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DEPARTMENT OF COMMERCIAL INTELLIGENCE AND STATISTICS, INDIA

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**REVIEW**

OF THE

**TRADE OF INDIA**

IN

**1927-28**

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(Private and Government)

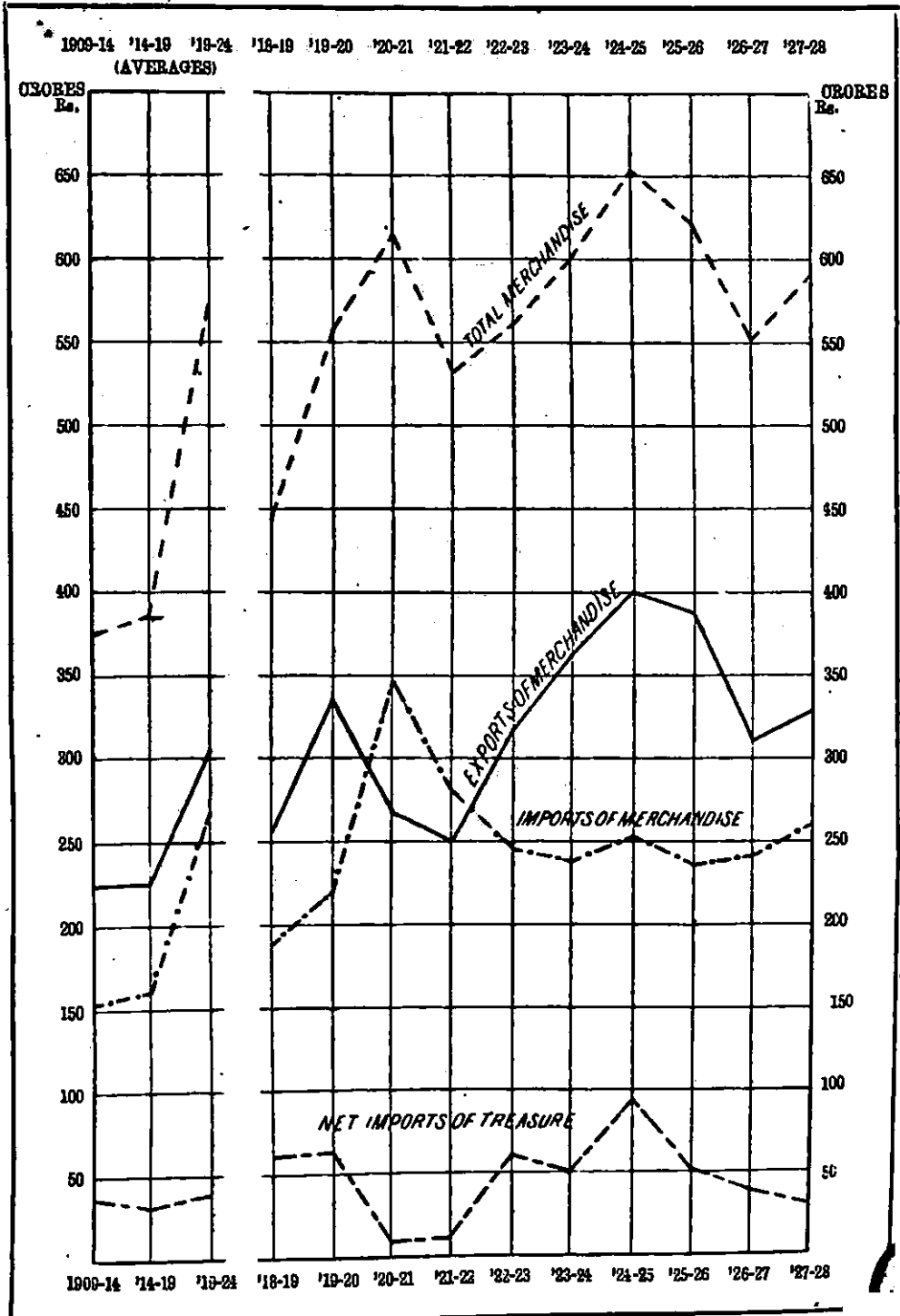


CHART 1.

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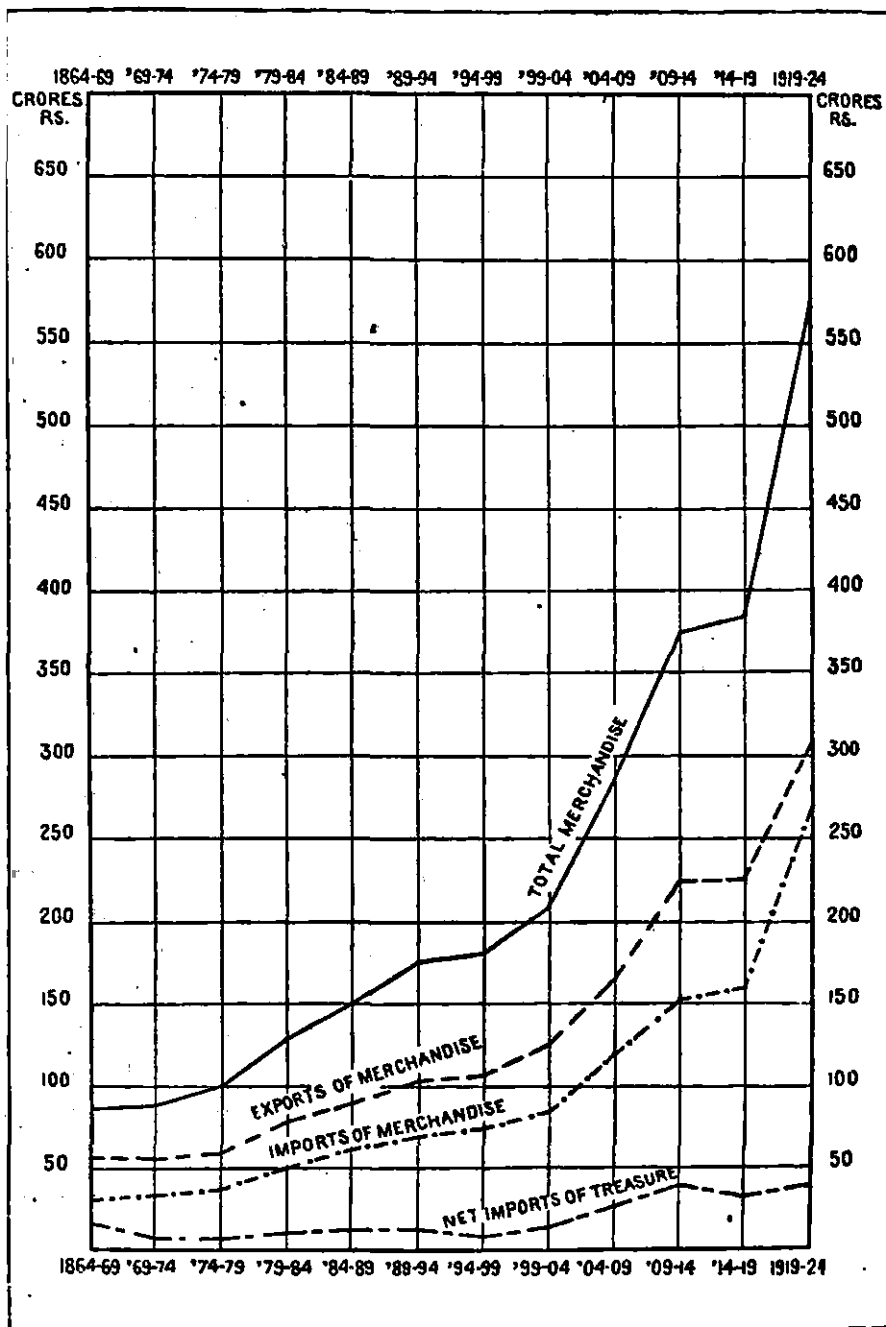




CHART 2.

(a) Variations in the values of principal articles in the Import trade of British India during the last ten years as compared with averages of the pre-war, war and post-war periods.

IMPORTS

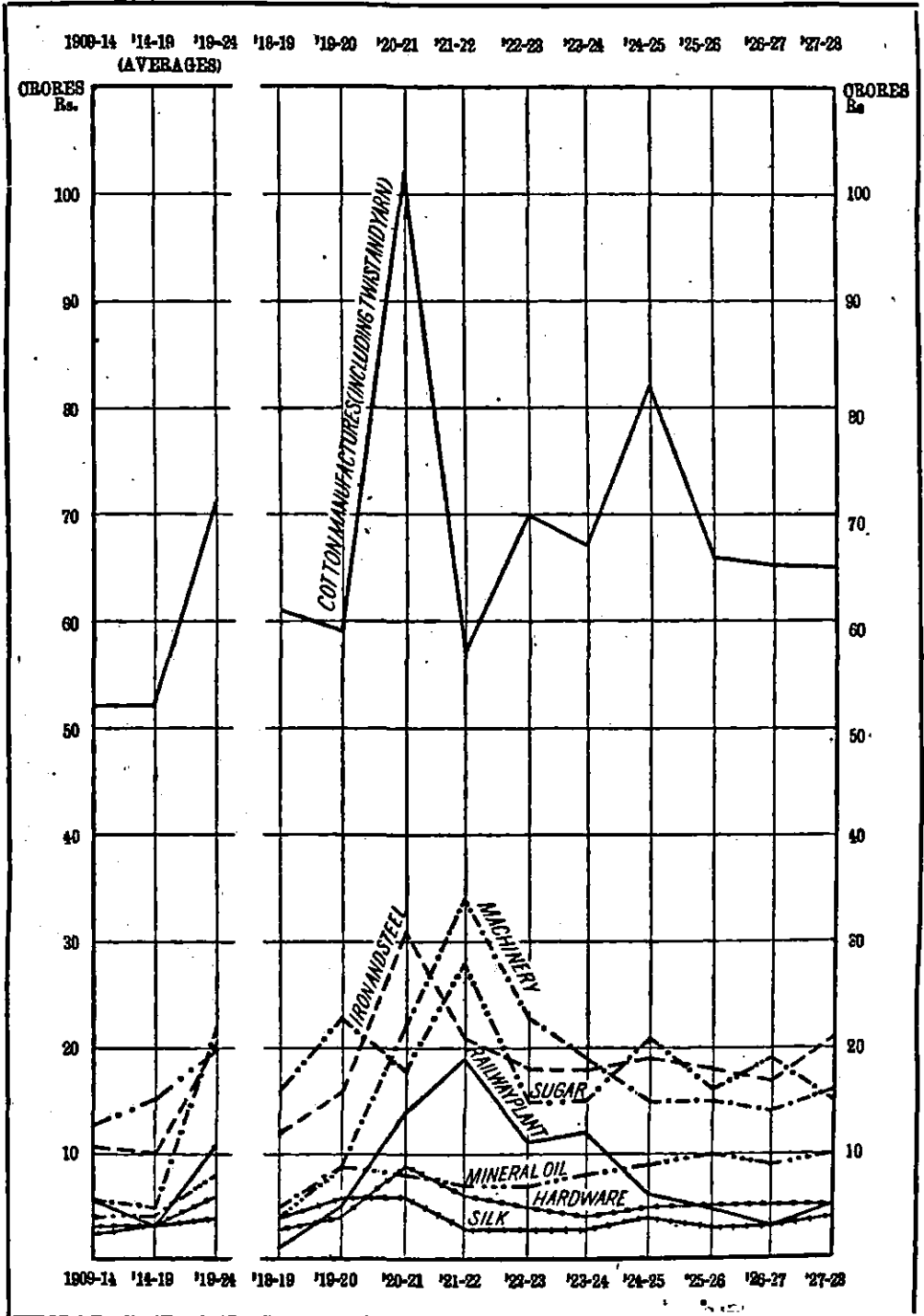


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(b) Variations in the values of principal articles in the Export trade of British India during the last ten years as compared with averages of the pre-war, war and post-war periods.

EXPORTS

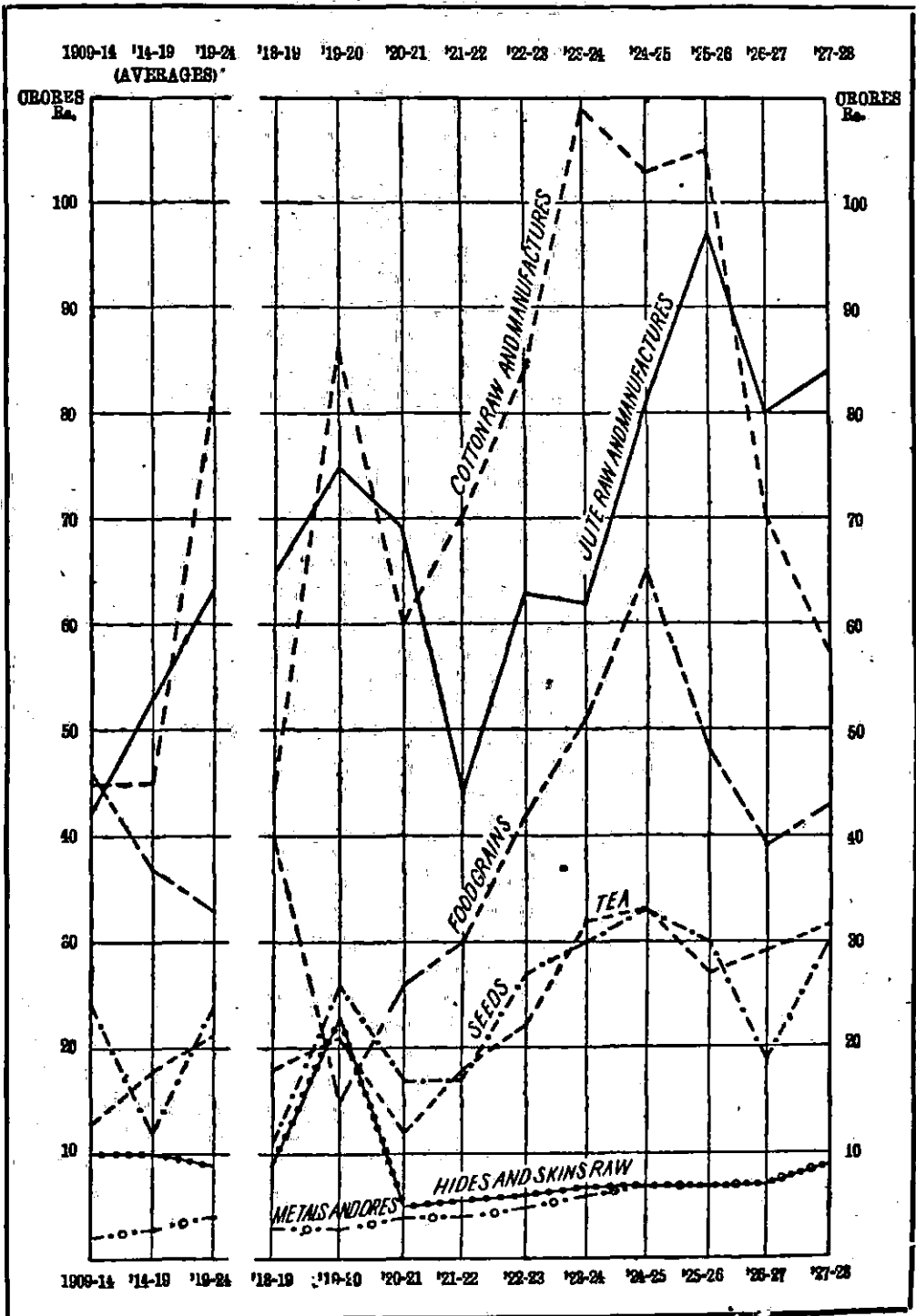


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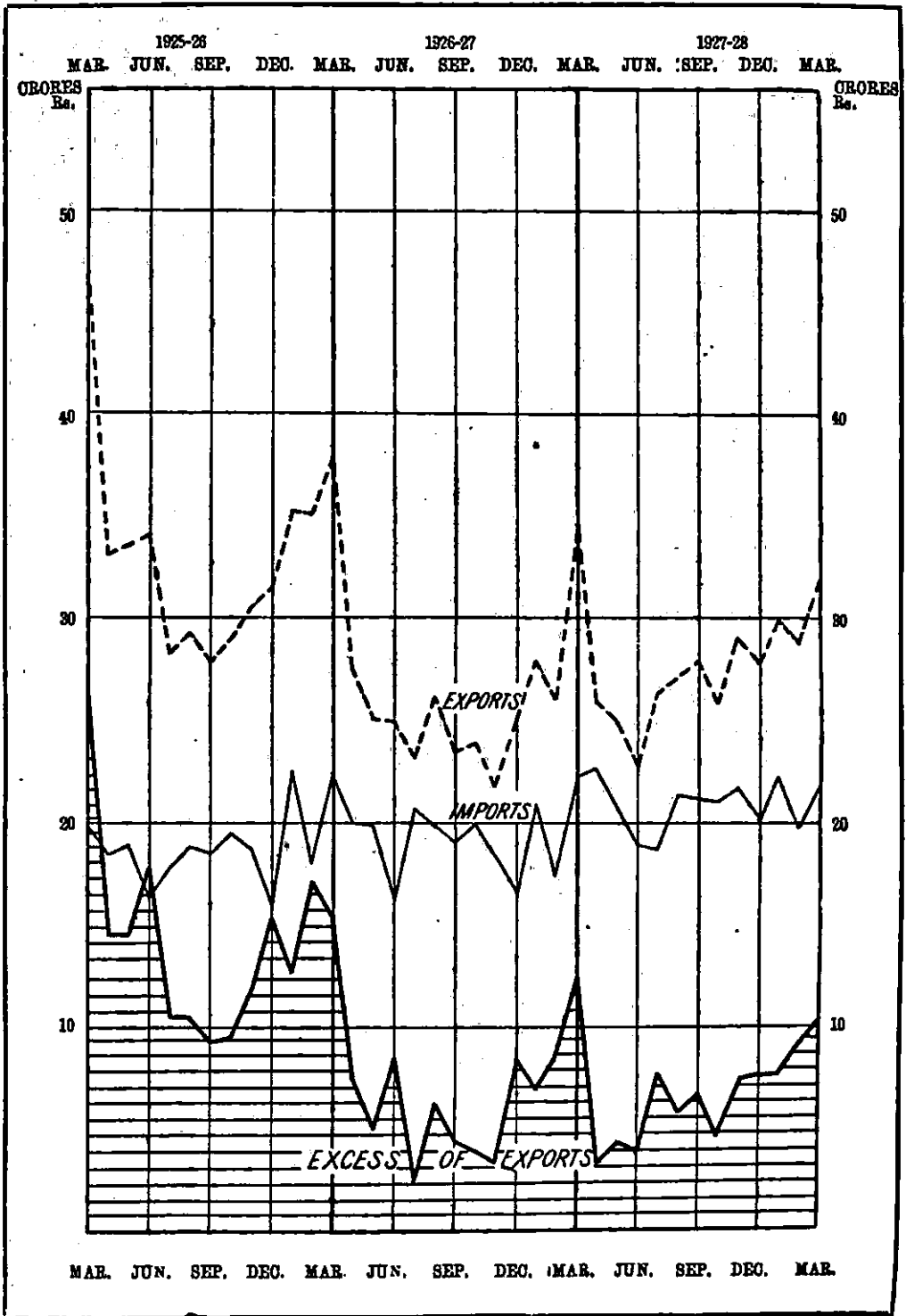


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(a) Variations in the Trade of British India with principal countries during the last ten years as compared with averages of the pre-war, war and post-war periods.

(1) - IMPORTS.

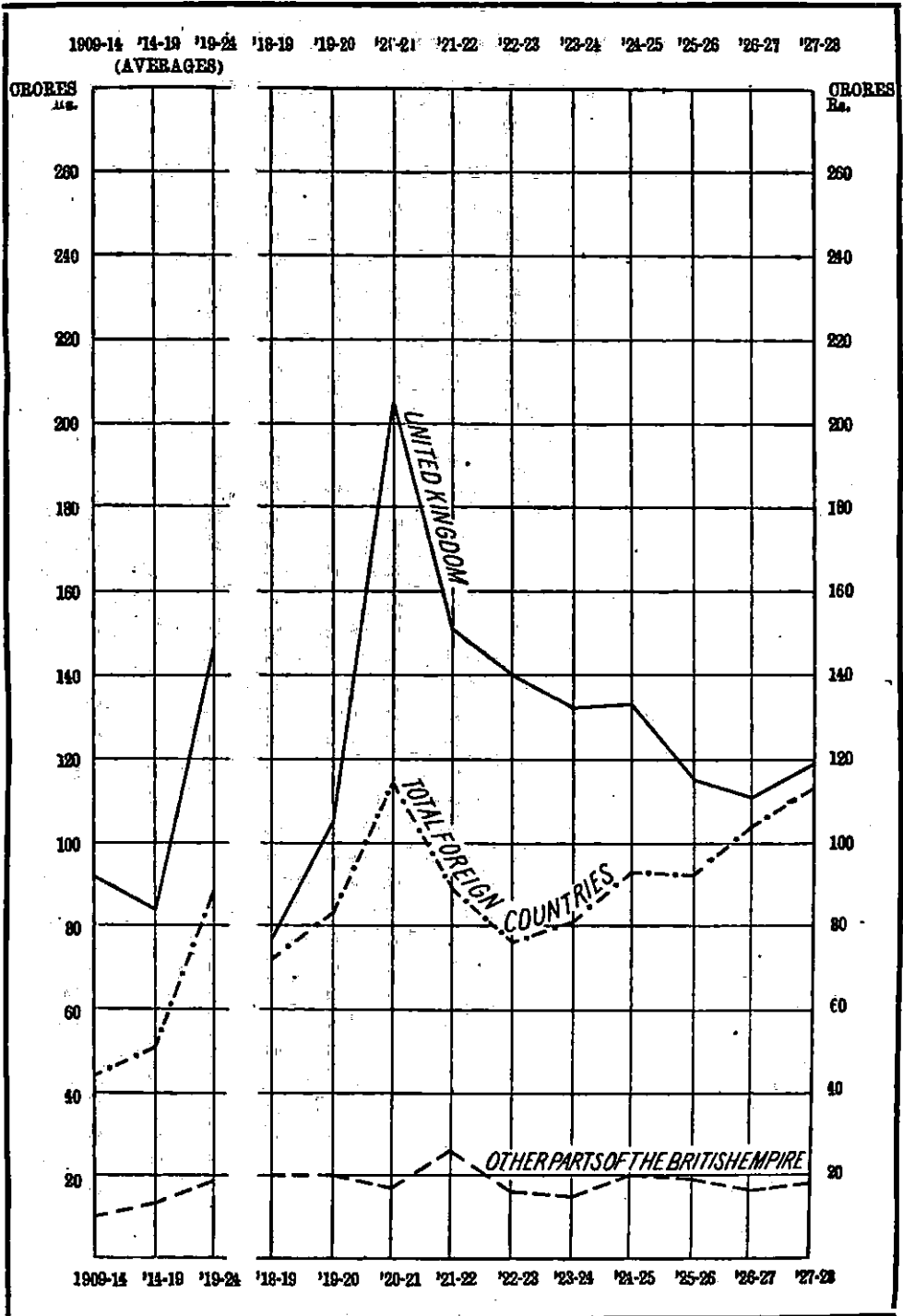


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(a) Variations in the Trade of British India with principal countries during the last ten years as compared with averages of the pre-war, war and post-war periods.

