,000	5,456	...	Mint	70,620	5,609	...	76,229	112,600	11,623	170	127,693	73,600	16,400	...	90,000	13,771	...
Post Office	688,198	...	688,198	713,000	...	713,000	735,000	...	735,000	46,802	...	Post Office	736,910	6,868	64,908	808,684	745,200	7,078	53,130	805,408	752,500	6,700	56,800	816,000	7,316	...
Telegraph	216,425	4,213	250,638	265,500	13,716	279,216	268,400	21,000	290,000	39,392	...	Telegraph	330,417	41,006	40,395	411,818	356,200	46,601	35,575	438,376	395,000	56,000	33,000	484,000	72,182	...
Law and Justice	359,146	...	359,146	321,000	...	321,000	319,000	...	319,000	...	40,146	Allowances and Assignments under Treaties and Engagements	1,837,364	...	19,336	1,856,700	1,720,600	...	19,336	1,739,936	1,675,600	...	19,400	1,695,000	...	161,700
Marine	235,099	1,224	236,323	200,700	81,964	282,564	107,000	...	197,000	...	39,323	Administration	1,243,233	118,718	211,293	1,573,244	1,211,400	179,266	209,575	1,600,261	1,247,400	124,600	243,000	1,615,000	41,756	...
Interest	395,028	56,424	451,452	458,000	79,512	537,512	552,000	20,000	572,000	120,548	...	Minor Departments	290,226	14,202	20,945	325,373	274,600	15,058	22,311	311,969	278,000	11,000	10,000	299,000	...	26,373
Receipts in aid of Superannuation, Retired, and Compassionate Allowances	601,719	96,131	697,853	589,000	94,809	693,809	542,400	91,600	634,000	...	63,853	Law and Justice	2,266,136	43	...	2,266,179	2,231,300	138	1,255	2,282,723	2,337,500	...	2,500	2,340,000	73,821	...
Gain by Exchange on Transactions with London	395,108	...	395,168	370,000	...	370,000	325,000	...	325,000	...	70,168	Marine	367,900	40,281	114,152	528,333	374,800	54,028	121,933	550,761	402,000	66,600	120,300	589,500	61,167	...
Miscellaneous	261,026	34,534	295,560	106,000	31,000	227,600	172,000	8,000	180,000	...	115,560	Ecclesiastical	157,577	...	1,950	159,527	158,600	...	1,269	159,859	160,100	...	900	161,000	1,473	...
Army	982,703	28,336	1,011,039	910,000	25,337	935,337	880,000	27,000	907,000	...	104,039	Medical	180,596	...	...	180,596	187,200	...	...	187,200	180,300	...	...	180,200	...	396
Public Works Ordinary	73,681	15,830	89,511	62,500	17,143	79,643	75,200	18,800	94,000	...	4,189	Political Agencies	331,283	34	34,892	366,209	331,400	110	37,964	369,174	303,000	...	33,000	336,000	...	30,209
Ditto, Irrigation	475,174	1,401	476,575	488,000	298	488,298	532,000	...	532,000	...	55,425	Superannuation, Retired, and Compassionate Allowances	662,598	...	860,371	1,522,969	691,000	...	1,069,863	1,790,863	685,500	...	1,120,000	1,615,500	292,531	...
State Railways	39,914	...	39,914	121,000	...	121,000	230,000	...	230,000	...	100,086	Loss by Exchange on Transactions with London	986,530	...	...	986,530	869,000	...	...	869,000	1,360,000	...	...	1,360,000	403,470	...
TOTAL	49,360,112	238,111	49,598,253	49,725,700	344,710	50,070,410	49,633,000	187,000	49,820,000	2,17,747	...	Miscellaneous	59,803	...	49,894	109,697	98,800	...	59,388	158,163	43,800	...	33,000	76,800	...	32,897
												Civil Furlough and Absentee Allowances ... ..	...	...	258,464	258,464	...	...	216,333	216,333	...	...	221,000	221,000	...	37,464
												Provincial Services	5,069,972	...	...	5,069,972	5,123,000	...	900	5,123,900	5,058,400	...	600	5,059,000	...	10,972
												Army	11,872,941	852,635	2,502,853	15,228,429	11,870,300	1,124,883	2,406,215	15,491,403	11,860,400	978,200	2,774,400	15,683,000	454,571	...
												Public Works Ordinary (including supervision and cost of land for Guaranteed Railways)	2,381,824	33,856	94,600	2,510,379	2,503,700	23,457	78,137	2,605,294	2,661,200	12,300	71,500	2,745,000	234,621	...
												State Railways	72,824	...	...	72,824	281,000	...	...	281,000	180,000	...	...	180,000	107,176	...
												Interest on Permanent and Floating Debt	2,814,523	...	2,434,297	5,248,820	2,875,500	...	2,190,547	5,066,047	3,015,200	...	2,162,800	5,208,000	...	40,820
												Interest on Service Funds and other Accounts	541,001	...	...	541,001	382,000	...	...	382,000	376,000	...	...	376,000	...	165,001
												Guaranteed Interest on Railway Capital, less Net Traffic Receipts... ..	...	...	1,437,352	1,437,352	...	...	1,132,355	1,132,355	...	...	1,683,000	1,583,000	145,648	...
												Famine Relief	3,851,423	12,250	1,000	3,864,673	2,370,000	64,157	5,079	2,440,136	...	...	...	...	...	3,864,673
												Total Expenditure, exclusive of Public Works Extraordinary	42,094,995	1,156,535	8,154,301	51,405,921	41,183,109	1,595,821	7,785,978	50,564,899	39,503,500	1,320,800	8,489,700	49,314,000	...	2,299,456
Deficit (exclusive of Public Works Extraordinary) ... ..	...	...	1,807,668	...	...	494,489	...	...	...	...	...	Surplus ... ..	...	...	...	...	...	...	...	...	...	...	506,000	...	4,391,377	
			51,405,921			50,564,899						Public Works Extraordinary	2,542,642	1,002,059	8,606	3,553,307	2,897,400	1,041,698	93,605	4,032,103	3,600,200	658,900	10,000	4,300,000	746,693	746,693
Deficit (including Charges for Public Works Extraordinary) ... ..	...	...	5,360,975	...	...	4,526,592	...	...	3,794,000	...	...													
			54,959,228			54,597,002			53,614,000																	

INDIA OFFICE,
The 13th May 1875.

T. L. SECCOMBE,
Financial Secretary.
A 18