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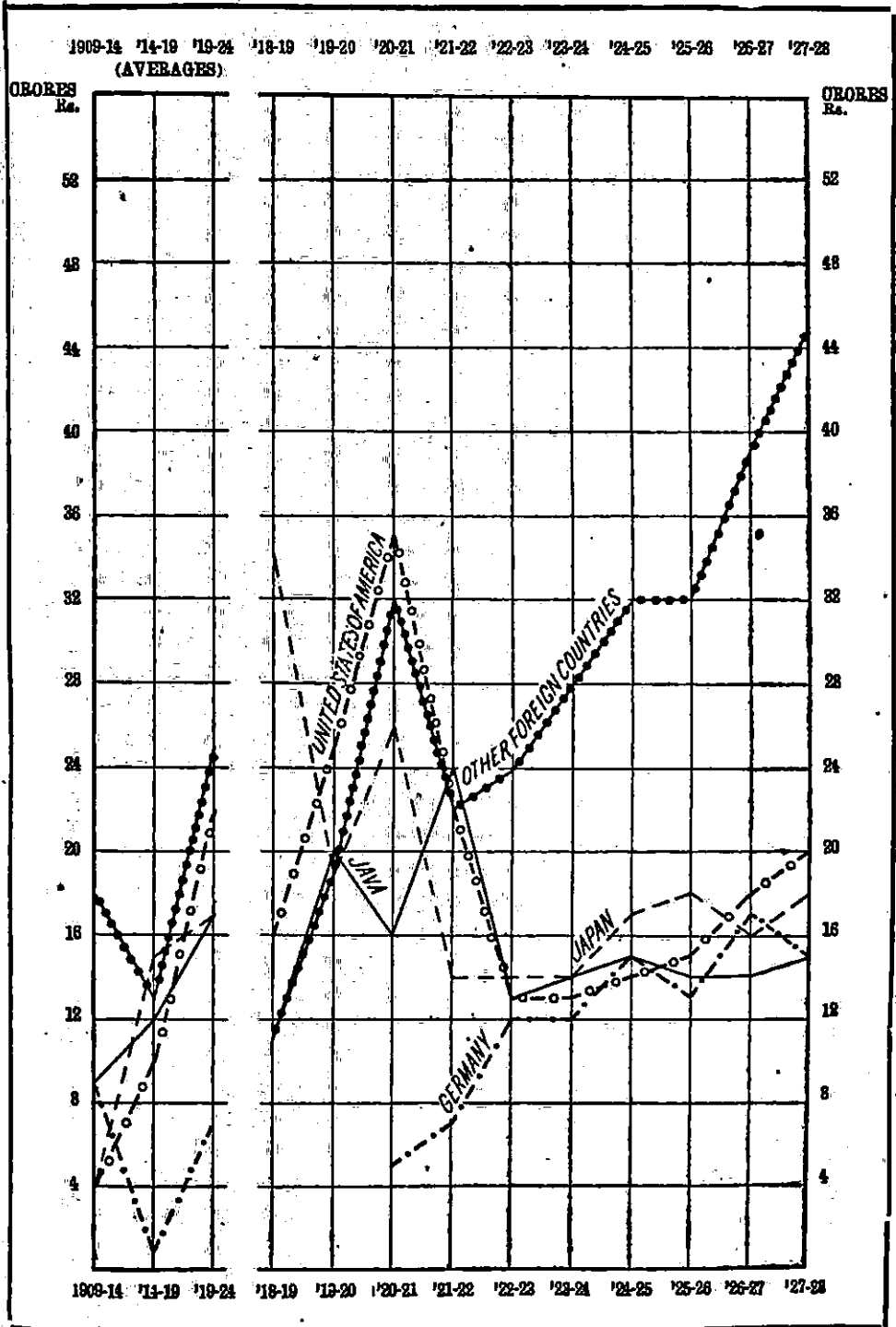


CHART 4.

(b) Variations in the Trade of British India with principal countries during the last ten years as compared with averages of the pre-war, war and post-war periods.

EXPORTS.

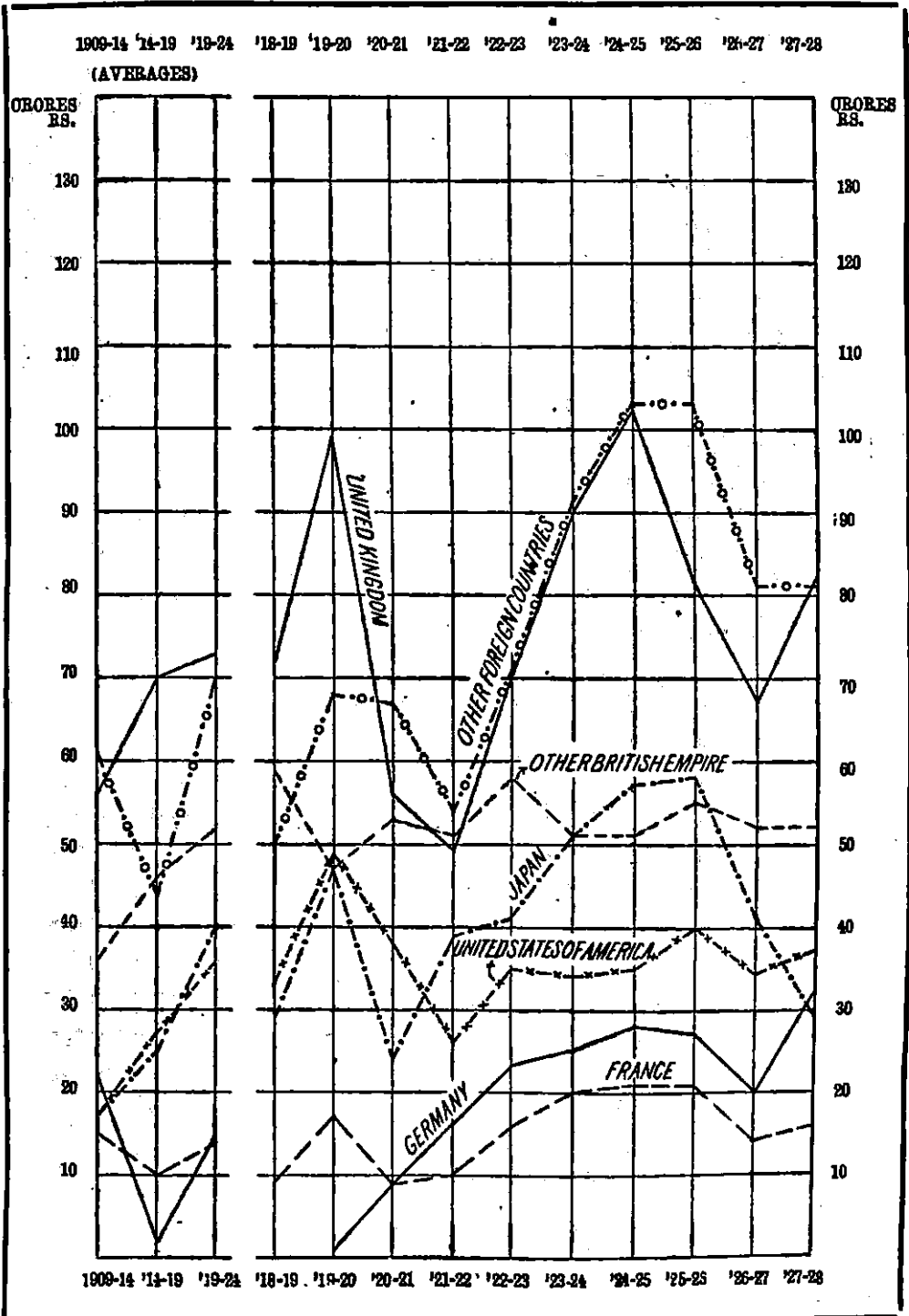


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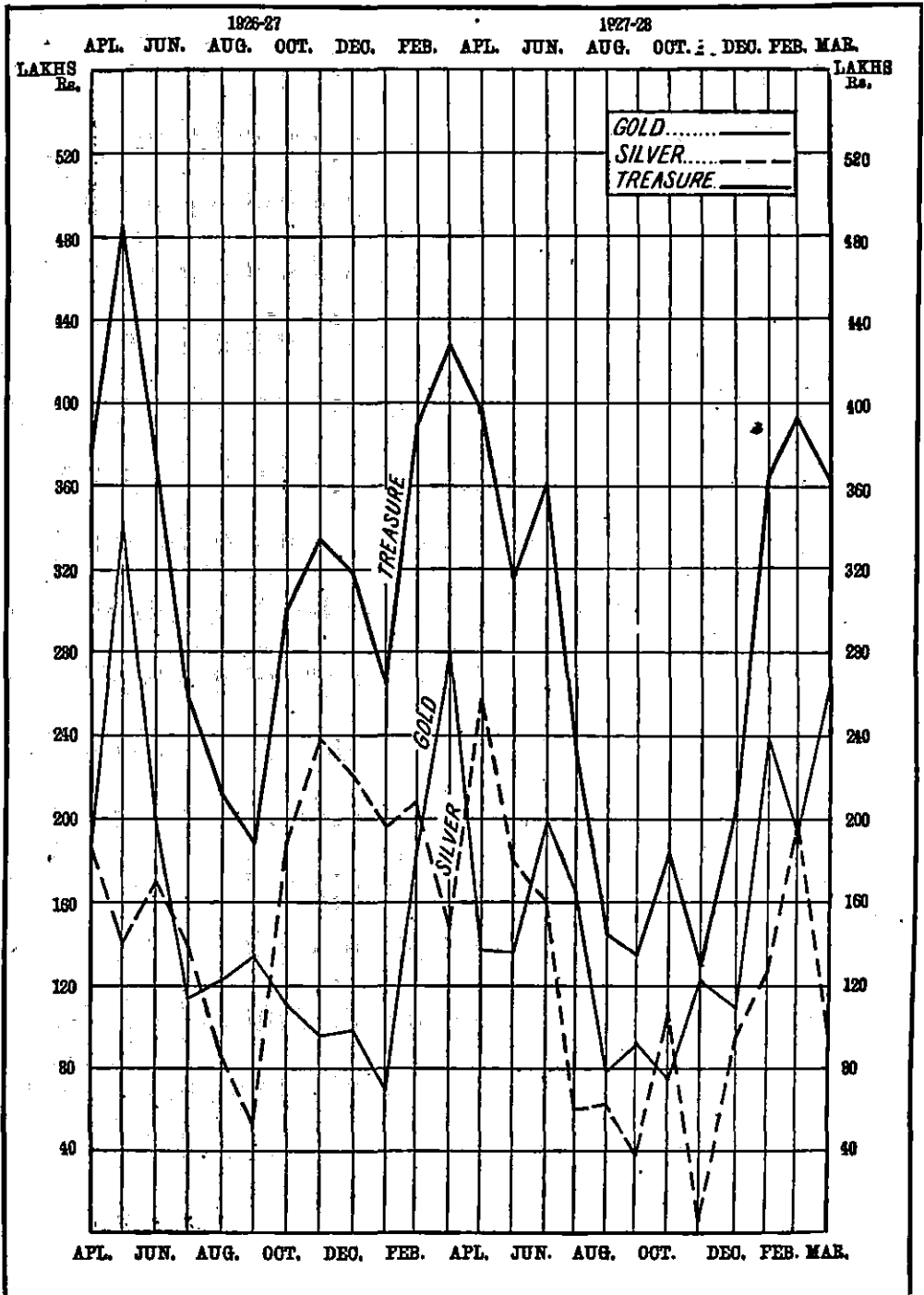


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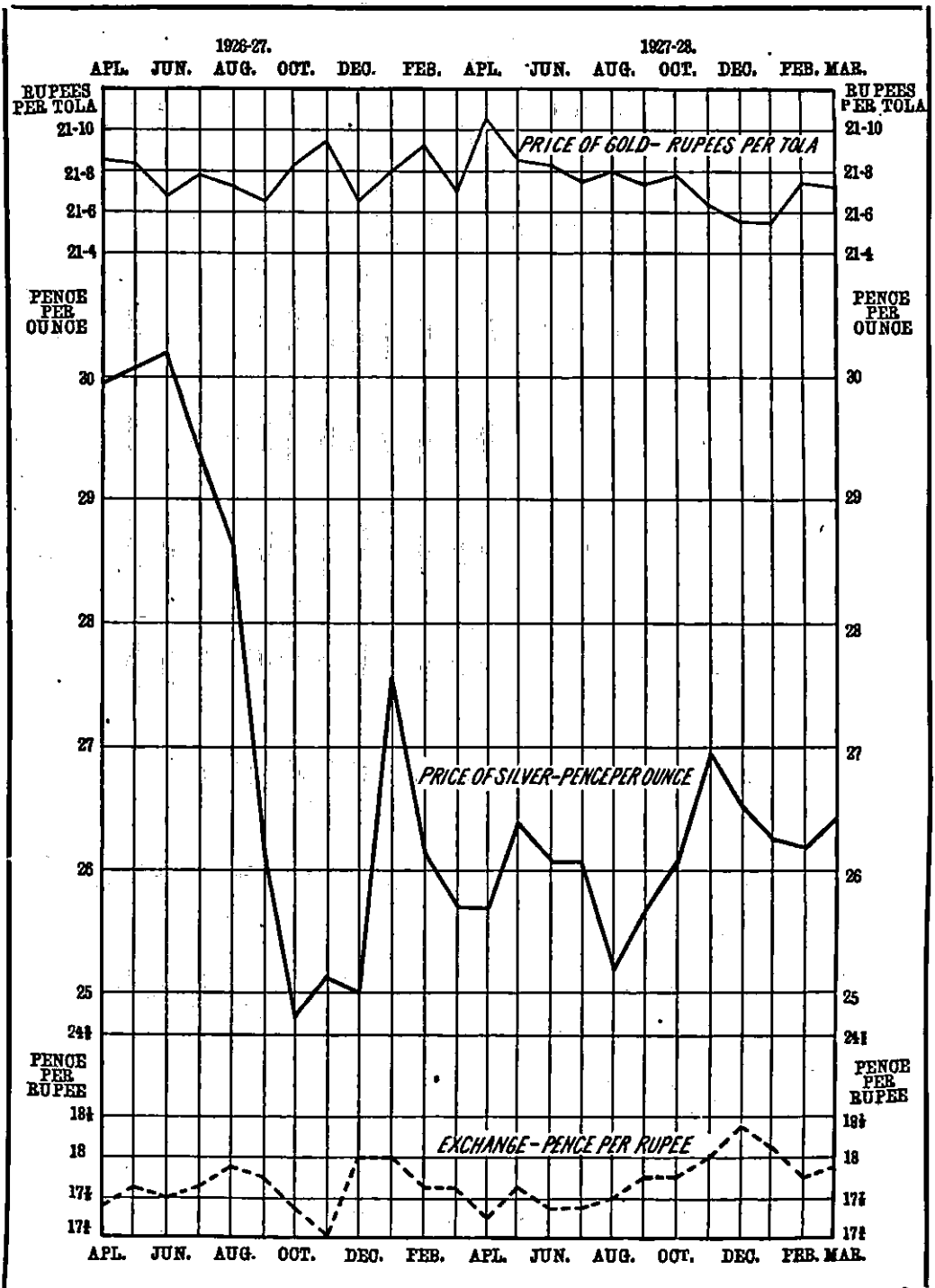




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IMPORTS

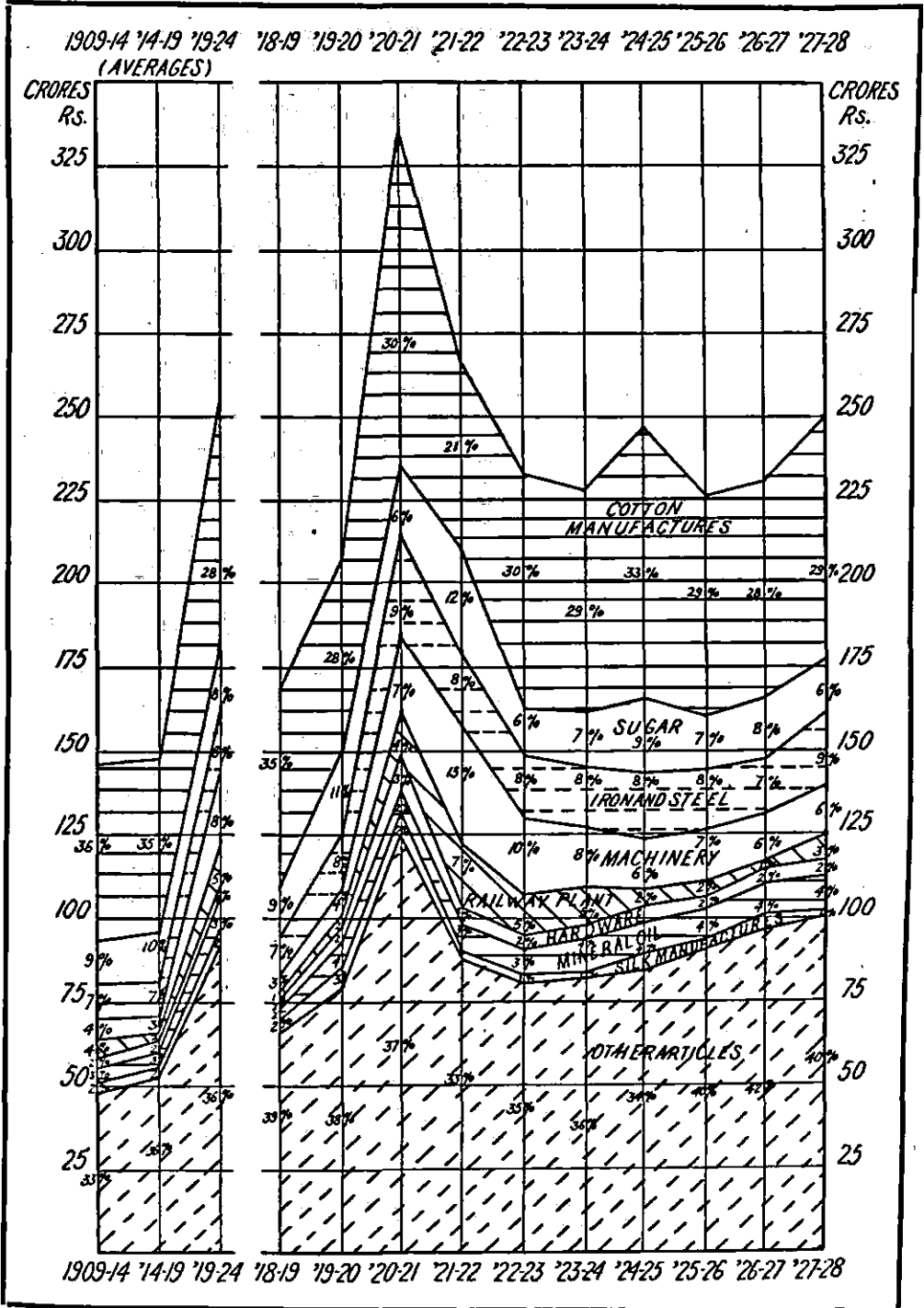


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EXPORTS.

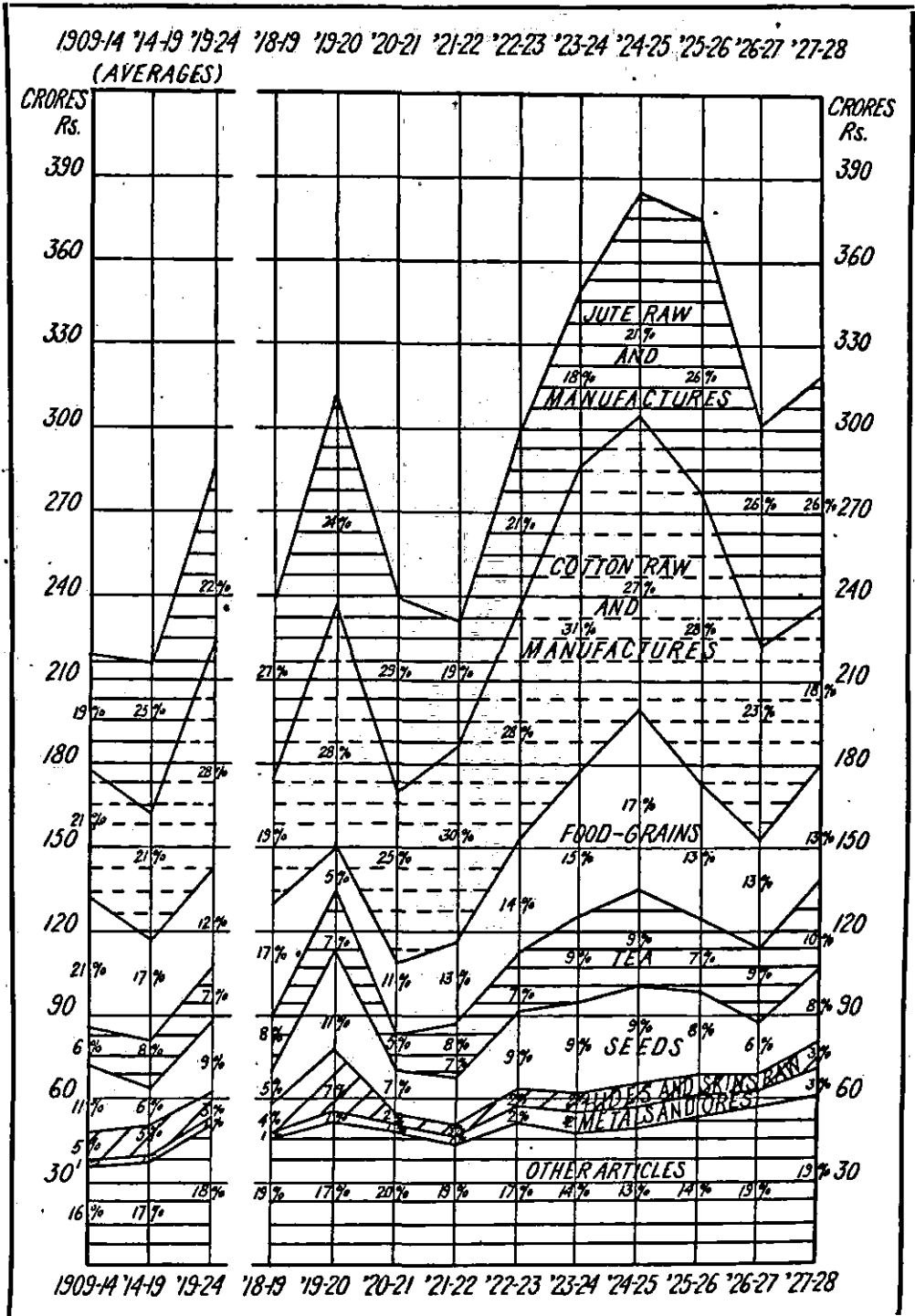


CHART 8.

(a) Variations in the shares of the principal Countries in the Import trade of British India during the last ten years as compared with average of the pre-war, war and post-war periods.

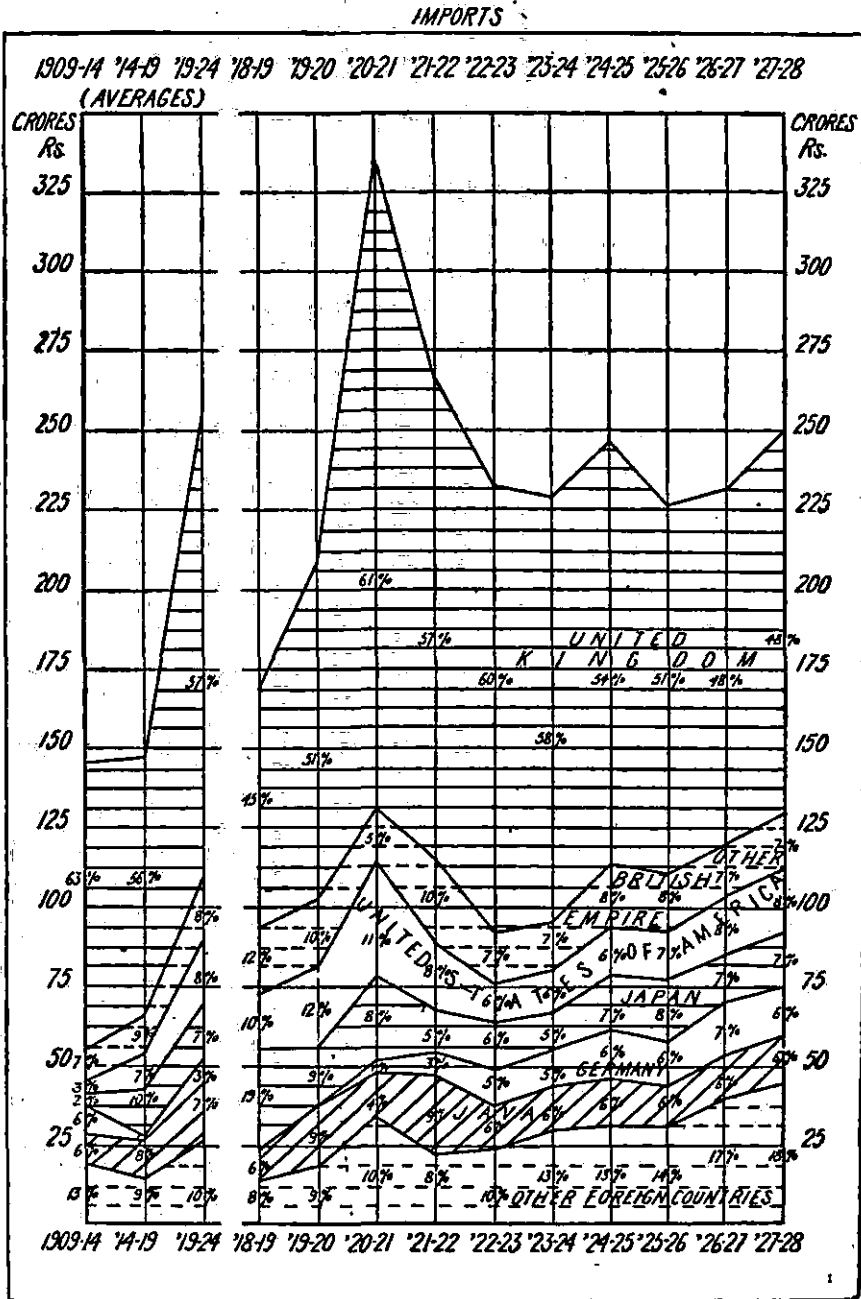
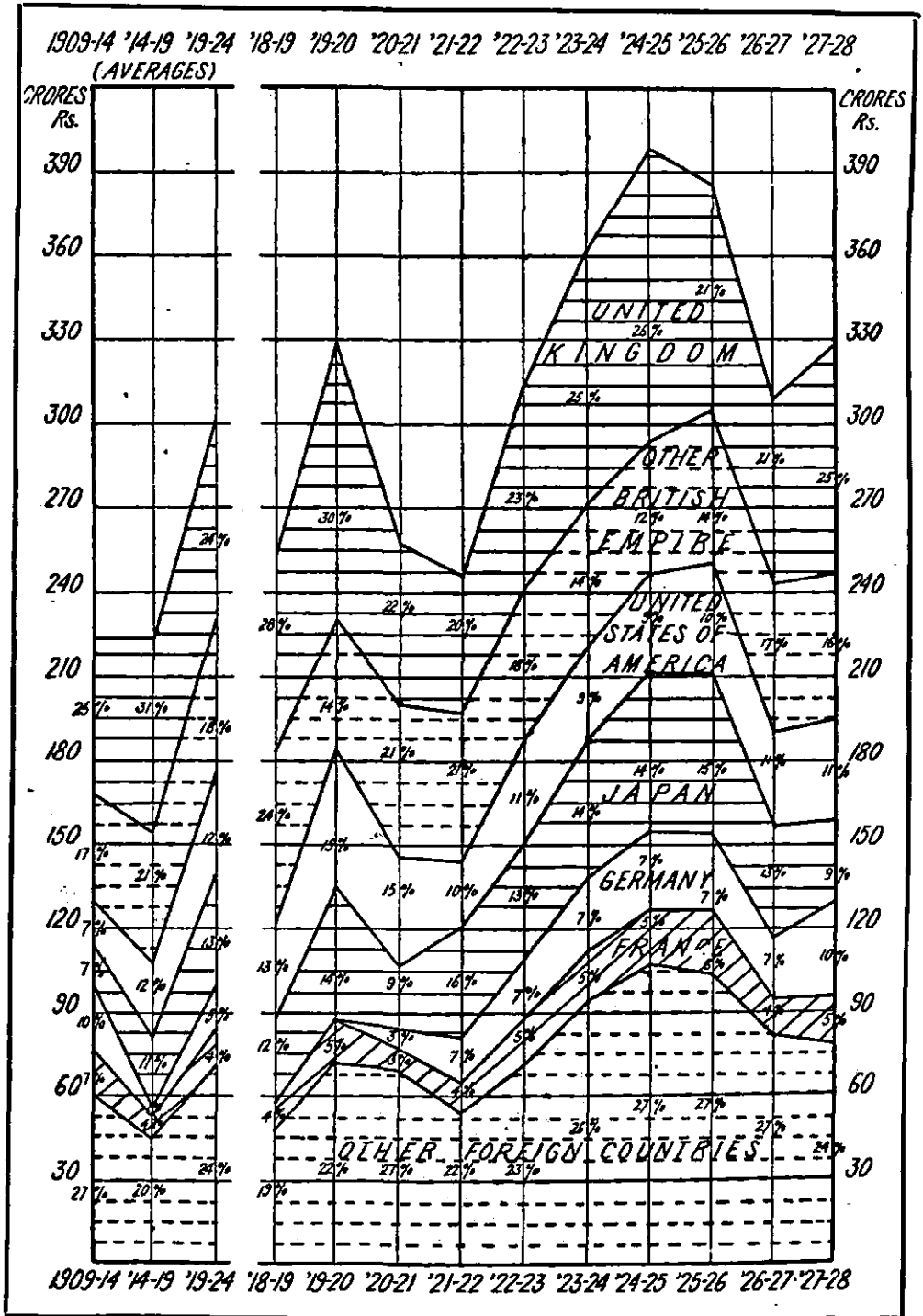


CHART 8.

(6) Variations in the shares of the principal Countries in the Export trade of British India during the last ten years as compared with averages of the pre-war, war and post-war periods.

EXPORTS .



# REVIEW OF THE TRADE OF INDIA IN 1927-28.

## PART I—REPORT.

### CHAPTER I.

#### General.

India's foreign trade, both exports and imports, showed considerable improvement during the year under review. The total value of the exports of merchandise advanced by R20 crores or 6 per cent to R3,29 crores, while imports rose by R19 crores or 8 per cent to R2,50 crores. The monsoon of the year was unusually good, except for floods in certain areas, and the output of crops was, therefore, generally satisfactory. Exchange was stable and there was a steady demand during the year for the staple articles of Indian produce with the exception of cotton. Shipments of raw jute during the year surpassed previous records, while at the same time, prices did not fall below a reasonable level. Jute manufactures also registered advances under the stimulus of lower prices. Cotton and cotton manufactures proved the depressing feature of the situation, the exports of the former being affected, in particular, by the fall in Japanese and Chinese demands. Among foodgrains, there was a welcome increase in the overseas demand for wheat and also for barley; exports of rice also increased, though the prices realised were not in general attractive. Tea had another good year. Indian oilseeds with the exception of rapeseed also had a good market and there was a remarkable revival in the demand for hides and skins. Shipments of lac, though smaller in quantity, commanded high prices. Exports of raw wool also increased. On the import side, the real improvement was much more than is suggested by the value figures, for in respect of such important items as cotton manufactures, iron and steel, sugar, and machinery, prices were on a lower level than in the preceding year. With the exception of sugar, nearly all the principal articles of import showed advances and mention may be made particularly of luxury articles like motor cars, silk and artificial silk goods, cigarettes, etc. It is also noteworthy that in the year under review imports of treasure by which India generally liquidates her favourable trade balance were less by R7 crores as compared with the preceding year.

The following figures have been compiled to show the values of imports and exports of merchandise on the basis of the declared values in 1913-14.

The volume of trade. These statistics are necessarily approximate, but they are sufficiently accurate to afford a fairly reliable measure of the course of trade:—

(In crores of Rupees)

	1913-14	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
Imports	188	142	124	138	120	127	143	156	161
Exports	244	172	182	214	240	250	246	222	242
TOTAL TRADE IN MERCHANDISE, EXCLUDING RE-EXPORTS.	427	314	306	352	360	377	389	384	429

## General.

It will be noticed that imports in 1927-28 reached very nearly the pre-war level, thanks to lower prices and the successive good monsoons which have increased the purchasing power of the country. Exports also were actually above the 1913-14 level, though a little below the record of 1924-25. The extent to which the general level of prices for the imported articles has adjusted itself to the general level for exported articles can be seen from the following index numbers obtained by comparing the values of imports and exports, as given in the preceding table, with actually recorded values for each :—

	1913-14	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
Imports . . .	100	237	214	169	190	180	158	148	185
Exports . . .	100	140	127	140	145	154	152	132	132

The margin between the import and export prices has again contracted. It will be noticed that the level of export prices remained the same as in 1926-27, but it should again be remembered that these index numbers are based on data which are only approximately correct.

The features of progress above detailed would not naturally have been obtained, if economic conditions in most of the countries with which India has trade dealings had not been stable. The year under review saw Great Britain recovering from the depressing effects of her long coal strike. On the Continent, the year witnessed the return of Italy to the gold standard and the virtual stabilisation of the French exchange. The United States of America had another year of prosperity. Conditions in the Far East, however, were unsatisfactory. The failure of an important firm in Japan was followed by a severe financial crisis from which that country has not yet fully recovered. Conditions in China also continued unsettled. Both these countries, therefore, purchased less of Indian goods during the year, but their exports to India showed increases.

**Imports and exports.**—A more detailed review of the course of trade during the year is given below. Imports of cotton piecegoods rose by 185 million yards or 10 per cent in quantity to 1,973 million yards, while the corresponding gain in value was only of R12 lakhs, not even 1 per cent of the total value of R55 crores. Grey goods advanced from 748 million yards valued at R19½ crores to 875 million yards valued at R21½ crores, but the increase was offset by a decrease under white goods which fell from 571 million yards valued at R17½ crores to 556 million yards valued at R15½ crores. The value of coloured goods remained fairly steady at R17½ crores, though the quantity imported rose from 447 million yards to 505 million yards. Imports of cotton twist and yarn also increased from 49 million lbs to 52 million lbs, but the value recorded, viz., R6½ crores showed very little improvement as compared with the preceding year. The quantity of sugar imported fell by 11 per cent from 923,000 tons to 823,000 tons, owing to reduced imports of Continental beet sugar, while, as a result of lower prices, the value fell by 21 per cent from R19 crores to R15 crores. Imports of iron and steel rose by 41 per cent in

## General.

quantity from 846,000 tons to 1,197,000 tons and by 28 per cent in value from R16½ crores to nearly R21½ crores. Machinery and millwork advanced by R2 crores to R16 crores, railway plant and rolling stock by R1½ crores to R4½ crores and motor vehicles by R1 crore to R5 crores. Imports of hardware were valued at R5½ crores as against R5 crores in the preceding year. Larger arrivals of kerosene oil from Russia and Georgia and of fuel oils from Persia were responsible for an increase of 49 million gallons in the quantity and R1½ crores in the value of the imports of mineral oils, which amounted to 232 million gallons costing nearly R10½ crores. Imports of provisions were valued at R6½ crores as compared with R5½ crores in 1926-27. The value of silk and silk manufactures and also of wool and woollens totalled over R5 and R5½ crores respectively as against R4½ crores each in the preceding year. Imports of artificial silk (including yarn and manufactures) were valued at R5½ crores, showing an increase of R1½ crores as compared with the preceding year. Imports of cotton, mostly of American and East African origin, continued on a large scale and amounted to 66,000 tons valued at R6½ crores as compared with 46,000 tons valued at R5 crores in 1926-27. The value of the imports of liquors (notwithstanding an increase in quantity) and of paper remained fairly stationary at R3½ crores and R3 crores respectively.

On the export side, the total value of raw and manufactured jute exported increased from R80 crores to R84 crores. Raw jute rose by 184,000 tons or 26 per cent in quantity to the record figure of 892,000 tons, while the value improved by R4 crores or 15 per cent to R30½ crores. Shipments of gunny bags also increased in number from 449 to 463 millions, but the value realised fell from R24½ crores to R23½ crores. The value of gunny cloth exported advanced from R28½ crores to R30 crores, the quantity rising from 1,503 million yards to 1,553 million yards. Exports of raw and manufactured cotton decreased by R13 crores or 19 per cent to R57 crores, raw cotton accounting for a decrease of R11 crores. Shipments of rice increased by 6 per cent in quantity and 2 per cent in value and amounted to 2,152,000 tons valued at R33½ crores. Exports of wheat rose from 176,000 tons valued at R2½ crores to 300,000 tons valued at R4½ crores. Foodgrains, other than these and pulses also showed increases. The tea trade showed a large improvement, shipments increasing in quantity by nearly 12½ million lbs. and in value by R3½ crores to 362 million lbs valued at R32½ crores. The total value of the shipments of oilseeds advanced by R7½ crores to R26½ crores, the exports of groundnuts being almost double the quantity despatched in the preceding year. The quantity of lac exported decreased by 8 per cent from 592,000 cwts to 544,000 cwts, but higher prices accounted for an increased return of R1½ crores or 28 per cent, the total value realised being R7 crores.

**Balance of trade.**—The visible balance of trade in merchandise and treasure for the year 1927-28 was in favour of India to the extent of R50 crores as compared with R40 crores in the preceding year and the record figure of R1,09 crores in 1925-26. The net imports of private treasure further declined from R39 crores to R32 crores, of which net imports of gold were valued at R18,10 lakhs and silver at R13,85 lakhs. Net imports of currency notes amounted to R24 lakhs.

INDEX NUMBERS OF WHOLESALE PRICES IN CALCUTTA.

(Prices in July, 1914=100.)

Period.	FOODS		Sugar	Tea	Other Food Articles	Oilseeds	Oil, Mustard	TEXTILES					Hides and skins	Metals	Other raw and manufactured articles	Building Materials (Teak wood)	All Commodities
	Cereals	Pulses						Jute, raw	Jute Manufactures	Cotton, raw	Cotton Manufactures	Other Textiles (Wool and Silk)					
1914, End of July	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1915, Annual Average	115	122	164	115	121	81	78	68	109	89	97	94	102	120	128	99	112
1916	106	107	184	114	148	85	71	80	129	121	134	114	118	186	155	80	128
1917	92	96	189	95	185	83	71	65	138	174	203	129	112	266	183	103	146
1918	110	119	180	95	226	104	104	75	219	309	298	145	96	801	184	143	178
1919	183	180	268	105	206	198	161	115	175	230	295	149	184	236	192	137	196
1920	154	166	407	78	184	173	128	104	149	153	825	162	147	238	231	138	201
1921	145	160	370	100	157	135	108	88	105	143	280	142	108	237	242	146	178
1922	137	152	221	159	186	147	116	110	144	191	289	162	120	175	235	131	176
1923	114	112	246	208	222	138	100	90	188	244	221	163	135	165	207	120	172
1924	123	114	239	205	217	144	107	102	159	272	229	146	124	162	193	103	173
1925	130	128	179	180	184	146	113	154	177	205	210	132	104	131	105	119	159
1926	140	149	178	180	163	134	117	120	147	147	173	119	113	140	141	132	148
1927	139	155	171	165	168	143	116	93	146	167	159	126	119	138	151	146	148
1927, April	141	154	176	138	167	144	117	88	142	148	150	126	116	137	144	146	145
May	140	154	176	138	165	141	119	86	132	160	158	126	112	137	154	146	146
June	140	155	171	179	171	165	119	90	139	169	154	129	110	132	154	149	149
July	138	162	163	188	169	151	119	108	152	185	155	127	102	130	160	149	150
August	142	163	165	182	171	145	114	114	161	181	158	124	102	130	159	149	151
September	136	155	165	181	170	145	114	92	156	201	163	123	109	133	152	149	149
October	132	155	160	180	172	142	110	87	146	180	161	127	121	129	148	149	147
November	139	154	162	192	167	138	114	86	146	180	158	127	141	126	148	149	148
December	137	155	160	186	166	141	114	91	161	170	157	123	152	127	149	149	148
1928, January	135	149	157	175	165	139	115	89	143	170	158	131	153	125	136	149	145
February	131	151	160	169	167	136	107	88	143	170	167	129	139	120	135	149	144
March	130	146	164	169	163	136	109	95	147	168	155	137	147	125	137	149	144

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**Index Numbers of Prices.**—The general trend of world prices was, on the whole, in the downward direction. In the United Kingdom, taking the "Statist" wholesale price index number, the range between the maximum and minimum monthly figures was between 120.6 and 124.1, the average for the whole year being 122.6 as compared with 127.2 in 1926. The Bank of Japan index number also fell from 236.7 in 1926 to 224.7 in 1927, the variations remaining between 221.6 and 227.1, while in the United States of America the movement of Bradstreet's index number series was confined within 134.4 and 147.3, the average for the whole year being 139.4 as against 140.3 in 1926. The index number of wholesale prices in Calcutta for the year 1927 was 148, as in the preceding year, the maximum for all commodities being 151 and the minimum 145. The table on the preceding page shows the details. It will be observed that among imports such important commodities as cotton manufactures, sugar and metals were on a much lower level than in the preceding year. On the export side, there was an advance in the prices of raw cotton, oilseeds, pulses and hides and skins, while raw jute showed a substantial decrease. Cereals and jute manufactures were also on a lower level than in the preceding year.

**Rupee Exchange.**—The sterling value of the rupee was, as in the previous year, in the neighbourhood of 1s. 6d. throughout the year, the highest and lowest quotations for Telegraphic Transfers on London being 1s. 6 $\frac{3}{4}$ d. and 1s. 5 $\frac{1}{8}$ d., respectively. At the beginning of the year the rate showed a tendency to weaken, but by the second week of May it strengthened to 1s. 5 $\frac{1}{8}$ d., any further rise being checked by Government accepting tenders at that rate. Early in June the market became slightly weaker, owing to easier money position and comparatively smaller export demand. The rate remained near about 1s. 5 $\frac{1}{8}$ d. until the beginning of September, when it firmed up as a result of the demand for money for financing the jute crop and larger export bills. Towards the end of September money became a little easier and in the first week of October the rate fell to 1s. 5 $\frac{3}{4}$ d., but a revival in export demand towards the end of October produced a firmer tone which was kept up in the succeeding weeks. By the middle of December 1s. 6 $\frac{3}{4}$ d. was reached, notwithstanding large purchases of sterling by Government. At the beginning of January exchange fell to 1s. 6 $\frac{1}{8}$ d. but remained very firm at this rate until the end of the month when there was a drop of  $\frac{1}{8}$ d. It again fell to 1s. 6d. and then to 1s. 5 $\frac{1}{8}$ d. in February, but larger export demands caused a rise to 1s. 5 $\frac{3}{8}$ d. in March.

**Bank Rate.**—At the beginning of the year the Imperial Bank of India rate stood at 7 per cent; but it dropped to 6 per cent on the 2nd June, to 5 per cent on the 23rd of the month and to 4 per cent on the 28th July. It then rose to 5 per cent on the 8th September and remained at that rate till the increasing demands for money caused a rise to 6 per cent on the 8th December and to 7 per cent on the 22nd December, which rate was maintained until the close of the year.

**Government of India Paper.**—The following figures show the price and yield of 3 $\frac{1}{2}$  per cent Government of India paper on or about the 1st April during the past ten years. The progressive rise in price during the past few years received a check during the year under review, partly as a result of the

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contraction of currency during the early months of the year and partly as a result of the issue of Treasury bills from August onwards.

	Price		Yield
	Rs.	A.	per cent
1919 . . . . .	71	0	4.9
1920 . . . . .	60	0	5.8
1921 . . . . .	56	0	6.2
1922 . . . . .	55	8	6.3
1923 . . . . .	61	0	5.7
1924 . . . . .	67	0	5.2
1925 . . . . .	67	14	5.2
1926 . . . . .	74	6	4.7
1927 . . . . .	78	11	4.4
1928 . . . . .	75	6	4.6

**Freight Rates.**—After the British coal strike of 1926 the demand for shipping, particularly in the early months of the last year, was strong and the freight index number for 1927 was somewhat higher than in 1925, the year 1926 not being taken for purposes of comparison, owing to its abnormal character. Freight rates, however, gradually fell towards the end of the year 1927-28. Taking the year 1913 as a basis, the "Economist" index number of whole-cargo charter rates was 93 in March 1928, as compared with 119 in March 1927, 90 in March 1926 and 107 in March 1925. Indian rates are given in table No. 52.

**Tariff Changes.**—The changes in the tariff made under the Finance Act, 1927, and the Steel Industry (Protection) Act, 1927, were fully dealt with in the last year's review. Later in the year two other Acts, *viz.*, the Indian Tariff (Cotton Yarn Amendment) Act, 1927, and the Indian Tariff (Amendment) Act, 1927, were passed in pursuance of the recommendations of the Tariff Board on the state of the cotton industry. The former, which came into force on the 22nd September, 1927, changed the import duty on cotton twist and yarn, and cotton sewing or darning thread from 5 per cent *ad valorem* to 5 per cent *ad valorem* or 1½ annas per pound, whichever is higher, and provided for the continuance of this rate up to the 31st March, 1930. The latter removed, with effect from the 1st October, 1927, the import duties on all machinery and component parts of machinery, including printing machinery, and the following mill stores:—sago flour, tallow, china clay, bleaching paste and bleaching powder, magnesium chloride, dyes derived from coal-tar and coal-tar derivatives used in any dyeing process, cotton ropes and starch and farina. Further, the duty on artificial silk yarn and thread was reduced to 7½ per cent *ad valorem*. Certain minor changes were also introduced in the tariff at the same time.

The Indian Tariff (Amendment) Act, 1928, besides imposing a duty of 5 per cent *ad valorem* on cotton, hair and canvas ply belting for machinery and reducing the duty on yarn (excluding cotton yarn), such as is ordinarily used for its manufacture, to 5 per cent *ad valorem* as recommended by the Tariff Board, also gave statutory effect to certain exemptions from duty, total or otherwise, already granted by notifications under section 23 of the Sea Customs Act. These exemptions related to currants, certain agricultural implements, plated surgical instruments, milking machines, zinc lithographic plates, illustrations specially made for binding in books, light ships, stone prepared

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as for road metalling and insignia and badges of official British or Foreign Orders. The Act also removed the duty on paper money, on gold and silver sheets and plates which have undergone no process of manufacture subsequent to rolling, and on models and wall diagrams illustrative of natural science, and made white Portland cement liable to an *ad valorem* duty of 15 per cent instead of the specific duty of R9 per ton. The Steel Industry (Protection) Act, 1928, which came into force on 1st April, 1928, removed the protective duty of R3 per cwt. and R60 per ton respectively on iron or steel wire nails and iron or steel wire other than barbed or stranded fencing wire and subjected them to the revenue duty of 10 per cent *ad valorem*. It further imposed a protective duty of R2 per cwt. on iron or steel bolts and nuts, including hookbolts and nuts for roofing. The rates of duty at present levied on various articles in British India are detailed in table No. 54, appended to this review.

## CHAPTER II.

### Imports of Merchandise.

The following table shows the comparative importance of the principal articles imported into British India :—

#### *Imports*

(In thousands of Rupees.)

	1923-24	1924-25	1925-26	1926-27	1927-28	Percentage of proportion to total imports of merchandise in 1927-28.
Cotton and cotton goods . . . . .	69,99,28	86,57,25	69,31,26	70,08,13	71,90,16	28.77
Metals and ores . . . . .	24,87,00	26,55,18	25,40,48	23,86,12	23,41,71	11.37
Machinery and millwork . . . . .	19,13,19	14,74,07	14,88,59	13,63,14	15,93,75	6.38
Sugar . . . . .	15,23,21	20,66,97	15,58,41	18,89,06	14,90,55	5.97
Oil . . . . .	8,65,18	9,69,49	10,60,16	9,18,78	11,08,68	4.44
Vehicles . . . . .	4,34,09	4,41,91	5,74,89	6,39,93	7,69,37	3.08
Provisions and oilman's stores . . . . .	3,00,93	4,14,91	4,89,59	5,77,64	6,40,60	2.56
Wool raw and manufactures . . . . .	2,84,65	4,35,41	4,68,96	4,46,36	5,36,82	2.15
Hardware . . . . .	4,42,29	4,98,69	5,19,57	5,06,62	5,24,33	2.10
Silk raw and manufactures . . . . .	4,62,17	4,92,15	3,74,70	4,59,71	5,05,78	2.02
Railway plant and rolling stock . . . . .	11,22,55	5,83,78	4,96,51	3,25,19	4,76,87	1.91
Instruments, apparatus and appliances . . . . .	3,25,77	3,02,16	3,53,83	4,01,19	4,46,52	1.79
Liquors . . . . .	3,14,58	3,23,43	3,33,75	3,52,86	3,66,99	1.47
Paper and pasteboard . . . . .	2,71,08	3,03,47	2,81,05	3,08,20	3,00,62	1.20
Tobacco . . . . .	2,26,18	1,97,88	2,13,35	2,56,11	3,01,32	1.17
Rubber . . . . .	1,68,42	1,56,06	2,17,72	2,10,96	2,71,67	1.09
Chemicals . . . . .	2,04,74	2,08,83	2,02,64	2,44,35	2,84,95	1.06
Dyes . . . . .	2,93,58	2,90,70	1,62,17	2,13,23	2,64,55	1.06
Spices . . . . .	2,69,36	2,77,73	3,38,45	3,29,15	2,57,85	1.03

# Imports.

(In thousands of Rupees).

	1923-24	1924-25	1925-26	1926-27	1927-28	Percentage of proportion to total imports of merchandise in 1927-28.
Glass and glassware . . . . .	2,45,74	2,60,01	2,59,46	2,52,88	2,48,41	-99
Grain, pulse and flour . . . . .	43,90	10,41	65,77	91,69	2,30,70	-92
Fruits and vegetables . . . . .	1,70,80	1,59,46	1,57,00	1,81,76	2,01,94	-81
Drugs and medicines . . . . .	1,71,00	1,69,84	1,78,11	1,90,02	1,98,28	-79
Salt . . . . .	1,10,28	1,42,78	1,04,20	1,26,20	1,74,84	-70
Apparel . . . . .	1,41,25	1,54,39	1,05,61	1,77,87	1,64,45	-95
Soap . . . . .	1,19,27	1,32,48	1,46,11	1,52,41	1,61,27	-65
Paints and painters' materials . . . . .	1,30,99	1,26,53	1,29,77	1,44,23	1,54,79	-63
Precious stones and pearls, unset . . . . .	1,70,81	1,19,55	1,24,03	1,06,99	1,34,45	-54
Building and engineering materials . . . . .	1,24,77	1,17,37	1,19,08	1,23,91	1,23,80	-52
Haberdaeshery and millinery . . . . .	99,02	1,15,57	1,09,99	1,13,50	1,26,55	-51
Stationery . . . . .	89,06	81,58	88,91	81,96	91,67	-37
Beltting for machinery . . . . .	88,12	94,34	82,22	81,29	87,80	-35
Matches . . . . .	1,45,92	88,89	93,45	65,60	89,37	-16
Wood and timber . . . . .	65,39	58,74	65,65	73,99	81,47	-33
Earthenware and porcelain . . . . .	70,91	74,87	76,45	82,82	80,71	-32
Tea chests . . . . .	64,92	92,79	84,93	62,85	71,30	-29
Arms, ammunition and military stores . . . . .	64,68	91,81	89,70	68,87	70,95	-28
Tea . . . . .	82,26	62,83	60,30	66,72	69,00	-28
Boots and shoes . . . . .	25,45	29,27	40,40	57,13	66,99	-27
Toys and requisites for games . . . . .	62,88	59,06	54,27	62,11	63,32	-26
Coal and coke . . . . .	1,76,20	1,32,44	97,65	35,69	62,49	-25
Umbrellas and fittings . . . . .	55,99	48,27	51,10	52,57	62,38	-25
Toilet requisites . . . . .	48,94	45,11	49,56	57,02	62,35	-25
Books, printed, etc. . . . .	51,42	64,47	56,88	56,60	61,38	-25
Manures . . . . .	13,12	19,09	32,53	35,40	47,05	-19
Paper making materials . . . . .	20,46	22,09	25,85	34,99	40,23	-16
Gums and resins . . . . .	29,57	26,43	25,54	30,53	39,33	-16
Bobbins . . . . .	50,54	42,94	38,51	34,76	38,99	-16
Cutlery . . . . .	23,14	40,02	33,08	41,38	39,50	-15
Animals, living . . . . .	19,87	30,35	34,56	41,85	38,43	-15
Flax raw and manufactures . . . . .	23,31	29,97	32,78	31,49	37,09	-15
Fish (excluding canned fish) . . . . .	29,67	31,27	37,72	38,66	36,98	-11
Furniture and cabinetware . . . . .	18,61	15,46	22,00	29,68	30,62	-12
Clocks and watches and parts . . . . .	16,51	20,96	25,15	25,66	27,22	-11
Tallow and stearine . . . . .	25,71	27,89	29,40	31,64	26,25	-11
Jute and jute goods . . . . .	21,99	23,64	51,04	40,37	24,11	-10
Jewellery also plate of gold and silver . . . . .	16,11	11,33	19,61	38,52	17,24	-07
All other articles . . . . .	9,09,65	10,48,42	10,39,35	12,88,75	15,02,66	6-02
<b>TOTAL VALUE OF IMPORTS</b>	<b>2,27,61,23</b>	<b>2,40,62,54</b>	<b>2,26,17,78</b>	<b>2,31,22,08</b>	<b>2,49,84,60</b>	<b>100</b>

## Cotton Manufactures.

**Cotton manufactures (R65,16 lakhs).**—The total value of the imports of cotton manufactures in 1927-28 showed little variation from the preceding year's figure. In quantities, however, there were substantial increases, chiefly on the piecegoods side. Cotton prices reached a bed-rock level in December 1926 and with the doubts about any further fall in the prices of the raw material removed, a large volume of orders was booked in the early months of 1927. The flow of orders subsequently received a check from the advancing level of prices for cotton and cotton manufactures, prices in the distributing centres not keeping pace with the rise in manufacturers' prices. Tattersall's index number for cloth at Manchester, which was 133 early in January 1927, rose to 141 by the beginning of March and after a temporary loss of a few points, advanced steadily till 171 was reached in September. Prices thereafter receded slowly and at the beginning of November the Yarn Association withdrew its control of production and prices. A revival of business then set in, especially from Calcutta and Karachi. In December the Marwari Chamber of Commerce at Calcutta placed certain restrictions on forward purchases by its members of dhootis and white goods, the embargo affecting shipments for certain fixed periods beginning from March and April 1928, but the effect of these restrictions lies outside the limits of the period under review. The year 1927-28 was, on the whole, a profitable one for dealers in staple goods, as stocks at the beginning were not generally heavy at the principal distributing centres and clearances of the goods received were generally satisfactory.

The values of the different classes of imported cotton manufactures during the past five years and the pre-war year 1913-14 are set forth below:—

Imports of cotton manufactures	1913-14 (pre-war year)	1923-24	1924-25	1925-26	1926-27	1927-28
	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
<b>Twist and yarn</b>	4,16	7,94	9,66	7,77	6,62	6,79
<b>Piecegoods—</b>						
Grey (unbleached)	25,45	23,06	23,49	21,89	19,62	21,25
White (bleached)	14,29	15,44	20,23	15,99	17,53	15,42
Coloured, printed or dyed	17,86	17,69	20,02	16,92	17,22	17,52
Fents of all descriptions	54	65	68	70	65	94
<b>TOTAL PIECEGOODS</b>	57,14	56,24	63,74	54,80	55,02	55,19
<b>Hosiery</b>	1,20	94	1,12	1,40	1,47	1,38
<b>Handkerchiefs and shawls</b>	89	28	31	23	19	17
<b>Thread</b>	39	71	73	84	74	77
<b>Other sorts</b>	1,52	32	1,08	94	1,02	92
<b>GRAND TOTAL</b>	66,30	67,43	82,32	65,67	65,05	65,16

The imports of twist and yarn amounted to 52.3 million lbs. as against 49.4 million lbs. in 1926-27. There was thus an increase of nearly 3 million lbs. in quantity over 1926-27, the corresponding value increase being R17 lakhs. The average declared value per lb. of yarn imported during the year was R1-4-9 as against

Cotton twist and yarn (R6,79 lakhs).

## Imports.

R1-5-6 in 1926-27 and R1-8-0 in 1925-26. Of the total imports, 20½ million lbs. were derived from the United Kingdom, nearly 17 million lbs. from Japan and over 12 million lbs. from China. Imports from these countries in the preceding year were 20 million lbs., 26½ million lbs. and 930,000 lbs. respectively. It will be seen that, while the United Kingdom succeeded in maintaining her previous year's record, there was a considerable falling-off in the imports from Japan. The Japanese cotton industry has been passing through a period of depression since the financial crisis that occurred in that country in the spring of 1927. The output of the companies, forming the Japanese Cotton Spinners' Association, was curtailed from May, 1927, by restricting the number of spindles to be worked, the percentage of idle spindles, during the first six months, being 15 and, from the middle of November, 1927, approximately 20. Imports from China, on the other hand, showed a remarkable advance. Costs of production in China are reported to be lower than in Japan; and further, the Japanese-controlled mills in China, unable to dispose of their goods in the Chinese markets owing to the disturbed political conditions in that country, sent large consignments to the Indian market. Other sources of imports of yarn to India were the Netherlands (588,000 lbs.), Switzerland (484,000 lbs.) and Italy (425,000 lbs.). In the preceding year supplies from these countries amounted to 486,000, 691,000 and 314,000 lbs. respectively.

From 22nd September, 1927, the import duty on cotton yarn was modified from 5 per cent to 5 per cent or 1½ annas per lb., whichever is higher. The incidence of the duty thus falls more heavily on the lower than on the higher grade yarns. In the following table a comparison is made between the imports of foreign yarn and production of yarn in Indian mills for a series of years—

	Imports	Indian mill production
	lbs. (1,000)	lbs. (1,000)
Annual average—		
Five years ending 1908-09 . . . . .	38,573	641,776
"    "    "    1913-14 (pre-war period) . . . . .	41,794	646,757
"    "    "    1918-19 (war period) . . . . .	34,063	666,227
"    "    "    1923-24 . . . . .	44,681	662,512
Year 1913-14 (pre-war) . . . . .	44,171	682,777
"    1914-16 . . . . .	42,864	651,985
"    1915-16 . . . . .	40,427	722,425
"    1916-17 . . . . .	29,530	681,107
"    1917-18 . . . . .	19,400	660,576
"    1918-19 . . . . .	38,095	615,041
"    1919-20 . . . . .	15,097	635,760
"    1920-21 . . . . .	47,333	660,003
"    1921-22 . . . . .	57,125	693,572
"    1922-23 . . . . .	59,274	705,894
"    1923-24 . . . . .	44,575	617,329
"    1924-25 . . . . .	55,907	719,390
"    1925-26 . . . . .	51,688	686,427
"    1926-27 . . . . .	49,425	807,116
"    1927-28 . . . . .	52,345	808,911

## Cotton Twist and yarn.

The production of yarn in Indian mills exceeded even the record attained in 1926-27 and amounted to nearly 809 million lbs. In the following table, the production and imports of yarn are classified according to counts. The import figures prior to 1927-28, for which details by counts are given, refer to grey and coloured yarns alone. From 1927-28 the imports of bleached and mercerised yarns also have been classified according to counts in the trade statistics. This circumstance slightly affects the comparison made in the succeeding paragraph. The imports of white yarns in 1927-28, excluding two-folds, amounted to 2.4 million lbs., of which 2.3 million lbs. were of counts above 30.

	1918-14 (PRE-WAR YEAR)		1923-24		1924-25		1925-26		1926-27		1927-28	
	Imports	Production	Imports	Production	Imports	Production	Imports	Production	Imports	Production	Imports	Production
	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)
<b>Cotton twist and yarn—</b>												
Nos. 1 to 20 .	1,254	492,893	6,857	411,910	7,170	469,810	4,772	444,748	1,068	515,681	2,465	494,788
" 21 to 25 .	896	123,995	473	124,801	477	154,072	543	142,759	433	168,345	416	182,321
" 26 to 30 .	3,686	42,999	993	57,377	934	69,140	575	71,029	470	79,936	459	80,832
" 31 to 40 .	23,657	19,712	19,807	19,667	21,687	19,368	26,294	19,788	24,405	27,657	27,305	33,757
Above No. 40 .	7,859	2,699	7,739	3,261	7,659	5,822	6,685	5,984	7,562	11,531	8,040	11,142
Two folds (doubles) .	—	—	4,033	—	5,833 (a)	—	6,195 (a)	—	7,146 (a)	—	13,633	—
Unspecified descriptions and waste .	6,819	679	4,673	513	6,147 (b)	578	6,624 (b)	2,319	8,291 (b)	3,936	47	6,171
<b>TOTAL .</b>	<b>44,171</b>	<b>682,777</b>	<b>44,575</b>	<b>617,329</b>	<b>55,907</b>	<b>719,390</b>	<b>51,638</b>	<b>686,427</b>	<b>49,425</b>	<b>807,116</b>	<b>52,345</b>	<b>808,911</b>

(a) Excludes the figures of white and mercerised two-folds (doubles) which are separately recorded only from April 1927.

(b) White twist and yarn shown separately by counts from April 1927 is included under respective groups as shown above. Formerly included under the head "unspecified description."

Imports of counts 1—20 which had declined to 1,068,000 lbs. in 1926-27 rose to 2,465,000 lbs. in the year, inspite of the modification in the rates of import duty at the end of September, 1927. Supplies were derived principally from China (including Hongkong) and the United Kingdom, both countries having sent little over 1 million lbs. each. Japan's share dwindled to 153,000 lbs. in the year under review. The production of yarns of counts 1—20 in Indian mills declined by 21 million lbs. to 495 million lbs. In counts 21—25 the production increased by 14 million lbs. to 182 million lbs., while the imports, which were solely derived from the United Kingdom, fell from 483,000 lbs. to 416,000 lbs. In counts 26—30 the production increased by 1 million lbs. to 81 million lbs., imports, however, dropping from 470,000 lbs. to 439,000 lbs. Under counts 31—40 the imports were 27.3 million lbs. as against 24.4 million lbs. (grey and coloured alone) in the preceding year, while the production rose by 6 million lbs. to nearly 34 million lbs. Of these imports, 1.3 million lbs. represented white yarns, the increase under grey and coloured together thus amounting to 1½ million lbs. The largest single exporter was China which

## Imports.

sent a little under 11 million lbs., while the United Kingdom sent 7 million lbs. and Japan nearly 8 million lbs. Of the British supplies  $3\frac{1}{2}$  million lbs. consisted of grey yarns as against nearly 4 million lbs. in the preceding year. The Chinese supply consisted entirely of grey yarns. The Japanese supply of grey yarn was only 7.6 million lbs. as against 16 million lbs. in the preceding year. White yarns 31—40 were derived mostly from the United Kingdom. The total supplies of coloured yarns of the same counts were 4 million lbs. as compared with 3.5 million lbs. in the preceding year, the United Kingdom supplying a little over  $2\frac{1}{2}$  million lbs., the Netherlands 524,000 lbs., Switzerland 443,000 lbs. and Italy 317,000 lbs. In counts above 40 production declined by 400,000 lbs. to 11 million lbs. Imports amounted to 8 million lbs. (1 million lbs. consisting of white yarn) as against  $7\frac{1}{2}$  million lbs. (grey and coloured alone) in 1926-27. The main source of supply was the United Kingdom which sent over  $7\frac{3}{4}$  million lbs. The Japanese supplies were insignificant. More than three-fourths of the imports consisted of grey yarns. Imports of two-folds (doubles) amounted to over  $13\frac{1}{2}$  million lbs. Of this, grey two-folds accounted for 5.3 million lbs. as against 6.6 million lbs. in the preceding year, Japan sending 3.1 million lbs. and the United Kingdom 1.3 million lbs. The imports of white two-folds amounted to 2.4 million lbs., of which the United Kingdom supplied over  $1\frac{1}{2}$  million lbs. and Japan nearly 800,000 lbs. The remainder consisted mainly of mercerised doubles, the imports of which amounted to  $5\frac{1}{2}$  million lbs.

The United Kingdom's share in the total trade in cotton twist and yarn fell from 41 per cent in 1926-27 to 39 per cent in the year under review. Japan's share fell from 54 per cent to 32 per cent, while China's share advanced from 2 per cent to 25 per cent. The shares of the important countries in the imports of cotton twist and yarn for a series of years are given below:—

*Percentage shares of the United Kingdom, Japan and China in the imports of cotton twist and yarn.*

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
United Kingdom	86	87	91	83	77	25	81	49	70	52	59	37	31	41	39
Japan	2	2	2	14	22	72	13	42	26	45	46	57	65	54	32
China (including Hong-kong)	..	..	..	..	..	..	..	..	..	..	..	..	..	2	25

The quantities imported of the different descriptions of cotton twist and yarn are set forth below:—

	1913-14 (pre-war year)	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.
Cotton twist and yarn—							
Grey (unbleached)	}	48,983	31,256	41,277	37,958	35,765	36,144
White (bleached)		1,894	2,650	3,427	3,751	4,062	4,813
Coloured		18,265	7,027	8,645	8,483	7,107	5,978
Mercerised		..	1,320	2,019	2,664	2,845	4,169



## Cotton piecegoods.

Imports of mercerised yarns are increasing in importance.

The imports of cotton piecegoods, including fents, exceeded the preceding year's receipts by 185 million yards, though, in value, the increase registered was only R12 lakhs. Compared with the pre-war year 1913-14, the imports in 1927-28 were less by over 1,200 million yards, but the year's record was the highest since 1916-17. The figures for the three important classes of cotton piecegoods from 1913-14 onwards is set forth in the table below—

	Grey (unbleached)	White (bleached)	Coloured, printed or dyed
	Million yards	Million yards	Million yards
Year 1913-14 . . . . .	1,534.2	793.3	831.8
" 1914-15 . . . . .	1,320.2	604.2	494.8
" 1915-16 . . . . .	1,148.2	611.4	358.7
" 1916-17 . . . . .	847.0	589.8	454.9
" 1917-18 . . . . .	625.5	502.3	395.6
" 1918-19 . . . . .	583.4	286.6	227.3
" 1919-20 . . . . .	533.3	322.0	208.3
" 1920-21 . . . . .	580.2	421.8	439.3
" 1921-22 . . . . .	635.6	306.2	138.3
" 1922-23 . . . . .	931.0	402.6	243.8
" 1923-24 . . . . .	704.0	415.3	347.5
" 1924-25 . . . . .	845.5	548.9	407.0
" 1925-26 . . . . .	709.1	465.1	365.8
" 1926-27 . . . . .	748.4	571.0	447.4
" 1927-28 . . . . .	875.5	556.5	504.8

Whereas the advance in 1926-27 was principally in white goods, the increase in 1927-28 was mainly in grey goods which registered an increase of 127 million yards over the preceding year. Coloured, printed or dyed goods increased by 57.4 million yards, but there was a set-back in white goods which fell by 14½ million yards. The value of grey goods imported rose by R1.63 lakhs to R21.25 lakhs and of coloured goods by R30 lakhs to R17.52 lakhs, while white goods fell by R2.11 lakhs to R15.42 lakhs. It will be noticed that the variations in value are not in the same proportion as the variations in quantities. The following table which shows the average declared value per yard of grey, white and coloured goods imported illustrates the declining level of prices:—

### *Declared value per yard.*

Cotton piecegoods	1913-14	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
	R A. P.	R A. P.	R A. P.	R A. P.	R A. P.	R A. P.	R A. P.	R A. P.
Grey (unbleached)	0 2 8	0 5 8	0 5 8	0 5 8	0 5 5	0 4 11	0 4 2	0 8 11
White (bleached)	0 2 11	0 6 7	0 6 0	0 6 0	0 5 11	0 5 6	0 4 11	0 4 5
Coloured, printed or dyed	0 8 5	0 8 9	0 8 8	0 8 2	0 7 10	0 6 11	0 6 2	0 5 7

## Imports.

The imports of coloured, printed and dyed goods from 1921-22 are set forth below:—

	1921-22		1922-23		1923-24		1924-25		1925-26		1926-27		1927-28	
	Million yards	₹ (lakhs)	Million yards	₹ (lakhs)	Million yards	₹ (lakhs)	Million yards	₹ (lakhs)	Million yards	₹ (lakhs)	Million yards	₹ (lakhs)	Million yards	₹ (lakhs)
Total printed goods.	84.7	4.23	128.5	6.25	182.5	8.14	189.0	8.12	166.9	6.55	176.8	6.13	235.3	7.52
Total dyed goods.	34.9	2.09	77.6	3.93	110.1	6.12	142.2	7.54	106.8	4.88	157.0	6.17	158.3	5.61
Total woven coloured goods.	18.7	1.27	37.7	2.37	54.9	3.43	75.8	4.36	92.1	4.49	113.6	4.92	111.2	4.33

The large increase in the imports of printed goods is specially noteworthy. Detailed figures relating to the principal descriptions of imported piecegoods are given below (in millions of yards):—

Grey (unbleached)	1913-14 (pre-war year)	1926-27	1927-28	White (bleached)	1913-14 (pre-war year)	1926-27	1927-28	Coloured, printed or dyed	1913-14 (pre-war year)	1926-27	1927-28
Dhutis, saris and scarves.	806.1	471.6	527.6	Dhuti, saris and scarves.	104.8	114.0	71.7	Dhuti, saris and scarves.	115.2	35.5	38.4
Jaconets, madapolams, mulls, etc.	150.4	72.6	78.9	Jaconets, madapolams, mulls, etc.	307.9	234.8	224.5	Cambries, etc.	113.6	43.2	50.4
Longcloth and shirtings.	545.4	168.8	233.4	Longcloth and shirtings.	115.3	97.4	112.1	Shirtings	152.6	90.8	88.7
Sheetings	2	18.3	23.0	Nainsooks	204.7	65.9	93.0	Prints and chintz.	209.7	50.5	69.9
Drills and jeans.	21.3	14.9	11.2	Drills and jeans.	5.7	5.1	6.9	Drills and jeans.	30.0	44.9	64.2
				Checks, spots and stripes.	16.1	12.3	14.1	Checks, spots and stripes.	19.7	17.0	18.4
				Twills	3	11.8	14.9	Twills	31.4	29.0	40.5
Other sorts	10.8	2.2	1.4	Other sorts	31.0	29.7	19.3	Other sorts	159.6	136.5	134.3
<b>TOTAL</b>	<b>1,534.2</b>	<b>743.4</b>	<b>876.5</b>	<b>TOTAL</b>	<b>793.3</b>	<b>571.0</b>	<b>556.5</b>	<b>TOTAL</b>	<b>331.3</b>	<b>447.4</b>	<b>504.3</b>

Under greys, the items which showed the largest increases were longcloth and shirtings and dhutis, saris, etc. Under white goods, there was a large reduction in the imports of dhutis, saris, etc., but increases under nainsooks and longcloth and shirtings. In the coloured section, the principal increases were under drills and jeans, prints and chintz, and twills.

The United Kingdom's share in the imports of grey goods increased from 589 million yards to 651 million yards, an advance by 62 million yards or 11 per cent. The Japanese share increased by about the same amount from 155 million yards to 215 million yards. The imports from China (including Hongkong) advanced from 1.8 million yards to 7 million yards, but the share of the United States of America receded from 2.7 million yards to 2.2 million yards. White goods, as usual, were derived principally from the United Kingdom, which sent 527 million yards as against 550 million yards in the

## Cotton piecegoods.

preceding year. Switzerland's share increased by 3½ million yards to 12 million yards and that of Japan from 2.9 million yards to 5.6 million yards. The Netherlands sent 7½ million yards. The British share in the import of white piecegoods was 95 per cent as against 96 per cent in 1926-27 and 1925-26.

In the imports of coloured, printed or dyed piecegoods the United Kingdom's share increased by 34 million yards to 352 million yards. Italy has been pushing her trade in this line, her contribution during the year amounting to 24½ million yards as against 15½ million yards in 1926-27 and 9.8 million yards in 1925-26. The Japanese share which is more considerable has also been advancing continuously, 102.7 million yards having been sent from that country in the year under review as against 85.8 million yards in 1926-27 and 69½ million yards in 1925-26. The share of the Netherlands declined from 14 million to 12 million yards. The other principal sources of supply were Germany, Switzerland and Belgium, the first two of which sent a little over 2½ million yards each, while the last named sent 1.7 million yards. In 1926-27, supplies from the first two countries were more than 3 million yards each, while Belgium had sent 2.2 million yards. The percentage shares in 1913-14 and in the past four years, of the United Kingdom and Japan, the two principal competitors in the piecegoods trade in the Indian market, in each of the three important classes of piecegoods, are set forth below.

### *Percentage share of the United Kingdom and Japan in the imports of cotton piecegoods.*

	1913-14		1924-25		1925-26		1926-27		1927-28	
	United Kingdom	Japan	United Kingdom	Japan	United Kingdom	Japan	United Kingdom	Japan	United Kingdom	Japan
Cotton piecegoods—										
Grey . . . . .	98.8	.5	86.0	13.0	79.2	20.1	78.7	20.7	74.4	24.5
White . . . . .	98.5	..	97.1	.8	96.0	1.0	96.4	.5	94.7	1.0
Coloured . . . . .	92.6	.2	83.1	10.0	78.1	19.0	71.1	19.2	69.8	20.3

The improvement in the Japanese share of the import trade in grey goods and the corresponding decrease in the United Kingdom's share may be noticed. In the case of the other varieties also the percentage share of Japan showed increases.

The percentage shares of the principal sources in the total imports of piecegoods into India are shown below.

### *Percentage shares in the total quantities of piecegoods imported.*

	1913-14	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
United Kingdom . . . . .	97.1	85.6	87.6	91.2	88.8	88.5	82.3	82.0	78.2
Japan . . . . .	.8	11.3	8.3	6.8	8.2	8.5	13.9	13.6	16.4
United States . . . . .	.8	.9	2.1	.5	.5	.5	1.0	.9	1.4
Netherlands . . . . .	.8	.9	1.1	.8	.7	.6	1.1	1.1	1.0
Other countries . . . . .	1.5	1.3	.9	.7	1.8	1.9	1.7	2.4	2.0
<b>TOTAL</b> . . . . .	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

## Imports.

Fifty per cent of the total quantity of piecegoods imported in 1927-28 was received in Bengal. Bombay came second in importance as a distributing centre. Receipts in both provinces showed substantial increases as compared with the preceding year. Burma showed a small increase, but both Sind and Madras took lesser quantities.

Fents of all descriptions advanced from 21 million yards valued at nearly R65 lakhs to 36½ million yards valued at R94½ lakhs. The United Kingdom supplied 13 million yards and the United States of America over 23 million yards.

Fents  
(R94½ lakhs).

The quantity of sewing cotton imported was 2,367,000 lbs. and was valued at nearly R77½ lakhs. The United Kingdom supplied nearly 2 million lbs.

Sewing cotton  
(R77½ lakhs).

The total value of the imports of hosiery declined from R1,47 lakhs to R1,38 lakhs. Imports from Japan declined from R1,18 lakhs to R1,14 lakhs and those from the United Kingdom from R3 lakhs to R1½ lakhs. The Japanese share in the trade was 82 per cent as compared with 80 per cent in the preceding year.

Hosiery (R1,38 lakhs).

The imports of haberdashery and millinery rose from R1,13½ lakhs to R1,26½ lakhs. The United Kingdom sent R30 lakhs' worth. German supplies were valued at R30½ lakhs or R6 lakhs less than in the preceding year, while those from Switzerland were valued at R20½ lakhs as compared with R17½ lakhs in the preceding year. Japan's share advanced from R14½ lakhs to nearly R22 lakhs.

Haberdashery and millinery (R1,26½ lakhs).

Wool, raw and manufactured (R5,37 lakhs).—Imports of raw wool advanced from nearly 5 million lbs. valued at R32 lakhs in 1926-27 to 5.8 million lbs. valued at R45 lakhs in 1927-28. The principal countries from which the imports were derived were Persia, the United Kingdom and Australia. British supplies amounted to 1.6 million lbs. as against 1.5 million lbs. in the preceding year, while Persia's contribution amounted to 2.5 million lbs. against 2.3 million lbs. in 1926-27. Australian supplies advanced from 365,000 lbs. to 1,229,000 lbs. Yarn and knitting wool together were imported to the extent of 1.2 million lbs. valued at nearly R34 lakhs.

Wool, raw.

There has been a steady advance in the imports of woollen piecegoods in recent years. Imports in 1927-28 amounted to 18.8 million yards as against 15½ million yards in the preceding year and were valued at R3,28½ lakhs, an increase of 22 per cent in quantity and 18 per cent in value over 1926-27. Imports from the United Kingdom amounted to over 7 million yards valued at R1,62 lakhs, figures for the preceding year being 6 million yards and R1,42½ lakhs. Next came France with 4.4 million yards as against 2.2 million yards in the preceding year. The Italian share fell slightly to 3.4 million yards. Germany sent 1.6 million yards and Japan 1.4 million yards as against 1.4 million yards and 1.2 million yards respectively in 1926-27. The Belgian share was negligible. The average declared value per yard of the imports from France was R1-5-11 and of those from the United Kingdom R2-4-5.

Piecegoods.

## Wool and Artificial Silk

The shawl trade also is expanding, imports in 1927-28 amounting to over 1 million in number with a total value of over R39 lakhs. Germany has the largest share of the trade, her supplies in 1927-28 amounting to R23 lakhs in value.

Imports of carpets and rugs increased by 65 per cent in quantity and 31 per cent in value. The expansion of the trade can be judged from the fact that, while imports in 1925-26 amounted only to 1.4 million lbs. valued at R29½ lakhs, the imports during

the year under review were 3.1 million lbs. valued at R50½ lakhs. It should be remembered that both floor rugs and bed rugs are included under this heading. Italy is responsible for the large increase shown, her special line being cheap printed tapestry rugs. Her supplies amounted to 2¼ million lbs. worth R34½ lakhs.

**Artificial silk (R5.49 lakhs).**—The year under review saw a further expansion of the trade in artificial silk. The figures in the marginal table are evidence of the increasing absorption of artificial silk yarn, the imports in 1926-27 being 116 per cent over that

Imports of Artificial silk yarn.		
	lbs.(000)	R(000)
1922-23 .	225	13.40
1923-24 .	406	19.55
1924-25 .	1,171	42.40
1925-26 .	2,671	74.72
1926-27 .	5,776	1,02.64
1927-28 .	7,510	1,49.21

of the previous year, while the increase in 1927-28 over the preceding year was 30 per cent. The lead in this line established by Italy since 1925-26 was maintained in the year under review also, but the United Kingdom was a close competitor. Very nearly the whole of the increase in the imports during the year was contributed by that country, the British product commending itself by its quality for use in mills for the production of cotton and artificial silk mixtures. The quantities imported from Italy and the United Kingdom during 1927-28 were 3,432,000 lbs. and 2,277,000 lbs. as compared with 3,843,000 lbs. and 655,000 lbs. in the preceding year. It will be seen that the imports from Italy during 1927-28 were a little less than in 1926-27, while the British trade registered an advance of 248 per cent. Of the Continental countries, Germany and Switzerland sent only 131,000 lbs. and 283,000 lbs., respectively, as compared with 232,000 lbs. and 428,000 lbs., respectively, in 1926-27; but the Netherlands increased her trade by 148,000 lbs. to 506,000 lbs. France, whose share in the trade was of comparatively little importance in previous years, contributed 581,000 lbs. Belgium supplied 69,000 lbs. as compared with nearly 58,000 lbs. in 1926-27. Imports from Canada of 145,000 lbs. of yarn in the year under review are also worthy of mention. The total imports of artificial silk yarn were valued at R1.49 lakhs, the United Kingdom being responsible for nearly R47 lakhs, and Italy for R66½ lakhs. The values of the imports from these countries in 1926-27 were R14 lakhs and R64 lakhs, respectively. The shares of Italy and the United Kingdom in the total quantity imported were 46 per cent and 30 per cent, respectively, as against 67 per cent and 11 per cent in 1926-27. The average declared value per lb. in 1927-28 was R1-15-9, a rise of 3 as. 4 pies over the preceding year. Italian yarn was valued at nearly R1-15 per lb., while the average value of the British product was R2-1 per lb. From October, 1927, the duty on imports of artificial silk yarn was reduced from 15 to 7½ per cent *ad valorem*.

## Imports.

In piecegoods of cotton and artificial silk there was an increase in imports of over 11 million yards, the total takings amounting to 53,141,000 yards, valued at nearly R3,86½ lakhs, or about R80 lakhs more than in the preceding year. In 1926-27 the United Kingdom was the largest single supplier, her contribution in that year having amounted to over 16 million yards. In the year under review imports from the United Kingdom were only 14,263,000 yards, while Italy advanced her sales by a little more than what the United Kingdom lost, her shipments amounting to over 16 million yards as against nearly 14 million yards in 1926-27. Other countries which extended their interests to a notable extent were Switzerland, Germany, Austria, Japan and Czechoslovakia. Imports from these countries in 1927-28 were 11,055,000, 4,695,000, 3,413,000, 1,134,000 and 1,076,000 yards, respectively, as against 6,698,000, 2,488,000, 846,000, 40,000 and 492,000 yards, respectively, in the preceding year. Belgium's share in the trade fell from 980,000 yards to 757,000 yards, while the share of the United States of America increased to 373,000 yards. The set-back in the United Kingdom's trade should be attributed to the competition of the cheaper lines of cloth sent out by other countries. The British share of the total yardage imported fell from 38 per cent in the previous year to 27 per cent, and Italy's share from 33 to 30 per cent. The fall by 14 per cent of the combined share of Italy and the United Kingdom is evidence of growing competition in this line.

**Silk, raw and manufactured (R5,06 lakhs).**—India's absorption of raw silk has been increasing in recent years. Imports in 1925-26 were 1,325,000 lbs., in 1926-27 1,783,000 lbs. and in the year under review 2,356,000 lbs. The bulk of the imports came, as usual, from China (including Hongkong), 2,270,000 lbs. being derived from that source. Imports from Siam were only 11,000 lbs., but Japanese supplies rose from 19,600 lbs. to 62,700 lbs. Silk yarn, noils and warps also showed increases, the imports amounting to 1,358,000 lbs. against 1,217,000 lbs. in the preceding year. The value of the imports, however, fell from R63 lakhs to R59½ lakhs. Supplies from Italy amounted to 406,000 lbs., costing over R20 lakhs and those from China (including Hongkong) to 382,000 lbs. valued at R16 lakhs. Japan's share increased from 162,000 lbs. to 226,000 lbs. Switzerland sent 199,000 lbs. Imports of silk piecegoods rose from 19 million yards valued at R2,43 lakhs to over 21 million yards valued at R2,58 lakhs. The principal sources of supply were Japan which sent over 11½ million yards costing nearly R1,33 lakhs, and China (including Hongkong) which sent 9½ million yards valued at nearly R1,12½ lakhs. Their contributions in the preceding year were 9½ million and 9 million yards respectively. Of the total quantity of silk piecegoods imported, 97 per cent came from the Far East. Goods of silk mixed with other materials showed a slight increase from 2,136,000 yards to 2,449,000 yards, the value rising by R4 lakhs to R35 lakhs. Supplies from Japan increased from 867,000 yards in the preceding year to 1,055,000 yards. Other sources of supply were Germany 382,000 yards (402,000 yards), France 311,000 yards (212,000 yards), Italy 261,000 yards (235,000 yards) and the United Kingdom 227,000 yards (188,000 yards). The figures in brackets relate to the imports in 1926-27.

**Metals and Manufactures thereof (R28,40 lakhs).**—The imports of metals and manufactures thereof increased by 38 per cent in quantity from 910,000

## Iron and Steel.

tons to 1,259,000 tons and by 19 per cent in value from nearly R24 crores to over R28½ crores. Iron and steel represented R21½ crores of this total and rose to the second place in order of importance among imports, displacing sugar which occupied that position in the preceding year. If such items as machinery and mill-work, railway plant and rolling stock, cutlery, hardware, implements and instruments, and motor vehicles are included in one head with metals and manufactures thereof, the aggregate value would amount to R65½ crores; this figure may be compared with the value of yarn and textile fabrics, the most important group among imports, viz., R81 crores. The corresponding figures for the preceding year were, for the metals group, R56 crores and, for textiles, R79 crores.

**Iron and steel (R21,44 lakhs).**—The United Kingdom is the largest supplier of iron and steel materials to India and the imports from that country, which in the preceding year had been affected by the British coal strike of 1926, recovered during the year under review and reached a record figure. The output of pig iron in the United Kingdom rose from 2½ million tons in 1926 to over 7 million tons in 1927, while the production of steel ingots and castings rose from 3½ million tons to over 9 million tons. British steel-makers also made very great efforts during the year to reduce prices to meet foreign competition. The chief competitors of the United Kingdom in the Indian market are Belgium and Germany. The following tables show the monthly imports of pig iron and manufactured iron and steel from these three countries during 1927-28 :—

### Pig Iron.

(In tons).

Month	United Kingdom	Belgium	Germany
1927—			
April . . . . .	572	..	..
May . . . . .	1,053	..	..
June . . . . .	468	..	..
July . . . . .	99	15	..
August . . . . .	54	40	..
September . . . . .	350	..	..
October . . . . .	295	..	..
November . . . . .	338	..	..
December . . . . .	53	..	..
1928—			
January . . . . .	107	..	..
February . . . . .	159	..	..
March . . . . .	520	..	..
<b>TOTAL</b>			
{ 1927-28 . . . . .	4,068	55	..
{ 1926-27 . . . . .	999	50	..
{ 1925-26 . . . . .	2,463	41	..

## Imports.

### *Manufactured Iron and Steel (excluding pig and old iron).*

(In thousands of Rupees).

Month	United Kingdom	Belgium	Germany
<b>1927—</b>			
April . . . . .	98,09	34,80	8,09
May . . . . .	1,34,54	39,40	10,34
June . . . . .	1,27,30	29,40	8,79
July . . . . .	1,14,86	29,63	9,92
August . . . . .	1,19,46	30,66	10,87
September . . . . .	1,38,39	30,04	9,08
October . . . . .	1,36,56	24,56	6,52
November . . . . .	1,21,62	31,90	8,84
December . . . . .	1,08,50	26,88	8,01
<b>1928—</b>			
January . . . . .	1,11,71	31,76	10,99
February . . . . .	1,23,46	31,71	11,17
March . . . . .	1,18,25	43,75	12,17
<b>TOTAL</b>			
{ 1927-28 . . . . .	14,52,24	3,84,49	1,14,79
{ 1926-27 . . . . .	10,36,10	3,12,63	1,24,54
{ 1925-26 . . . . .	12,21,72	2,82,05	1,14,60

Imports of manufactured iron and steel (excluding pig and old iron or steel), as compared with the preceding year, advanced by 42 per cent from 838,000 tons to 1,190,000 tons, the value increasing by 28 per cent from R16,71 lakhs to R21,37 lakhs. The chief single item was, as usual, galvanised sheets

Galvanised sheets. which in 1927-28 accounted for about 38 per cent of the total value of the manufactured iron and steel imported, as compared with 43 per cent in 1926-27. The receipts totalled 331,000 tons, a record figure, and were valued at R8,06 lakhs; the imports in 1926-27 were 275,000 tons valued at R7,17 lakhs. The United Kingdom, the chief source of imports, increased her supplies from 249,000 tons valued at R6,45 lakhs to 298,000 tons valued at R7,24 lakhs. The receipts from the United States, however, dropped in value from R40 lakhs to R16 lakhs, while those from Belgium and Germany rose from R25 and R7 lakhs to R49 and R15 lakhs respectively.

Tinplates. Tinplates recorded a small increase, imports advancing from 22,200 tons valued at R77 lakhs to 24,900 tons valued at R82 lakhs. The trade was practically divided between the United Kingdom and the United States of America, the former increasing her share from R40 lakhs to R57 lakhs and the latter reducing her supplies from R37 lakhs to R25 lakhs. Sheets and plates, not galvanised and tinned, rose from 62,000 tons valued at R84½ lakhs to 80,000 tons valued at R1,08½ lakhs—the increase being due to larger receipts from the United Kingdom. Imports from the United Kingdom amounted to 44,400 tons valued at R66 lakhs as compared with 16,500 tons valued at R28 lakhs in 1926-27 and 27,600 tons valued at R50 lakhs in 1925-26. Arrivals from Belgium remained fairly steady at nearly 31,000 tons (valued at R36 lakhs), as in the preceding year, while those from Germany fell away to 900 tons



## Iron and Steel.

from 9,000 tons in 1926-27 and 12,000 tons in 1925-26. The imports of steel bars, other than of cast steel, rose from 151,000 tons valued at R1,48½ lakhs to

181,000 tons valued at R1,83 lakhs. Imports from

Bars and channels. Belgium advanced from 89,000 tons to 111,000 tons in quantity and from R84 lakhs to R1,03½ lakhs in value. The supplies from the United Kingdom and Luxemburg also increased from R13 lakhs and R15 lakhs to R36 lakhs and R19 lakhs, respectively, but those from Germany declined from 27,000 tons valued at R25½ lakhs to 14,000 tons valued at R12½ lakhs. There were smaller imports of iron bars and channels, the quantity dropping from 10,400 tons valued at R14 lakhs to 4,900 tons valued at R9½ lakhs. Belgian supplies which in 1926-27 amounted to 7,700 tons receded to 2,000 tons in the year under review. The imports from the United Kingdom

showed a small improvement. The imports of beams, Beams, pillars, girders, channels, pillars, girders and bridgework were double those of the preceding year and totalled 144,000 tons valued at R1,84 lakhs as against 72,000 tons valued at R90 lakhs in 1926-27. Imports from the United Kingdom and Belgium, the two principal sources of supply, rose from R41 lakhs and R33 lakhs to R99 lakhs and R62 lakhs, respectively. There were also increased supplies from Germany and France.

Rails, chairs, fishplates. Rails, chairs and fishplates (including those for rail-ways) mainly from British sources showed a striking increase from 23,000 tons valued at R25½ lakhs to 113,000 tons valued at R1,35 lakhs. Imports were chiefly into the Madras Presidency. Imports of

cast pipes and fittings rose from 9,000 tons valued at

Tubes, pipes and fittings. R22½ lakhs to 16,000 tons valued at R33 lakhs, of which the United Kingdom accounted for 6,400 tons valued

at R19 lakhs. Belgium made considerable headway in this line, owing to lower prices, and supplied 6,400 tons valued at R8½ lakhs as compared with 1,700 tons valued at R3 lakhs in 1926-27. The United Kingdom contributed most to the increase under wrought tubes, pipes and fittings, the imports of which rose by 57 per cent in quantity and 44 per cent in value to 47,000 tons valued at R1,31 lakhs. Receipts from the United Kingdom were 28,600 tons valued at R85 lakhs as compared with 12,200 tons valued at R45 lakhs in the preceding year. Belgium's share increased from R11 lakhs to R16 lakhs, while that of Germany dropped from R25 lakhs to R18 lakhs. Bolts and nuts declined from 11,300 tons valued at R32 lakhs to 10,300 tons valued at

R31 lakhs, and hoops and strips from 35,300 tons valued at R53 lakhs to 33,000 tons valued at R48 lakhs. Imports from the United Kingdom increased, while Belgium lost ground in both these lines. In quantity, the imports of nails, rivets

and washers increased from 17,300 tons in 1926-27 to 18,600 tons in 1927-28, but in value, there was a slight decline to R52 lakhs. Imports from the United King-

dom amounted to 6,600 tons valued at R17 lakhs, a small increase of 100 tons in quantity, but a decrease of R2½ lakhs in value. There were increased supplies from Belgium, Norway and Sweden, while those from Germany declined. Under wire nails, reduced imports from Belgium and Germany resulted in the total supplies declining slightly to 13,400 tons valued at R24 lakhs. The imports of wire rope, mostly from the United Kingdom, increased

## Imports.

in quantity from 3,000 tons to 4,200 tons and in value from R19½ lakhs to R25½ lakhs. Wire, other than fencing wire, advanced from 5,700 tons valued at R11½ lakhs to 8,000 tons valued at R16½ lakhs.

Imports of pig iron rose from 1,600 tons valued at R2½ lakhs to 5,100 tons valued at R6 lakhs, of which the United Kingdom supplied 4,000 tons as compared with 1,000 tons in the preceding year.

Pig iron.

The production of Indian pig iron has steadily increased since 1922-23. In 1922-23 the output was 384,000 tons, in the following year it advanced to 716,000 tons and thereafter, rising gradually, reached 1,162,000 tons in 1927-28 or an increase of 205,000 tons over the preceding year. The price in England of Cleveland No. 3 pig iron was £4 per ton in April 1927. Under stress of foreign competition, the price fell to £3-10s. towards the end of May and to £3-7-6 in August. Towards the end of November the quotation fell to £3-5s., at which rate it practically remained till the end of March. The quotation for Belgian pig iron, foundry No. 3, stood between £3-12-6 and £3-15s. at the beginning of April, but declined to £3-1s. by the middle of June. During the next four months the rates varied from £3 to £3-5s. The lowest quotation of the year (£2-17s.) was touched in November, after which a stronger home demand gradually forced up the price to £3-4-6 towards the close of the year. Table No. 19 shows the details of the imports and the declared values of the different descriptions of iron and steel and table No. 20 the principal sources of supply. The following table shows the chief sources of supply of iron and steel (including pig and old iron) with the percentage share of each principal country :—

—	United Kingdom		Germany		Belgium		France		United States		Other Countries		TOTAL Tons (thou- sand)
	Tons (thou- sand)	Share per cent	Tons (thou- sand)	Share per cent	Tons (thou- sand)	Share per cent	Tons (thou- sand)	Share per cent	Tons (thou- sand)	Share per cent	Tons (thou- sand)	Share per cent	
1913-14 .	609	59.8	200	19.6	173	17.0	2	.1	22	2.2	12	1.3	1,018
1919-20 .	269	63.0	1	.2	13	3.1	..	..	185	31.6	9	2.1	427
1920-21 .	498	70.0	15	2.1	69	9.7	2	.3	113	15.9	15	2.0	712
1921-22 .	280	45.7	60	9.8	160	26.1	9	1.5	84	13.7	20	3.2	618
1922-23 .	359	48.1	90	12.1	229	30.7	7	1.0	38	5.1	23	3.0	746
1923-24 .	429	56.7	61	8.0	217	28.7	5	.5	18	2.4	26	3.7	756
1924-25 .	439	50.5	88	10.1	278	31.4	16	1.8	17	2.0	36	4.2	869
1925-26 .	489	55.3	69	7.8	229	25.9	45	5.1	23	2.6	29	3.3	884
1926-27 .	406	48.1	79	9.3	257	30.4	33	3.9	29	3.4	41	4.9	845
1927-28 .	685	57.2	79	6.5	316	36.4	48	4.0	16	1.4	63	4.4	1,197

The imports from the United Kingdom even exceeded in volume the imports in the pre-war year and aggregated 685,000 tons or 57.2 per cent of the total imports of iron and steel, as compared with 406,000 tons or 48.1 per cent in 1926-27 and 609,000 tons or 59.8 per cent in 1913-14. Next to the United Kingdom came Belgium, the imports from which country rose by 23 per cent from 257,000 tons to 316,000 tons, although her share in the total trade was 4 per cent less than in the preceding year. Germany's share fell from 9.3 per

## Other Metals.

cent to 6.6 per cent, perhaps as a result of the high internal demands in that country. The increase in the case of France is the result of her attempt to conserve her overseas markets, so that her works may operate at something approaching full capacity. There was a marked slowing down of production in the United States of America and her exports to India also fell.

**Other metals (R6.96 lakhs).**—Imports of metals, other than iron and steel fell from 64,000 tons to 62,000 tons in quantity and from R7.06 lakhs to

**Aluminium.** R6.96 lakhs in value. The imports of aluminium increased from 97,000 cwts valued at R95 lakhs in 1926-27 to 135,000 cwts. valued at R1,18½ lakhs in 1927-28. This represented a rise of 39 per cent in quantity and of 25 per cent in value. Wrought circles, which accounted for 87 per cent of the total quantity of aluminium imported in 1927-28, showed an advance from 80,000 cwts. valued at R76 lakhs to 117,000 cwts. valued at R1,01½ lakhs. There was a remarkable increase in the imports from the United Kingdom which rose from 19,900 cwts. to 50,600 cwts. in quantity and from R18½ lakhs to R44½ lakhs in value. Imports from the United States of America rose from 32,700 cwts. valued at R32 lakhs to 41,700 cwts. valued at R34 lakhs. There were also increased supplies from France and Switzerland, while those from Germany and Italy showed a decline. Wrought sheets, imported chiefly from the United States of America and the United Kingdom, increased from 4,600 cwts. to 6,000 cwts. in quantity and from R4 lakhs to nearly R5 lakhs in value. Other forms of wrought aluminium advanced from 7,200 cwts. to 7,900 cwts. Imports of unwrought aluminium (ingots, blocks, etc.), however, fell from 5,500 cwts. valued at R3½ lakhs to 3,800 cwts. valued at R2½ lakhs.

Imports of brass decreased from 529,000 cwts. valued at R2,56½ lakhs to 508,000 cwts. valued at R2,33½ lakhs. Mixed or yellow metal for sheathing, which formed 84 per cent of the total quantity imported in 1927-28, increased slightly in quantity from 427,000

**Brass.** cwts. to 428,000 cwts., but declined in value from R2,05 lakhs to R1,94½ lakhs. Imports from the United Kingdom increased from 121,000 cwts. valued at R60½ lakhs to 168,000 cwts. valued at R75 lakhs. But, as in the preceding year, Germany retained her place as the chief supplier, although her consignments fell from 241,000 cwts. to 195,000 cwts. in quantity and from R1,14 lakhs to R87½ lakhs in value. Of other manufactures, brass rods recorded an increase from R3½ lakhs to R5 lakhs, while all others, including sheets, tubes, wires, etc., were valued at R30 lakhs as against R42 lakhs in the preceding year. Imports of unwrought brass fell from R6 lakhs to R4½ lakhs.

Imports of copper declined from 317,000 cwts. valued at R1,53 lakhs to 261,000 cwts. valued at R1,29 lakhs. Both unwrought and wrought copper

**Copper.** (the latter consisting mostly of sheets) decreased, the former from R24½ lakhs to nearly R17 lakhs and the latter from R1,27 lakhs to R1,10 lakhs. As a result of regulation of output and control of supplies, prices of copper were generally on a higher level than in the preceding year. Owing perhaps to the increasing activity in the German electrical industry, imports from Germany were very much reduced.

## Imports.

Unwrought copper from Germany fell from 19,500 cwts. valued at R9½ lakhs to 1,500 cwts. valued at R63,000 and wrought copper, from 165,000 cwts. valued at R77½ lakhs to 71,000 cwts. valued at R36½ lakhs. There were, however, increased imports, especially of wrought copper, from the United Kingdom, amounting to 70,000 cwts. valued at R36 lakhs as against 34,000 cwts. valued at R19 lakhs in 1926-27. Imports from France also increased, while those from Belgium decreased.

The imports of lead increased in quantity from 46,900 cwts. to 48,600 cwts., but declined in value from R13½ lakhs to R12 lakhs. Wrought sheets (excluding those for tea-chests) and pipes increased from R5½ lakhs to R5¼ lakhs. Sheets for lining tea-chests (imported entirely from the United Kingdom and Ceylon), however, fell from 14,700 cwts. valued at R5 lakhs to 10,600 cwts. valued at R3 lakhs.

With an increase in the world's visible supplies and consequent fall in prices there was an improvement in the demand for tin, the imports, consisting mostly of unwrought tin from the Straits Settlements, rising by 27 per cent in quantity from 51,700 cwts. to 65,800 cwts. and by 25 per cent in value from R98 lakhs to R1,12 lakhs.

Unwrought zinc, imported mostly in slabs, was, prior to 1st April, 1927, liable to a duty of 15 per cent *ad valorem*, but has since been made free of duty under the Steel Industry (Protection) Act, 1927. As a result, there was a rapid rise in the imports in 1927-28 which amounted to 106,000 cwts. valued at R20 lakhs as against 37,000 cwts. valued at R8½ lakhs in the preceding year. On the other hand, wrought zinc showed a considerable decrease from 141,000 cwts. valued at R37½ lakhs to 63,000 cwts. valued at R16 lakhs. The total quantity of zinc or spelter, all sorts, imported during 1927-28 declined to 169,000 cwts. and the value to R36½ lakhs from 177,000 cwts. and R46½ lakhs, respectively, in the previous year.

Imports of German silver, including nickel silver, showed a small increase from 15,300 cwts. valued at R14½ lakhs to 17,200 cwts. valued at R15 lakhs. The principal sources of supply were Germany (R7 lakhs), Austria (R5 lakhs) and the United Kingdom (R2 lakhs).

Imports of quicksilver further declined from 225,000 lbs. to 168,000 lbs. in quantity and from R6,20,000 to R6,08,000 in value. Italy sent 123,000 lbs. valued at R4½ lakhs and the United Kingdom 21,000 lbs. valued at R74,000.

Machinery and Millwork (R16,99 lakhs).—In 1926-27 machinery and millwork had fallen to the fourth place in order of importance in India's import trade. In the year under review there was a considerable increase in imports and this head ranked third in importance, coming next to cotton manufactures and iron and steel. The total imports of machinery of all kinds, including belting for machinery and printing presses, during 1927-28 were valued at R16,99 lakhs, as compared with R14,60 lakhs in 1926-27 and R15,87 lakhs in 1925-26. An important contributing factor to the increase in the import

## Machinery.

Trade was the removal or reduction of the customs duties on certain kinds of machinery from 1st October, 1927, effected in pursuance of the recommendations of the Indian Tariff (Cotton Textile) Board. The following table analyses the imports of machinery and millwork, according to classes, during 1927-28 and compares them with those in the four preceding years :—

	1923-24 R (lakhs)	1924-25 R (lakhs)	1925-26 R (lakhs)	1926-27 R (lakhs)	1927-28 R (lakhs)
Prime movers	2,02	1,86	2,12	1,98	2,08
Electrical	2,23	2,02	2,22	2,29	2,00
Boilers	99	72	98	63	1,09
Metal working (chiefly machine tools).	52	37	44	37	41
Mining	1,08	1,26	1,25	98	1,51
Oil crushing and refining	38	31	21	33	71
Paper mill	6	7	3	7	9
Refrigerating	9	7	8	12	12
Rice and flour mill	21	28	24	28	23
Saw mill	10	14	8	9	8
Sewing and knitting	54	60	80	88	92
Sugar machinery	13	17	16	6	9
Tea machinery	39	46	39	26	36
Cotton machinery	5,60	2,68	2,35	1,71	1,97
Jute mill machinery	1,37	93	82	65	24
Wool machinery	11	6	2	4	2
Typewriters, including parts and accessories.	16	15	18	24	27
Printing and lithographing presses	21	20	16	15	18
Belting for machinery	88	94	82	81	87

It will be observed that, with the exception of electrical machinery, rice and flour mill machinery, saw mill machinery, and wool machinery, all other descriptions showed increases.

The value of all kinds of textile machinery imported increased by 23 per cent from R2,51½ lakhs to R3,08½ lakhs, of which the United Kingdom's supplies accounted for R2,89 lakhs or 94 per cent. In the preceding year she was responsible for 95 per cent of the imports, with a total value of R2,40 lakhs. Imports of cotton machinery were steadily on the decline for some years, but the tendency was arrested in 1927-28, imports amounting to R1,97 lakhs as compared with R1,70½ lakhs in 1926-27. Spinning and weaving machinery showed increases of R21 and

## Imports.

R12 lakhs, respectively. Jute manufacturing machinery advanced from R64½ lakhs to R94 lakhs, while wool manufacturing machinery fell from R4

to R1½ lakhs. Imports of electrical machinery declined from R2,29½ lakhs to R2,00 lakhs, decreases being noticeable in the case of transformers and generating plant. The United Kingdom and the United States of America sent electrical machinery worth R1,66½ lakhs and R14½ lakhs, respectively, as against supplies valued at R1,86 lakhs and R22½ lakhs, respectively, in the preceding year. The contribution of Germany also dropped from R11 lakhs to R9½ lakhs. Prime-movers, other than electrical, increased from R1,98½ lakhs to R2,08 lakhs, of which oil engines and steam engines, including parts, were valued at R1,19 and R85½ lakhs as compared with R1,15 and R78 lakhs, respectively, in the preceding year. Among other items that showed increases, mention may be made of mining machinery, the imports of which rose from R98 lakhs to R1,50½ lakhs. Coal mining machinery showed a small improvement to R7½ lakhs. The balance was absorbed by other mining industries, the bulk of the imports being received in Burma. There were also increases in oil-crushing and refining machinery from R33 lakhs to R71 lakhs, tea machinery from R26 lakhs to R36 lakhs, metal working machinery (chiefly machine tools) from R37½ lakhs to R40½ lakhs and paper mill machinery from R6½ lakhs to nearly R9½ lakhs. The number of sewing and knitting machines imported rose from 71,500 to 75,300, of which 55,100 or 73 per cent came from the United Kingdom and 18,000 or 24 per cent from Germany. The imports of typewriters numbered 16,952 valued at R25 lakhs as compared with 13,790 valued at R22 lakhs in the preceding year. The bulk of the imports came, as usual, from the United States of America which supplied 15,534 or 92 per cent of the total number imported in 1927-28 as compared with 12,365 or 90 per cent in 1926-27.

Imports of belting for machinery increased in value by R6 lakhs to R87 lakhs, to which leather belting contributed R38 lakhs. Imports of cotton belting showed a small decrease and were valued at R14½ lakhs, the United Kingdom supplying to the value of R13½ lakhs. Belting of other materials showed a small increase from R34 lakhs to nearly R35 lakhs.

The following table shows the relative shares of the principal countries in the total import trade :—

*Imports of machinery and millwork, including belting for machinery and printing machinery.*

	1913-14 (pre-war year)		1925-26		1926-27		1927-28	
	R (lakhs)	Per cent	R (lakhs)	Per cent	R (lakhs)	Per cent	R (lakhs)	Per cent
United Kingdom	7,41	90	12,60	79.4	11,38	77.9	13,33	78.5
United States . .	27	3	1,53	9.6	1,53	10.5	1,72	10.1
Germany . . . .	46	6	96	6.0	1,03	7.1	1,13	6.7
Belgium . . . .	..	..	..	..	25	1.7	29	1.7
Other countries	12	1	78	5.0	41	2.8	52	3.0
<b>TOTAL</b>	<b>8,26</b>	<b>100</b>	<b>15,87</b>	<b>100</b>	<b>14,60</b>	<b>100</b>	<b>16,99</b>	<b>100</b>

## Railway plant.

While the United Kingdom's share has improved, there has been a setback in the case of the United States of America and Germany.

**Railway plant and rolling stock (R9,35 lakhs).**—The total imports on private and Government account registered under this head (which, it may be remarked, excludes rails, chairs, fishplates, etc., for railways) rose from R6,08 lakhs to R9,35 lakhs, of which R4,77 lakhs represented importations on private account and R4,58 lakhs on Government account as against R3,25 lakhs and R2,83 lakhs, respectively, under corresponding heads in the preceding year. The following table shows the details of the imports during the last three years:—

### *Imports of railway plant and rolling stock (on private and Government account).*

	1925-26 R (lakhs)	1926-27 R (lakhs)	1927-28 R (lakhs)	Increase (+) or decrease (—) in 1927-28 as compared with 1926-27 R (lakhs)
Carriages and parts . . . . .	1,91	2,62	3,65	+1,03
Wagons and parts . . . . .	3,07	97	1,05	+8
Locomotive engines and tenders and parts. . . . .	1,65	97	1,75	+78
Sleepers and keys of steel or iron . . . . .	76	56	2,01	+1,45
Sleepers of wood . . . . .	13	36	13	—23
Other kinds . . . . .	59	60	76	+16
<b>TOTAL</b> . . . . .	<b>8,11</b>	<b>6,08</b>	<b>9,35</b>	<b>+3,27</b>

With the exception of sleepers of wood, which are chiefly imported from Australia and the United States of America, imports of all descriptions recorded increases. Carriages and wagons and locomotive engines and tenders were supplied mostly by the United Kingdom, while the bulk of the trade in sleepers and keys of steel or iron went to the Continent, notably Belgium. The following table shows the shares of the principal countries from which imports were derived:—

	1923-24 Per cent	1924-25 Per cent	1925-26 Per cent	1926-27 Per cent	1927-28 Per cent
United Kingdom. . . . .	94.6	87.0	79.9	61.1	66.8
Australia . . . . .	1.3	..	2.2	4.8	1.9
Belgium . . . . .	1.9	4.1	9.2	17.4	23.9
United States . . . . .	1.2	2.6	2.0	3.9	1.2
Germany . . . . .	0.4	2.5	4.3	6.9	3.9

## Imports.

The British proportion showed a sharp fall in 1926-27 which was made up to some extent in 1927-28. The steadily increasing importance of Belgium may also be noticed, her share in 1927-28 being 24 per cent as against 17.4 per cent in 1926-27 and 9.2 per cent in 1925-26.

From April 1928 the head "Railway plant and rolling stock" has disappeared as a distinctive head in the trade accounts. The imports formerly classed under this head are now distributed under various headings according to the nature of the article or the material of which it is made.

**Motor vehicles (R6,18 lakhs).**—There was a general lowering of the prices of motor vehicles during the year. This was due mainly to the reduction of the duty on motor cars and motor cycles from 30 to 20 per cent *ad valorem* and on pneumatic rubber tyres and tubes from 30 to 15 per cent from 1st March 1927, and also to the keen competition in the automobile trade. The effect is plainly traceable in the import statistics. Leaving out of account 1920-21, when boom conditions and lower duties prevailed, the year proved to

be a record one for the imports of motor cars. The number of cars imported rose by 15 per cent from 13,197 in 1926-27 to 15,122 in 1927-28, and their value by 20 per cent from R2,94 lakhs to R3,54 lakhs. Owing to temporary suspension of manufacture the Ford car receded into the background during the year. The gap in the supply was filled by increased imports of cars of competing grades from the United States of America and of British light cars. In preceding years Canada had occupied the foremost position in the import trade, as nearly all the Ford cars imported into India were manufactured in that country; in the year under review the premier share in the trade went to the United States of America. Cars imported from that country numbered 6,031 with a total value of R1,34½ lakhs as compared with 4,030 cars with a total value of R89 lakhs supplied in the preceding year. On the other hand, imports of Canadian cars decreased from 4,476 to 3,400 in number and in value from R70 lakhs to R63 lakhs. The United Kingdom strengthened her position and sent 3,600 cars valued at R1,02½ lakhs as compared with 2,546 cars with a total value of R80 lakhs supplied in the preceding year. Italy supplied during the year 1,367 cars as compared with 1,416 in 1926-27 and 860 in 1925-26. France supplied 538 cars as against 607 in the preceding year and Belgium 43 cars. The average declared value of cars imported from the United Kingdom dropped from R3,159 in 1926-27 to R2,849 in 1927-28. The decline is indicative of the efforts made by British manufacturers to extend their interests in the Indian market. The production of motor cars in the United Kingdom in 1927 is estimated by the "Motor Trader" at 161,920 as compared with 158,699 in 1926 and 133,500 in 1925. The average value of cars imported from the United States of America was R2,230, about the same as in the preceding year, while the average price of the Canadian car rose from R1,568 to R1,858.

Of the imports of the year, 4,935 cars (33 per cent) were received in Bengal 4,093 (27 per cent) in Bombay, 2,660 (17 per cent) in Madras, 1,979 (13 per cent) in Sind and 1,455 (10 per cent) in Burma. The following table shows



## Motor Vehicles.

the imports of motor cars during the past fifteen years :—

*Number of motor cars imported.*

	United Kingdom	United States (a)	Canada	France	Italy	Other countries	TOTAL
Year 1913-14 (pre-war).	1,669	868	..	111	7	225	2,860
" 1914-15 ..	1,350	510	..	54	19	72	2,005
" 1915-16 ..	787	2,136	..	126	57	15	3,121
" 1916-17 ..	439	4,169	..	62	44	14	4,778
" 1917-18 ..	39	1,222	..	1	18	2	1,262
" 1918-19 ..	21	368	..	..	1	10	400
" 1919-20 ..	448	9,353	20	3	17	84	9,925
" 1920-21 ..	2,541	10,120	1,938	192	218	423	15,432
" 1921-22 ..	790	802	576	158	222	347	2,895
" 1922-23 ..	449	1,386	1,846	61	131	450	4,323
" 1923-24 ..	1,005	2,865	3,290	153	370	301	7,984
" 1924-25 ..	1,682	3,106	3,956	215	235	186	9,380
" 1925-26 ..	2,399	4,143	4,775	367	860	213	12,757
" 1926-27 ..	2,546	4,030	4,476	607	1,416	122	13,197
" 1927-28 ..	3,600	6,031	3,400	538	1,367	186	15,122

(a) The country of origin of many of the cars imported from the United States of America during the years previous to 1920-21, is Canada.

The imports of motor cycles increased by 19 per cent in number from 1,803 in 1926-27 to 2,146 in 1927-28 and by 14 per cent in value from R10,47,000 to R11,96,000. The United Kingdom, as usual, supplied the largest number, *viz.*, 1,964 or 91 per cent as compared with 1,665 or 92 per cent in the preceding year. The imports from the United States of America further declined from 75 to 67, while those from Germany and France increased from 8 and 19 to 14 and 40 respectively.

The continued expansion of motor transport led to a further increase in the imports of motor omnibuses, vans and lorries. The imports totalled in number 8,682 valued at R1,49 lakhs as against 6,343 valued at R1,20 lakhs in the preceding year. Of these, about 86 per cent or 7,412 represented chassis, with a total value of Rs. 1,22 lakhs as against 5,345 valued at R96 lakhs in 1926-27. The supplies were, as usual, mostly from Canada and the United States of America. British manufacturers of commercial chassis experience great difficulty in pushing their sales in India owing to the very low and attractive prices offered by their Canadian and American competitors. Small initial outlay appeals to the average bus-owner as he has no large capital to invest either in first costs or in the maintenance of a repair organisation. It must also be remembered that India's roads and bridges call for a small vehicle, while the exports from Britain consist predominantly of heavy types unsuitable for up-country work. The average declared value of chassis imported from the United Kingdom during 1927-28 was R4,694 as compared with R1,733 for the American and R1,272 for the Canadian makes. The corresponding figures for the preceding year were R4,968 for the British, R2,050 for the American and

## Imports.

Rs. 1,355 for the Canadian chassis. The disparity in values is due not only to the higher prices of the British manufactures, but also to the fact that the imports from America consist mostly of lighter types.

The imports of motor omnibuses, vans and lorries from Canada rose from 3,529 to 4,268 in number and from Rs. 48 lakhs to Rs. 54½ lakhs in value. The supplies from the United States of America also increased from 2,322 valued at Rs. 49½ lakhs to 3,699 valued at Rs. 67½ lakhs. The United Kingdom sent 447 vehicles valued at Rs. 22½ lakhs as compared with 341 valued at Rs. 19 lakhs in the preceding year.

The following table shows the number of all classes of motor vehicles registered in the different provinces of British India up to the end of March 1928 :—

*Number of motor vehicles registered in British India up to 31st March 1928.*

Provinces	Motor cars including taxi-cabs	Motor cycles including scooters and auto-wheels	Heavy motor vehicles (lorries, buses, etc.)	TOTAL
	Number	Number	Number	Number
Bengal including Calcutta . . . . .	23,995	3,964	2,546	30,505
Bombay City . . . . .	8,549(a)	560(a)	788(a)	9,897(a)
Bombay Presidency (excluding Bombay City and Sind). . . . .	7,527(a)	622(a)	107(a)	8,256(a)
Madras City . . . . .	9,178	2,416	1,151	12,745
Madras Presidency (excluding Madras City). . . . .	4,917	1,664	4,087	10,668
United Provinces . . . . .	7,352	2,415	2,527	12,294
Punjab . . . . .	10,836	3,371	316	14,523
Burma . . . . .	11,444	2,903	3,409	17,756
Bihar and Orissa . . . . .	5,250	950	983	7,183
Central Provinces . . . . .	3,564	935	984	5,483
Sind . . . . .	2,578	882	141	3,601
Delhi . . . . .	3,735	876	412	5,023
North-West Frontier Province . . . . .	2,052	1,213	769	4,034
Ajmer-Merwara . . . . .	261	94	35	390
Assam (b) . . . . .	1,454	299	753	2,506
<b>TOTAL</b> . . . . .	<b>102,692</b>	<b>23,164</b>	<b>19,608</b>	<b>144,864</b>

(a) Represent number of vehicles re-registered during the year ending 31st March 1928.

(b) Figures relate to the year ended 31st December 1927.

The reduction of duty and the increase of motor transport were also responsible for a substantial increase in the imports of rubber manufactures.

Rubber manufactures (Rs. 2,71 lakhs). It will be observed from the table below that compared with 1926-27 the imports of each description of tyres and tubes in 1927-28 showed increases in number and, with the exception of motor cycle and cycle covers, increases in value also.

## Rubber Manufactures, tyres, etc.

### Imports of Rubber manufactures.

	1925-26		1926-27		1927-28	
	Number	R (lakhs)	Number	R (lakhs)	Number	R (lakhs)
Pneumatic motor covers	261,082	1,23	310,551	1,18	418,808	1,69
"    "    cycle covers	9,561	2	11,179	2	12,555	2
Pneumatic cycle covers	506,659	15	600,713	14	640,365	12
"    motor tubes	303,814	27	347,302	23	446,873	32
"    "    cycle tubes	11,177	1	14,924	1	26,989	1
Pneumatic cycle tubes	577,581	8	751,919	9	836,379	10
Solid rubber tyres for motor vehicles	13,865	13	9,520	12	11,786	15

The number of pneumatic motor covers imported rose by 35 per cent from 311,000 to 419,000 and their value from R1,18 to R1,69½ lakhs. The imports from both the United States of America and Canada were almost double those of the preceding year and amounted to 108,000 and 89,000 valued at R46½ and R36 lakhs, respectively. The United Kingdom supplied 116,000 tyres valued at R47½ lakhs as compared with 109,000 valued at R42 lakhs in 1926-27. Imports from France fell from 75,000 (R26 lakhs) to 63,000 (R22½ lakhs), while those from Italy improved from 16,000 (R4½ lakhs) to 27,000 (R9 lakhs). The United Kingdom supplied 8,400 or 67 per cent of the total number of motor cycle covers imported as against 7,100 or 64 per cent in the preceding year, while the remainder came mostly from France, Canada and the United States of America. In pneumatic cycle covers the United Kingdom regained her position as the foremost supplier by increasing her exports from 252,000 or 42 per cent to 350,000 or 55 per cent, while France reduced her supplies from 294,000 or 49 per cent to 249,000 or 39 per cent. The bulk of the imports of pneumatic motor tubes came, as usual, from the United Kingdom (R12½ lakhs), the balance being almost equally divided between Canada, the United States of America and France (R6 lakhs each). In solid rubber tyres the shares of the United States of America and Germany improved, while that of the United Kingdom slightly decreased. The total value of all tyres and tubes for motor vehicles imported in 1927-28 was R2,19 lakhs, as compared with R1,56 lakhs in the preceding year. The highest value recorded in any year previous to 1927-28 was R1,70 lakhs, which was registered in 1920-21 when the imports of motor vehicles were very high.

Much public attention has recently been focussed on the question of the development of motor transport in India, and a committee of the Central Legislature has been considering problems of road development and road administration and finance. It is of interest, therefore, to review the progress made in recent years. In 1918-19 when the duty on the imports of motor vehicles and tyres and tubes was only 7½ per cent *ad valorem*, the imports of all sorts of motor vehicles numbered only 527. In the succeeding two years, imports rapidly advanced under post-war boom conditions, 13,486 vehicles being received in 1919-20, and 23,496 in 1920-21. There was a reaction in 1921-22, imports numbering only 4,209. The duty on motor cars, motor

## Imports.

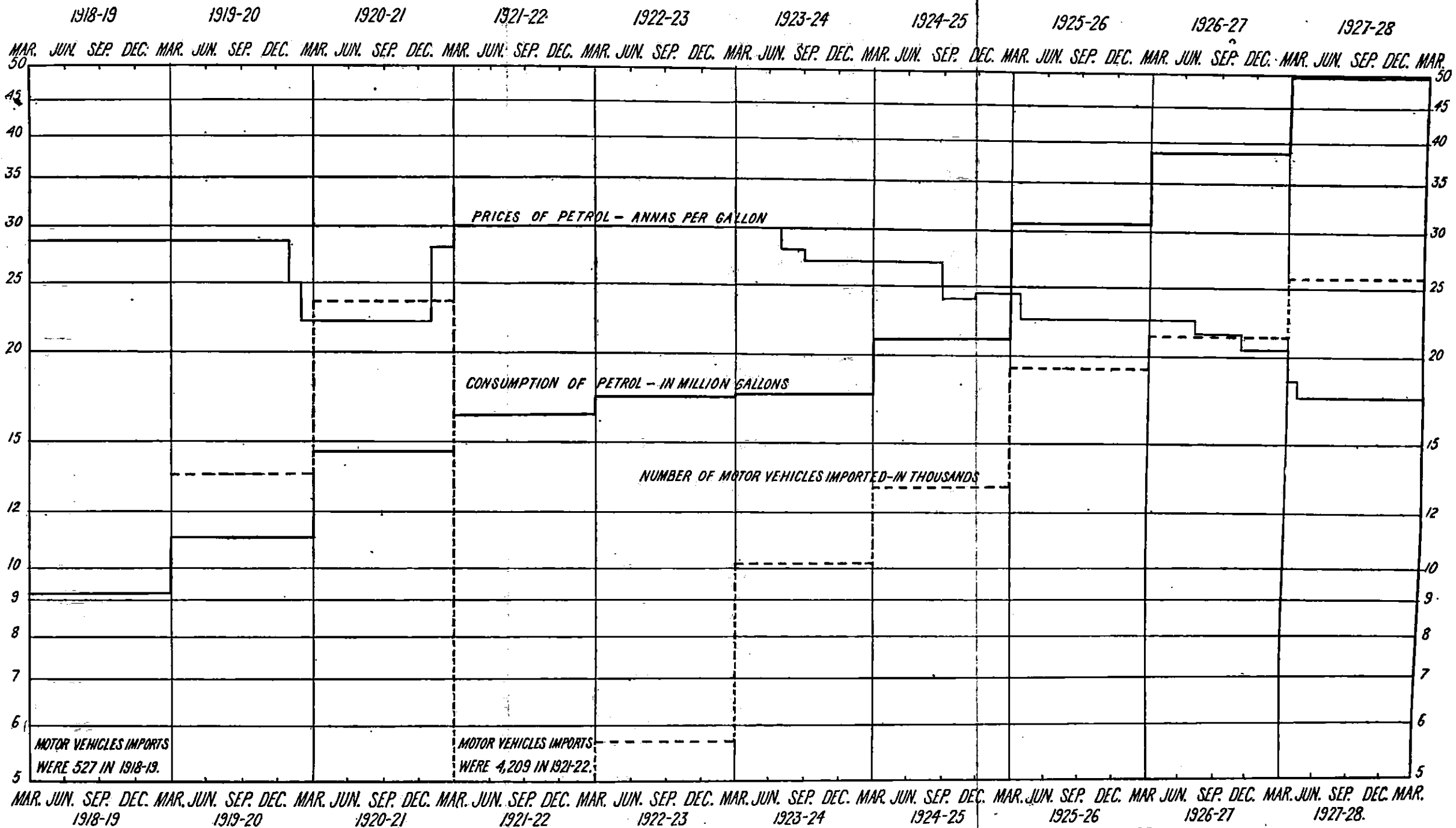
cycles and pneumatic tyres and tubes was also raised from that year to 20 per cent and on motor lorries, etc., to 11 per cent. In the succeeding year the duty was further raised to 30 per cent and 15 per cent respectively, but in spite of this increase, imports numbered 5,669. From 1923-24, the rate of advance was more marked, 10,210 vehicles being received in that year, while in the succeeding three years the numbers imported were 12,998, 19,226, and 21,343 respectively. With the reduction in the duties from 1st April 1927, imports further advanced to 25,950. It will also be of interest to trace in this connection the course of prices of petrol. From March 1918 to December 1919 the price per gallon at Calcutta (in 2 gallon tins) was R1-12-6. In February 1920 it fell by 6 as. 6 pies, only to rise again in January 1921 to R1-12-0 and to R1-14-0 in March 1921. The price remained at this level till July 1923 when a fall of 2 as. occurred, while a further reduction by 1 anna occurred in September 1923. September 1924 saw another three annas taken off, but in December there was an addition of half anna, prices standing at R1-8-6. A progressive reduction then took place, the price per gallon from April 1925 to June 1926 standing at R1-6-6, from July 1926 to October 1926 at R1-5-6 and from November 1926 to February 1927 at R1-4-6. In March 1927 the price further fell to R1-2-6 while from April 1927 the ruling price is R1-1-6 per gallon.

In the chart on the opposite page is exhibited the growth of the imports of motor vehicles, together with the course of prices and the estimated consumption of petrol each year from 1918-19. The correlation of these factors is too patent to need comment. The growth of motor transport in recent years has been remarkable but the question arises whether the present rate of progress will be maintained. There is a vast area still to be served and the possibilities are immense. Railway development, besides being inevitably slow, can never solve the whole problem of transport. But any great acceleration of progress is conditioned by the length of motorable roads in the country. Future developments depend on the extent to which the country becomes knit together by good roads.

**Hardware (R5,24 lakhs).—**The total value of the imports of hardware (excluding cutlery and electroplated ware) increased by R17 lakhs from R5,07 lakhs in 1926-27 to R5,24 lakhs in 1927-28. Of the various articles included in this comprehensive head the more important items are noted below with values of the imports during the past five years :—

	1923-24	1924-25	1925-26	1926-27	1927-28
	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
Agricultural implements	21	19	16	17	19
Other implements and tools (except machine tools)	68	65	71	79	77
Builders' hardware	24	31	31	34	34
Domestic hardware	9	10	10	10	12
Enamelled ironware	31	30	41	40	37
Metal lamps	60	84	91	84	81
Metal lamps, parts	9	8	6	7	10
Stoves	7	9	11	9	10
Safes, etc.	4	4	3	3	3
Gas mantles	5	6	7	6	8
Other sorts	2,04	2,33	2,33	2,18	2,33

Chart (on logarithmic scale) showing the imports of motor vehicles, consumption of petrol and prices of petrol in India during the past ten years.



## Hardware.

It will be observed from the above table that the variations between the figures for 1926-27 and 1927-28 are small, except in the case of the miscellaneous head "other sorts." Imports of metal lamps numbering 6,268,000 and parts of metal lamps were valued at R91 lakhs as in the preceding year. Of this value, lamps accounted for R81 lakhs and parts for R10 lakhs, as compared with R84 and R7 lakhs respectively in 1926-27. Owing to keen German competition in this line, the imports of metal lamps from the United States of America dropped in number from 1,741,000 (27 per cent) to 1,134,000 (18 per cent), while German supplies increased from 3,959,000 (62 per cent) to 4,605,000 (73 per cent). The remainder came mostly from Austria and Czechoslovakia. Parts of metal lamps also came chiefly from Germany and to a small extent from the United Kingdom and the United States. Imports of agricultural implements rose slightly by R2 lakhs to R18½ lakhs, to which the United Kingdom contributed R14 lakhs, while other implements and tools declined from R84 to R81 lakhs. The latter came mainly from the United Kingdom (R44½ lakhs), the United States of America (R15½ lakhs) and Germany (R12 lakhs). The trade in builders' hardware (such as locks, hinges, door-bolts, etc.) remained unchanged at R34 lakhs, while domestic hardware, which had been steady at R10 lakhs in the preceding three years, increased to R12 lakhs in 1927-28. Imports of enamelled ironware fell from R40 lakhs to R37 lakhs to which Japan contributed R17½ lakhs and Germany R7½ lakhs. Safes and strong boxes imported mostly from the United Kingdom remained fairly steady at R3 lakhs, while the value of the imports of gas mantles increased from R5½ lakhs to R7½ lakhs and of stoves from R9 lakhs to R10 lakhs.

A noticeable feature of the trade was the increase in the total imports of hardware from the United Kingdom during the year to R2,06½ lakhs or 39 per cent as compared with R1,84½ lakhs or 36 per cent in 1926-27. Imports from Germany also increased from R1,58 to R1,61 lakhs (although this increase was not sufficiently large to affect her percentage share in the trade), while the supplies from the United States of America and Japan declined. The following table shows the percentage shares of the principal countries in the imports of hardware :—

*Imports of Hardware.*

	1913-14 (pre-war year)	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
United Kingdom . . . . .	57	50	47	40	38	36	39
Germany . . . . .	18	22	21	27	27	31	31
United States . . . . .	10	15	16	16	16	14	12
Japan . . . . .	1	6	6	5	7	6	5
Other countries . . . . .	14	7	10	12	12	13	13
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

## Imports.

The value of the imports of cutlery fell from R41½ lakhs to R38½ lakhs, of which Germany supplied R26 lakhs and the United Kingdom R10 lakhs as compared with R30 and R9 lakhs respectively in 1926-27.

Cutlery.  
(R38½ lakhs).

Imports of electroplated ware, mostly from the United Kingdom, also showed a small increase from R6½ lakhs to over R7 lakhs.

Sugar (R14,91 lakhs)\*.—Increase in world production and fall in prices were the principal features of the sugar market in the year under review. The world production of sugar in the season 1927-28 has been estimated at 25,118,000 tons, showing an increase of 1,371,000 tons over the preceding year, in spite of the reduction of the Cuban crop to 4 million tons. The actual production of the 1927-28 crop in Java has been estimated at 2,359,000 tons as compared with 1,960,000 tons in 1926-27. The total production of beet sugar in Europe in the season 1927-28 has been estimated at about 8 million tons as compared with nearly 7 million tons in the preceding year.

India draws the bulk of her supplies of sugar from Java. At the beginning of the year stocks of sugar in India were ample to meet demands and with prospects of a surplus crop, importers were content to postpone purchases till a lower level of prices was reached. Their attitude was also influenced by the fact that both Japan and China were ruled out as large buyers in consequence of financial troubles in the former country and civil turmoil in the latter. At the same time, prospects of the beet crop in Europe were also bright and India remained the only big market available for Java. Consequently Indian importers were able to exert pressure on Java and bring down rates. The weekly prices of Java sugar 25 D. S. and above are graphed in Chart No. 9 prefixed to this review. During the first two months prices at Calcutta fluctuated between R11-0-0 and R11-8-0 per maund. In June prices fell below R11 and, with small fluctuations, dropped further to R10-2-0 per maund by the 22nd of July. In August and September the market was firmer, but in October prices again slumped, R10-1-6 being reached on the 28th of the month. After a temporary spurt in November, prices again took a downward course in December and fell to R9-11-0 per maund towards the close of January. This level was more or less maintained till nearly the close of March when a slight appreciation took place in consequence of a revival of Chinese demand for Java sugar.

In the Bombay market the quotation for Java, white, granulated, T.M.O. quality, stood at R16-2-0 per cwt. (R11-13-7 per maund) on the 1st April. There were temporary ups and downs during the rest of the month, but May saw a definitely lower tendency which carried prices to R14-8-0 per cwt. (R10-10-6 per maund) on the 8th July. August and September saw a slightly firmer market but rates sagged again in October, and continued to show, on the whole, a downward trend in succeeding months, R14 per cwt. (R10-4-7 per maund) being recorded on the 23rd of February. The close of the year saw a firmer tendency, the quotation on the 30th March being R15-2-0 per cwt. (R11-2-0 per maund).

\* Acknowledgments are due to the Secretary, Sugar Bureau, for assistance in connection with this paragraph.

## Sugar.

Imports of sugar of all sorts, excluding molasses, in 1927-28 declined from 826,900 tons valued at Rs18,36 lakhs to 725,800 tons valued at Rs14,50 lakhs. The decline was at the expense of beet sugar, while cane sugar actually recorded an increase as a result of low prices. Imports during the year from Java of sugar 16 D. S. and above, including consignments from the Straits Settlements, were 693,200 tons as compared with 612,500 tons in the preceding year. Ceylon sent 2,800 tons and China (including Hongkong) 3,100 tons. Imports from the United Kingdom, however, fell from 5,561 tons to 366 tons. American supplies dwindled to almost nothing, while in the preceding year that country had sent 11,600 tons to India. Canada sent 400 tons as compared with 4,650 tons in the preceding year.

Imports of Java sugar into the different maritime provinces during 1927-28 were as follows :—

Bengal . . . . .	289,600 tons (305,300 tons) or 42 per cent
Bombay . . . . .	159,000 " ( 89,600 " ) " 23 " "
Karachi . . . . .	148,100 " (139,200 " ) " 21 " "
Madras . . . . .	51,100 " ( 41,100 " ) " 7 " "
Burma . . . . .	45,400 " ( 37,300 " ) " 7 " "

Previous year's figures are shown in brackets.

The total amount of beet sugar imported during the year was 18,000 tons as compared with 176,000 tons in 1926-27, of which Russia supplied 11,900 tons as against nearly 23,000 tons in the preceding year. Hungary supplied 2,300 tons as against 25,400 tons in 1926-27, Germany 1,400 tons as against 47,900 tons in the preceding year. Imports from Czechoslovakia were 1,100 tons as against 28,800 tons in 1926-27. The bulk of the imports of beet sugar was received in Bombay.

The following table gives the imports from the principal sources of sugar of all kinds for a series of years :—

*Imports of sugar, all kinds.*

	1918-14 (pre-war year)	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
	Tons	Tons	Tons	Tons	Tons	Tons	Tons
United Kingdom . . . . .	900	1,900	100	200	6,800	9,200	400
Ceylon . . . . .	100	700	500	1,100	1,300	2,100	2,800
Java . . . . .	583,000	371,100	368,300	480,200	656,900	611,700	692,200
Mauritius . . . . .	139,600	31,400	1,800	133,000	19,100	100	..
Straits Settlements . . . . .	2,900	2,600	2,900	2,900	2,200	1,200	1,200
China and Hongkong . . . . .	1,500	4,400	5,800	2,600	2,200	3,100	3,100
Egypt . . . . .	100	1,000	700	200	300	..	..
Japan . . . . .	100	100	..	..	..	..	100
Germany . . . . .	700	9,000	5,100	21,700	1,500	49,200	1,600
Austria . . . . .	..	..	6,800	1,500	2,000	9,800	300
Hungary . . . . .	74,000	..	11,500	12,000	19,100	26,000	2,300
Netherlands . . . . .	..	2,900	300	100	800	3,700	700
Belgium . . . . .	..	4,900	2,100	6,500	6,800	18,800	400
Czechoslovakia . . . . .	..	..	5,300	5,100	10,300	28,800	1,100
Italy . . . . .	..	..	500	900	1,200	3,700	200
United States . . . . .	..	10,300	300	600	2,100	15,500	500
Other countries . . . . .	100	2,100	500	2,400	500	49,100	18,900
<b>TOTAL ALL COUNTRIES</b>	<b>808,000</b>	<b>442,400</b>	<b>411,500</b>	<b>671,000</b>	<b>782,600</b>	<b>826,900</b>	<b>725,800</b>
<b>Value R. (lakhs)</b>	<b>14,29</b>	<b>14,85</b>	<b>14,78</b>	<b>20,37</b>	<b>15,20</b>	<b>18,36</b>	<b>14,50</b>



## Imports.

In the chart on the opposite page the prices of Cuban raw sugar at New York and the course of prices in Calcutta of sugar, all-cane, equal in colour to 23 D. S. and above, are compared. At the beginning of April Cuban raw sugar stood at nearly 2.9 cents and in the latter half of May at over 3 cents. In June prices fell below 3 cents, but in September quotations again rose to 3 cents and over. In October prices receded and throughout the rest of the year remained below 3 cents.

The imports of molasses, almost wholly from Java, increased from 95,982 tons to 97,111 tons, the value, however, falling from R52½ to R40½ lakhs.

Re-exports of sugar from India increased from 12,000 to nearly 19,800 tons in 1927-28, Arabia taking 7,600 tons, Persia 2,200 tons, Bahrein Islands nearly 3,000 tons, Iraq about 2,000 tons and Kenya Colony 1,900 tons.

The total area under sugarcane in India was 2,957,000 acres in 1927-28 and the total production of raw sugar (gûr) 3,229,000 tons as compared with 3,267,000 tons in the preceding year.

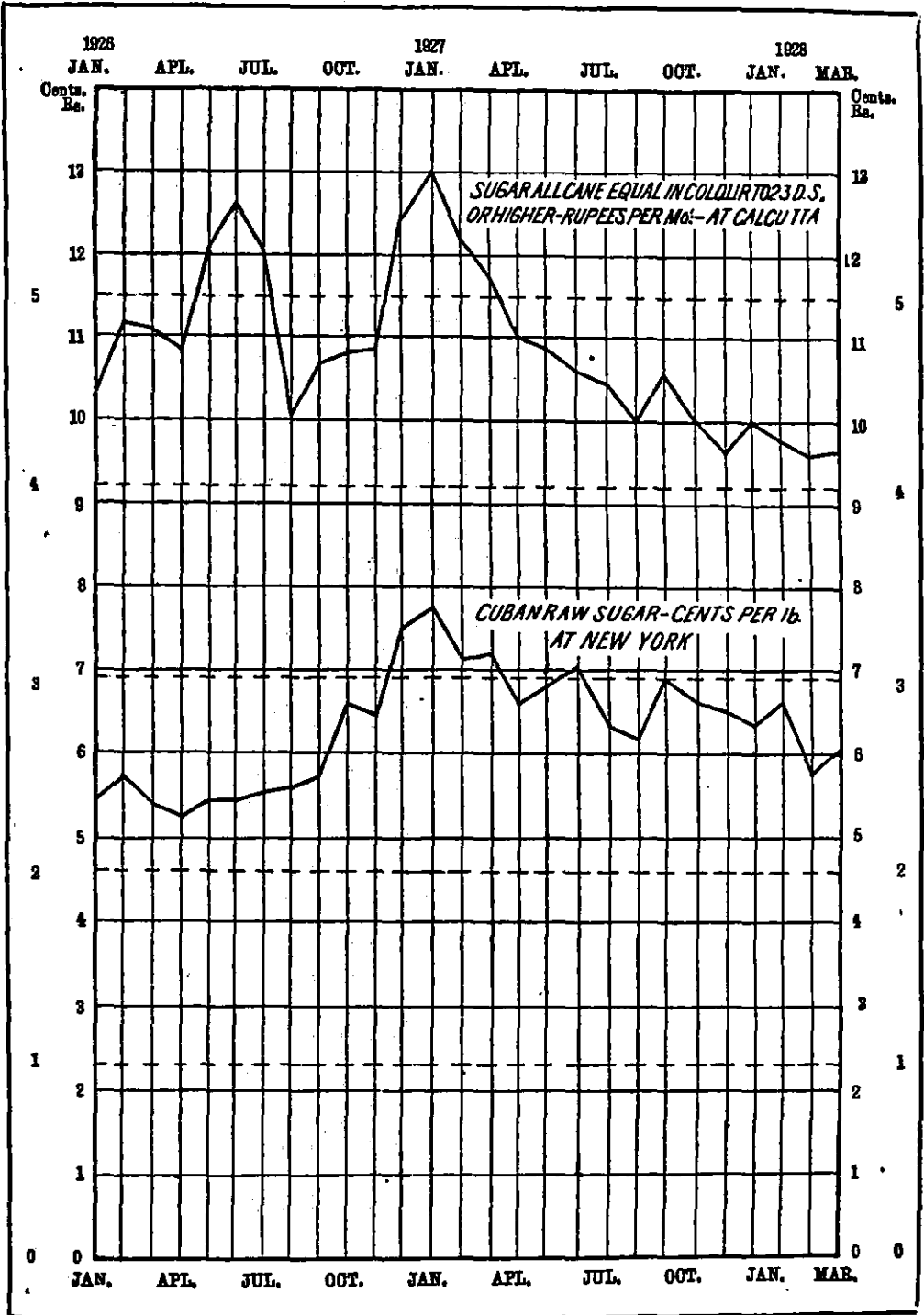
The production of sugar by modern factories and refineries in the season 1926-27 amounted to 121,028 tons as compared with 91,499 tons in 1925-26 and 67,400 tons in 1924-25. Exports of Indian sugar in the year under review increased from 627 tons to 756 tons of which 554 tons consisted of unrefined sugar. Exports of molasses (including cane and palmyra jaggery) increased from 1,487 tons to 2,135 tons of which Ceylon took 1,300 tons. Shipments from Madras amounted to 1,960 tons or 92 per cent of the total.

**Mineral Oils (R10,44 lakhs).**—The total foreign imports of all kinds of mineral oils amounted to 232 million gallons valued at over R10,44 lakhs as compared with 184 million gallons valued at R8,89 lakhs in the preceding year. About 41 per cent of the total imports consisted of kerosene oil, 46 per cent of fuel oil and 11 per cent of lubricating oils. The following table gives the quantities of the different descriptions of mineral oils imported by sea into British India from foreign countries :—

*Imports of mineral oils into India by sea from foreign countries.*

	1913-14 (pre-war year)	1923-24	1924-25	1925-26	1926-27	1927-28
	Gals. (1,000)	Gals. (1,000)	Gals. (1,000)	Gals. (1,000)	Gals. (1,000)	Gals. (1,000)
Fuel oil . . . . .	7,766	80,460	90,174	93,605	90,582	106,728
Kerosene—						
In bulk . . . . .	52,976	61,693	68,172	73,158	58,387	90,234
In tins . . . . .	15,874	7,262	3,808	6,064	5,663	4,172
<b>TOTAL KEROSENE . . . . .</b>	<b>68,850</b>	<b>68,955</b>	<b>71,980</b>	<b>79,222</b>	<b>64,050</b>	<b>94,406</b>
Lubricating oils	14,953	16,147	20,705	21,363	24,721	26,293
Benzine, benzol, petrol, etc.	37	2	3	6	4	138
Paints, solutions and compositions.	1	1	2	24	1	4
Other kinds . . . . .	3,416	3,337	4,413	6,189	4,209	4,869
<b>TOTAL MINERAL OILS . . . . .</b>	<b>95,023</b>	<b>168,902</b>	<b>187,277</b>	<b>200,409</b>	<b>183,567</b>	<b>232,438</b>

Chart showing the monthly prices of Cuban raw sugar at New York and the prices of Sugar, all-cane, equal in colour to No. 23 D. S. or higher at Calcutta from January 1926 to March 1928.



## Mineral Oils.

The imports of kerosene oil advanced by 30 million gallons to nearly 94½ million gallons. In value the imports rose by R1,10 lakhs to R5,39½ lakhs. The principal feature of the year was the rate-war. At the beginning of September 1927 the prices at Calcutta (ex-Budge-Budge) per two tins of "Water Lily" and "Victoria" brands of the Burma Oil Company were R9-2-0 and R5-10-6 respectively. At the end of March, 1928, the prices stood at R7-14-0 and R4-6-6 respectively. "Snowflake" which is a product of the Standard Oil Company was quoted at R10 per two tins, ex-installation, at the beginning of September, 1927, while "Elephant," another brand of the same company, was quoted at R7-7-6. At the end of March "Snowflake" fell to R8-12-0 and "Elephant" to R6-3-6. Prices at Bombay showed a greater fall. The question whether indigenous oil concerns in India should be afforded protection has been the subject of a Tariff Board enquiry, but their conclusions have not yet been published.\* They were asked to determine what price for kerosene should be taken to be equivalent to world parity at Indian ports and the extent to which current prices in India are below that level, to report whether it is in the national interest that protection should be given, and, if so, in what form and for what period, and also to report whether the price-war is likely to extend to petrol and, if so, with what consequences to Indian producers and what remedial measures would be required.

The marginal table shows the sources of the imports of kerosene during the past three years and the pre-war year 1913-14. Imports from the United

IMPORTS OF KEROSENE OIL.	1913-14 (pre-war year)			
	Gals. (1,000)	Gals. (1,000)	Gals. (1,000)	Gals. (1,000)
United States	42,311	56,249	55,585	47,133
Borneo (British and Dutch)	20,315	11,457	5,327	12,393
Persia	2,303	..	..	9,440
Straits Settlements	2,340	4,719	2,694	3,955
Russia	1,079	..	..	3,847
Georgia	..	4,311	..	15,655
Egypt	..	809	..	..
Sumatra	..	1,673	392	18
Other countries	2	4	52	1,970
<b>TOTAL</b>	<b>69,850</b>	<b>79,222</b>	<b>64,050</b>	<b>94,406</b>

States of America, from which nearly half of the supplies were received as against 87 per cent in the preceding year, amounted to over 47 million gallons valued at over R3,09 lakhs. Imports from Russia, including Georgia, amounted to over 19½ million gallons valued at R1,03 lakhs. Imports from Borneo increased by 7 million gallons to over 12 million gallons valued at nearly R64 lakhs, as compared with R31½ lakhs' worth sent in the preceding year. Persia supplied nearly 9½ million gallons costing R41½ lakhs. The Straits Settlements sent nearly 4 million gallons valued at R15½ lakhs, but imports from Sumatra were negligible. The United Kingdom sent nearly 2 million gallons valued at nearly R6 lakhs. The average declared value per gallon of kerosene fell from 10 as. 8 p. in the preceding year to 9 as. 3 p. in 1927-28. The coastwise imports of kerosene oil from Burma into India amounted to 120 million gallons as compared with 130 million gallons in 1926-27 and 128 million gallons in 1925-26. The total quantity of

\* The report of the Tariff Board has since been published, but before its publication, the price-war was called off, as the competing companies entered into a mutual arrangement. The Board found that there was no case for any protective measure and the Government of India have agreed with this view.

## Imports.

kerosene available for consumption in India excluding Burma in 1927-28 has been calculated at 229 million gallons.

The bulk of the imports of fuel oil comes from Persia which during the year under review supplied over 86 million gallons, as against 66½ million gallons in the preceding year. The total imports during the

Fuel oil  
year amounted to nearly 106½ million gallons valued at nearly R2,33 lakhs as compared with 91 million gallons valued at R1,96 lakhs in 1926-27. The combined share of Borneo and the Straits Settlements in this line declined from 24 million gallons to about 18 million gallons. The United States of America supplied 1 million gallons and Sumatra nearly 1½ million gallons.

Batching oils rose from 14 million gallons valued at R72 lakhs to over 15 million gallons valued at R76½ lakhs. Of this, Borneo's supplies amounted to over 10 million gallons and that of the United States

Lubricating oil.  
of America about 5 million gallons. Imports of other lubricating oils increased by about half a million gallons to 11 million gallons, but dropped in value by about R6 lakhs to R1,41½ lakhs. Supplies were received principally from the United States of America which was responsible for 8.2 million gallons or 75 per cent of the total quantity, the remainder being supplied chiefly by the United Kingdom, Sumatra, Borneo and the Straits Settlements.

Imports of foreign motor spirit increased from 3,800 to 138,000 gallons. Coastwise imports of petrol and other motor spirit from Burma into India proper amounted to 39 million gallons as compared with 29 million gallons in the preceding year. Imports of other kinds of mineral oils, the principal of which is white oil, advanced slightly to about 5 million gallons, of which Germany supplied nearly 2½ million gallons and the United States of America over one million gallons.

Provisions (R6,41 lakhs).—Imports of provisions, including confectionery, rose during the year to R6,41 lakhs from R5,78 lakhs in 1926-27. The principal heads which showed increases were biscuits and cakes, canned and bottled provisions, milk foods for infants and invalids, and condensed milk. Canned

Canned and bottled.  
and bottled provisions which accounted for 47 per cent of the total value of imported provisions rose from 537,000 cwts. to 667,000 cwts. in quantity and from R2,54 lakhs to R3,01 lakhs in value. The increase was due to larger receipts of vegetable product imports of which totalled 444,000 cwts. valued at R1,92 lakhs. Of these, 372,000 cwts. costing R1,61½ lakhs came from the Netherlands, while the

Farinaceous and patent foods.  
remainder came mostly from Belgium, Germany and the United Kingdom. Imports of farinaceous and patent foods were valued at R1,03 lakhs as compared with R1,01 lakhs in the preceding year. Imports of

farinaceous foods in bulk fell from R51 lakhs to R49 lakhs, while those of milk food for infants and invalids, which came, as usual, mainly from the United Kingdom, increased from R29 lakhs to R30½ lakhs. Imports of condensed milk, which have been rapidly increasing during the

Condensed milk.  
past five years under the stimulus of low prices, advanced

## Provisions and Liquors.

from 183,000 cwts. valued at R75½ lakhs to 224,000 cwts. valued at R83 lakhs in 1927-28. The chief sources of supply were the Netherlands and the United Kingdom which sent 120,000 cwts. and 61,000 cwts. as compared with 91,000 and 50,000 cwts. respectively in the preceding year. There were also increased importations from Switzerland and Denmark while Norway sent less. Australian supplies which amounted to 21,000 cwts. in 1925-26 and 5,000 cwts. in 1926-27 fell away practically to nothing in the year under review. Biscuits and cakes also showed an increase

**Biscuits and cakes.** from 51,000 cwts. valued at R49 lakhs to 60,000 cwts. valued at R56½ lakhs. Imports were, as usual, mostly from the United Kingdom which supplied 49,000 cwts. or 81 per cent of the total quantity imported as against 43,000 cwts. or 84 per cent in 1926-27. Imports of confectionery, mostly from the United Kingdom, were valued at R27½ lakhs, almost the same as in the preceding year. The United Kingdom continues to retain the bulk of the trade in bacon and hams, cocoa and chocolates and in jams and jellies notwithstanding Australian competition. Cheese (mostly from the Netherlands and the United Kingdom) recorded an increase in quantity with a small decrease in value, while pickles, imported chiefly from the United Kingdom, decreased in quantity with a small increase in value.

The value of provisions of all sorts imported from the United Kingdom increased from R2,25 lakhs in 1926-27 to R2,34 lakhs, but her percentage share in the total trade dropped to 37 from 39 in the preceding year. The share of the Netherlands showed an increase from R1,65 lakhs to R2,06 lakhs or an increase by 3 per cent to 32 per cent, as a result of her growing trade in vegetable product. Imports from the Straits Settlements declined from R55 lakhs to R42½ lakhs. The share of Australia further declined from R13 lakhs to R9 lakhs, while China (including Hongkong) and the United States of America improved their shares from R15 lakhs to R21 lakhs and from R45 lakhs to R48 lakhs respectively.

**Liquors (R3,67 lakhs).**—Imports of liquors during the year amounted to 7,118,000 gallons valued at R3,67 lakhs as against 6,261,000 gallons valued at R3,53 lakhs in 1926-27. There was thus an increase of 857,000 gallons or 14 per cent in quantity and of R14 lakhs or 4 per cent in value as compared with the preceding year's figures. The increase was shared by all the maritime provinces. Bengal, with 2,142,000 gallons, valued at R1,09 lakhs, occupied the first place among the distributing centres both as regards the quantity and the value of imports. These figures were higher by 250,000 gallons in quantity and by R9 lakhs in value over the corresponding figures for the preceding year. Bombay came second in importance and took 2,076,000 gallons or 217,000 gallons more than in 1926-27, but the value of the imports fell by R5 lakhs to R1,00 lakhs. Sind registered a small increase, imports being valued at R63 lakhs as compared with R62 lakhs in the preceding year. Importations into Burma and Madras rose by R6 and R3 lakhs to R64 and R31 lakhs respectively. Of the total quantity of liquors imported in 1927-28, ale, beer and porter accounted for 63 per cent, spirits for 33 per cent and wines, etc., for 4 per cent. Imports of ale, beer and porter

**Ale, beer and porter.** rose from 3,820,000 gallons (of which 3,618,000 gallons represented ale and beer) valued at R92 lakhs to 4,487,000 gallons (ale and

## Imports.

beer representing 4,267,000 gallons) valued at R1,04 lakhs. Trade in both bottled beer and beer in bulk expanded, the former from 2,315,000 gallons to 2,684,000 gallons and the latter from 1,303,000 gallons to 1,583,000 gallons. Imports from the United Kingdom included 1,556,000 gallons of beer in bulk and 1,141,000 gallons of bottled beer as against 1,275,000 gallons and 915,000 gallons respectively imported in the preceding year. The improvement in the quality of British light beers is bringing them more into favour with consumers. German supplies amounted to 1,092,000 gallons, nearly the same as in the preceding year, and were valued at R31 lakhs. Shipments from the Netherlands and Japan, consisting, like the German, mostly of bottled beer, increased from 164,000 and 150,000 gallons to 246,000 gallons and 190,000 gallons respectively. Stout and porter imported, as usual, mostly from the United Kingdom rose from 202,000 gallons to 220,000 gallons.

Imports of spirits of all sorts increased to a small extent from 2,135,000 gallons to 2,315,000 gallons, the value rising by R1 lakh to R2,30 lakhs.

Spirits.

The details are shown below :—

	1926-27		1927-28	
	Gallons	R (lakhs)	Gallons	R (lakhs)
Brandy . . . . .	460,200	51	425,700	46
Gin . . . . .	108,100	10	114,100	11
Rum . . . . .	115,400	2	90,700	2
Liqueurs . . . . .	18,500	3	16,400	3
Whisky . . . . .	542,800	90	547,400	92
Spirit, present in drugs . . . . .	131,800	37	141,300	39
"  perfumed . . . . .	17,300	13	15,100	13
"  denatured . . . . .	661,700	10	911,100	13
"  other sorts . . . . .	70,500	13	52,800	11

Imports of spirits from the United Kingdom did not show any marked variation from the preceding year's imports and amounted to 743,000 gallons valued at R1,36 lakhs. The United Kingdom is the principal source of supply of whisky and gin, while brandy is obtained chiefly from France and to a small extent from the United Kingdom. Reduced importations of brandy were responsible for a drop in the contribution of France to the total imports of spirits which declined to 388,000 gallons valued at R51 lakhs from 430,000 gallons valued at R55 lakhs in the preceding year. There was a noticeable increase in the imports from Java which consist largely of rum and denatured spirit (the bulk of the spirits being denatured in bond at the Custom Houses after arrival in India). Her share in the imports rose from 759,000 gallons to 995,000 gallons in quantity and from R11 lakhs to R14 lakhs in value. Larger arrivals of spirit present in drugs accounted for an increase in the share of the United States of America by R1½ lakhs to R15½ lakhs, while German supplies consisting chiefly of low-grade potable and perfumed spirit showed a decrease.

The total imports of wines increased from 296,000 gallons valued at R31 lakhs to 304,000 gallons valued at R32 lakhs, the increase being most noticeable in the case of such unspecified varieties as vermouth and ginger wine which are supplied chiefly by France. The bulk of the sparkling wines (champagne, etc.), totalling 29,800 gallons, also

## Paper.

came from France, while British shipments of wines consisting mostly of port and of sherry, madeira and marsala, re-exported from the United Kingdom, amounted to 88,000 gallons.

**Paper and Pasteboard (R3,01 lakhs).**—The quantity of paper and pasteboard imported rose by 4 per cent from 100,400 tons in 1926-27 to 104,400 tons in 1927-28, but lower prices accounted for a decline in value by R7 lakhs to R3,01 lakhs. Imports of news printing paper fell from 20,900 tons to 16,000 tons and in value from R59½ lakhs to R39½ lakhs, while other kinds of printing paper advanced from 9,400 tons valued at R40½ lakhs to 10,900 tons valued at R44½ lakhs. This brought the total imports of printing paper to 26,900 tons valued at R84 lakhs as compared with 30,300 tons valued at R1,00 lakhs in 1926-27. As in the preceding year Norway was the largest single supplier, having sent 8,700 tons valued at R21½ lakhs, and was followed by the United Kingdom which sent 5,100 tons worth R21 lakhs. In 1926-27 the respective contributions of these two countries were 7,800 tons valued at R23 lakhs and 4,300 tons valued at R19½ lakhs. The share of Germany fell considerably from 6,700 tons to 2,700 tons. There were also reduced importations from Austria and Sweden, while the Netherlands increased her supplies.

Imports of writing paper and envelopes amounted to 10,900 tons valued at R63 lakhs as compared with 9,500 tons valued at R59 lakhs in 1926-27.

**Writing paper.** The United Kingdom, the most important source, supplied almost the same quantity as in the preceding year, viz., 3,800 tons (valued at R32 lakhs), but secured only 35 per cent of the trade as compared with 39 per cent in 1926-27 and 53 per cent in 1925-26. Norway increased her supplies from 1,000 tons valued at R5 lakhs to 1,600 tons valued at R7½ lakhs, while German supplies fell from 1,300 tons to 800 tons in quantity and from R7 lakhs to nearly R4½ lakhs in value. There was a small increase in the imports from Sweden but a decrease in the imports from the Netherlands.

**Packing paper.** Packing paper also increased in quantity from 10,400 tons to 12,300 tons and from R40 lakhs to R49 lakhs in value. Sweden succeeded in regaining her former position as the most important supplier, displacing Germany which had enjoyed that position during the preceding few years. Imports from Sweden rose from 2,800 tons valued at R10 lakhs to 4,600 tons valued at R17 lakhs, while those from Germany dropped from 3,300 tons valued at R13 lakhs to 2,700 tons valued at R12 lakhs. Norway increased her supplies from 500 tons to 800 tons, while the imports from the United Kingdom and the Netherlands slightly declined to 1,100 tons and 800 tons respectively.

**Old newspapers.** Imports of old newspapers in bags and bales continued to advance and during the year totalled 35,100 tons as against 32,900 tons in the preceding year, but, owing to lower prices, the value remained nearly the same, viz., R38 lakhs. The trade is practically divided between the United Kingdom and the United States of America. The former increased her supplies from 22,800 tons to 25,300 tons and accounted for 72 per cent of the total quantity imported as compared with 69 per cent in 1926-27, while the latter slightly curtailed her shipments from 10,000 tons to 9,600 tons.

## Imports.

There was a further decrease in the imports of paper manufactures from 1,300 tons valued at R16 lakhs to 900 tons valued at R12 lakhs, of which the United Kingdom supplied 340 tons valued at R6 lakhs.

Other items. Imports of pasteboard, millboard and cardboard of all kinds increased in quantity from 13,600 tons to 15,900 tons and in value from R30½ lakhs to over R31 lakhs. Imports of strawboard amounted to 11,900 tons valued at R15 lakhs as compared with 9,400 tons valued at R12½ lakhs in 1926-27. In 1927 there were nine paper mills in India as in the preceding two years, 1925 and 1926, viz., four in Bengal, three in Bombay, and one each in the United Provinces and Travancore. Their aggregate production amounted to 33,900 tons in 1927 as compared with 32,100 tons in 1926 and 28,600 tons in 1925.

The following table shows the percentage shares of the principal countries in the total imports of paper and pasteboard:—

*Percentage shares of principal countries in the total imports of paper and pasteboard.*

	1913-14 (pre-war year)	1923-24	1924-25	1925-26	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
United Kingdom . . . . .	56.2	49.2	42.9	41.5	35.5	36.4
Norway . . . . .	5.1	9.3	9.0	9.0	10.1	11.4
United States . . . . .	8	1.7	3.1	4.7	4.8	4.4
Sweden . . . . .	3.2	4.9	4.4	7.2	7.1	9.3
Netherlands . . . . .	2.5	7.5	7.4	9.0	7.8	8.4
Japan . . . . .	1.0	1.0	1.0	1.6	1.6	2.4
Germany . . . . .	17.3	18.0	21.2	12.1	16.2	11.7
Austria . . . . .	} 8.3	} 2.8	4.0	6.3	7.6	6.5
Hungary . . . . .			..	..	..	..
Other countries . . . . .	5.6	5.6	6.9	8.6	9.3	9.5
<b>TOTAL</b> . . . . .	100	100	100	100	100	100

The largest variation is in the case of Germany the share of which declined by 4.5 per cent. The shares of Austria and the United States of America also fell, while the other countries specified in the table improved their position.

Imports of wood pulp increased from 15,300 tons valued at R35 lakhs to 20,000 tons valued at R40 lakhs, of which Norway supplied 13,500 tons or 68 per cent, Sweden 2,500 tons or 13 per cent and Germany 1,100 tons or 6 per cent. The shares of these countries in 1926-27 were 38, 17 and 20 per cent respectively. Imports of rags and other paper-making materials were insignificant.



## Chemicals.

**Chemicals (R2,65 lakhs).**—The total imports of chemicals into India were valued at R2,65 lakhs in 1927-28 and showed an increase of R21 lakhs over the preceding year's figure of R2,44 lakhs. Soda compounds which accounted for 42 per cent of the total value of the imports were valued at R1,12 lakhs, of which the United Kingdom supplied to the value of R95 lakhs. Imports of sodium carbonate and caustic soda, chiefly from the United Kingdom, amounted to 1,061,000 cwts. (valued at R60 lakhs) and 175,000 cwts. (valued at R19½ lakhs) as against 990,000 cwts. (valued at R58 lakhs) and 161,000 cwts. (valued at R18 lakhs), respectively in the preceding year. Of other soda compounds, sodium bichromate, borax (including boracic acid) and sodium silicate showed increases, while soda sulphide and sodium cyanide showed small decreases. The quantity of acids imported rose from 14,300 cwts. to 16,500 cwts. and the value from R6½ lakhs to R6¾ lakhs, the increase being most noticeable in the case of sulphuric acid which, owing to lower prices, increased from 519 cwts. to 3,372 cwts. Imports of alum declined from 61,000 cwts. to 56,000 cwts. and those of aluminous sulphates from 70,000 cwts. to 64,000 cwts. The imports of ammonia and salts thereof declined by 2,000 cwts. to 29,000 cwts., the value remaining practically unchanged at R8 lakhs. Imports of bleaching materials are steadily on the increase and during the year under review amounted to 101,000 cwts. valued at R9 lakhs as compared with 84,000 cwts. valued at R8 lakhs in 1926-27 and 67,000 cwts. valued at R6½ lakhs in 1925-26. Sulphur was imported to the extent of 387,000 cwts. valued at R20 lakhs, an increase of 84,000 cwts. in quantity and of R4 lakhs in value over the preceding year. Of this, 305,000 cwts. or 79 per cent came from Italy, 71,500 cwts. or 18 per cent from Germany, their shares in the preceding year's imports being 74 and 22 per cent respectively. Among other chemicals, imports of disinfectants, carbide of calcium and magnesium compounds showed increases, while there were decreases under glycerine, copperas, copper sulphate, arsenic and its oxides, lead compounds, zinc compounds and potassium chlorate. The following table shows the percentage shares of the principal countries in the total imports of chemicals :—

Soda compounds.

Acids.

Alum.

Ammonia and salts thereof.

Others.

Others.

*Percentage shares of principal countries in the total value of chemicals imported.*

	1913-14 (pre-war year)	1914-19 (war average)	1923-24	1924-25	1925-26	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
United Kingdom . . . . .	74.7	70.4	65.8	62.7	61.2	57.9	55.4
Germany . . . . .	12.4	7	17.1	18.7	20.6	21.5	21.5
United States . . . . .	3	5.5	2.9	1.9	2.9	2.7	3.3
Italy . . . . .	5.2	2.8	5.8	5.0	3.1	5.9	6.7
Kenya Colony . . . . .	..	3	1.5	1.4	1.4	1.4	1.8
Norway . . . . .	5	5	1.5	1.9	1.8	1.7	2.6
Japan . . . . .	1.5	16.7	1.0	1.0	1.3	1.4	1.2
Other countries . . . . .	5.4	3.1	4.4	7.4	7.7	7.5	7.5
<b>TOTAL</b> . . . . .	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

## Imports.

**Drugs and Medicines (R1,98 lakhs).**—Imports under this head, which since 1st April 1927 includes saccharin but excludes cassia lignea, showed an increase of R8 lakhs over the preceding year and amounted to R1,98 lakhs in 1927-28. Arrivals of

**Camphor.** camphor fell from 1,402,000 cwts. to 1,374,000 cwts. in quantity and from R28 lakhs to R26 lakhs in value. Japan, which, as in the preceding year, accounted for 62 per cent of the total quantity imported, reduced her shipments from 871,000 cwts. in 1926-27 to 858,000 cwts. in 1927-28, the value declining by R1 lakh to R17 lakhs. There were also much smaller importations from China and Hongkong which together sent only 7,000 cwts. as against 74,000 cwts. in the preceding year; Germany on the other hand pushed forward her sales and sent 491,000 cwts. as against 433,000 cwts. in the preceding year, values, however, remaining constant. Imports of quinine salts on private

**Quinine salts.** account fell from 120,000 lbs. to 114,000 lbs. while those on Government account further receded to 63 lbs. in 1927-28 from 71 lbs. in 1926-27 and 1,600 lbs. in 1925-26. Cinchona bark was imported on Government account to the extent of 272,000 lbs. in 1927-28 as compared with 205,000 lbs. in 1926-27. Imports of saccharin amounted to 18,000 lbs. valued at R68,000 as compared with 6,000 lbs. valued at R29,000 in the preceding year. The value of proprietary and patent medicines

**Patent medicines.** imported rose from R27 lakhs to R29 lakhs to which the United Kingdom contributed R13½ lakhs, the United States R4 lakhs and Germany R7 lakhs. Imports of both cocaine and morphia increased from 551 and 1,090 ounces to 1,157 and 1,111 ounces respectively. The United Kingdom supplied 398 ounces of cocaine and 797 ounces of morphia, the remainder coming mostly from Germany. Preparations of opium and morphia were valued at R1,12,000 as compared with R90,000 in the preceding year.

**Salt (R1,75 lakhs).**—The quantity of foreign salt imported into India increased by 10 per cent from 542,000 tons in 1926-27 to 596,000 tons in 1927-28, while the value of the shipments rose by 38 per cent from R1,26 lakhs to R1,75 lakhs. It is estimated that about 90 per cent of imported salt is fine white crushed salt, which is preferred by consumers in Bengal and also in Burma to salt of indigenous manufacture, while the remaining 10 per cent is white uncrushed salt ("karkatch") used normally for cattle. Bengal and Burma were the chief importing provinces, the former taking 497,000 tons or 83 per cent of the total quantity imported in 1927-28 and the latter 99,000 tons or 17 per cent as compared with 462,000 and 79,000 tons respectively in the preceding year. Aden continued to be the most important source of supply of salt to India. She sent 180,000 tons during the year as compared with 179,000 tons in 1926-27 and 185,000 tons in 1925-26. Her shipments in 1927-28 realised better values than in the preceding years, having fetched R53 lakhs as compared with R32½ and R39½ lakhs realised in 1925-26 and 1926-27 respectively. Supplies from Egypt decreased in quantity from 132,000 tons to 123,000 tons but, owing to higher rates, the value increased from R30 lakhs to R34½ lakhs. Imports from the United Kingdom which, owing to industrial troubles in that country, had fallen off in the preceding year recovered during the year under review and totalled 81,000 tons as compared with 54,000 tons in 1926-27. Imports of Spanish salt advanced to 83,500

## Salt.

tons from 57,300 tons supplied in the preceding year. Receipts from Germany and Italian East Africa did not show much variation, the former sending 56,700 tons and the latter 56,200 tons. The following table shows the shares of the principal countries of consignment:—

*Percentage shares of principal countries in the imports of salt.*

	1913-14 (pre-war year)	1923-24	1924-25	1925-26	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
Aden and Dependencies . . . . .	19.1	39.5	33.1	32.9	33.0	30.2
Egypt . . . . .	13.9	18.9	27.1	21.2	24.3	20.7
United Kingdom . . . . .	22.5	19.3	17.4	18.5	10.0	13.6
Spain . . . . .	15.0	3.0	4.7	8.6	10.5	14.0
Germany . . . . .	8.8	5.2	5.6	7.2	10.7	9.5
Italian East Africa . . . . .	8.1	16.1	7.7	9.1	10.1	9.4
Turkey, Asiatic . . . . .	12.6	..	..	..	..	..
Other countries . . . . .	..	..	4.4	2.5	1.4	2.6
<b>TOTAL</b> . . . . .	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>TOTAL QUANTITY IMPORTED (IN TONS)</b>	<b>607,300</b>	<b>474,600</b>	<b>615,700</b>	<b>560,100</b>	<b>541,800</b>	<b>596,200</b>

Besides foreign salt, Bengal imports a fair quantity of Indian salt manufactured in Bombay. The coastwise imports of Indian salt from Bombay into Calcutta rose from 12,000 tons in 1925-26 and 22,000 tons in 1926-27 to 32,000 tons in 1927-28. Imports from Bombay were encouraged by the introduction of a new procedure under which duty is collected on landing at the port of arrival and not on the quantity loaded at the port of shipment. The following statement shows the prices per 100 maunds in Calcutta, month by month, of Liverpool, Spanish and Indian salt:—

	IMPORTED		INDIAN
	Liverpool (ex-golah)	Spanish Fine (ex-ship)	Bombay (ex-golah)
1927—	R	R	R
April . . . . .	125	103	65
May . . . . .	125	110	65
June . . . . .	125	118	65
July . . . . .	125	121	75
August . . . . .	125	118	75
September . . . . .	125	118	75
October . . . . .	125	118	75
November . . . . .	110	103	75
December . . . . .	110	..	70
1928—			
January . . . . .	110	..	70
February . . . . .	110	103	70
March . . . . .	110	103	70

The total issues of salt during 1927-28 amounted to 2,049,500 tons.

## Imports.

Other Articles.—Of other imports the following deserve special mention :—

	1913-14 (pre-war year)	1923-24	1924-25	1925-26	1926-27	1927-28
	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
Instruments, apparatus, etc. . . . .	1,82	3,26	3,02	3,54	4,01	4,47
Tobacco . . . . .	75	2,26	1,98	2,13	2,56	2,91
Dyeing and tanning substances . . . . .	1,41	2,94	2,91	1,82	2,13	2,65
Spices . . . . .	1,73	2,59	2,66	3,38	3,29	2,58
Glass and glassware . . . . .	1,95	2,46	2,60	2,59	2,53	2,48
Precious stones and pearls, unset . . . . .	1,07	1,80	1,20	1,24	1,07	1,34
Cement . . . . .	66	75	69	65	58	64
Coal and coke . . . . .	11	1,76	1,32	98	36	62
Matches . . . . .	90	1,46	89	93	66	39

Imports of instruments and apparatus were valued at R4,47 lakhs in 1927-28 as against R4,01 lakhs in 1926-27 and R3,54 lakhs in 1925-26. Electrical instruments and apparatus (including telegraph and telephone apparatus, but excluding electrical machinery) represented over 63 per cent of the total value. Imports of electrical instruments from the United Kingdom rose from R1,70 lakhs to R1,85 lakhs and from Germany from R22 lakhs to R28 lakhs. There were also increased imports from the other sources, viz., the United States of America, the Netherlands, Italy and Japan. The following statement shows the values of the different classes of electrical apparatus imported during the last three years :—

	1925-26	1926-27	1927-28
	R (lakhs)	R (lakhs)	R (lakhs)
Electric fans and parts thereof . . . . .	28	32	34
„ wires and cables . . . . .	77	81	90
Telegraph and telephone instruments . . . . .	8	5	6
Electric lamps and parts thereof . . . . .	28	39	39
Batteries . . . . .	9	10	11
Carbons, electric . . . . .	1	1	1
Accumulators . . . . .	12	17	22
Electric lighting accessories and fittings, including switches.	16	15	16
Meters . . . . .	6	5	7
Electro-medical apparatus, including X-ray apparatus.	3	2	2
Switch boards (other than telegraph and telephone)	3	4	5
Unenumerated . . . . .	34	41	50
<b>TOTAL</b>	<b>2,25</b>	<b>2,52</b>	<b>2,83</b>

## Instruments and Apparatus, Tobacco.

Among the other items included under the general heading there were noticeable increases in the imports of wireless apparatus and cinematograph films, while musical instruments recorded a decrease. The value of wireless apparatus imported rose from ₹5 lakhs to nearly ₹16 lakhs, of which the United Kingdom supplied over ₹10½ lakhs' worth. Nearly 23 million feet of cinematograph films valued at ₹26 lakhs were imported during the year under review as compared with 17½ million feet valued at ₹23 lakhs in 1926-27. The imports in 1927-28 included films worth ₹15 lakhs from the United States of America, ₹5 lakhs from the United Kingdom and ₹3 lakhs from Germany. A special committee appointed by the Government of India is now at work considering, among other things, the desirability of encouraging the exhibition of films produced within the British Empire, generally, and the production and exhibition of Indian films, in particular.\*

The share of the United Kingdom in the total value of all sorts of instruments and apparatus was ₹2,73 lakhs or 61 per cent, of the United States of America ₹64 lakhs or 14 per cent and of Germany ₹57 lakhs or 13 per cent. Supplies from the Netherlands, Italy and Japan were valued at ₹15, ₹9 and ₹5 lakhs, respectively.

Imports of unmanufactured tobacco fell from nearly 5½ million lbs. valued at ₹41½ lakhs in 1926-27 to nearly 4 million lbs. valued at ₹32 lakhs in 1927-28. The increase in the import duty from ₹1 to ₹1-8-0 per lb., from March 1927, no doubt contributed to this decrease. The bulk of the consignments came, as usual, from the United States of America whose supplies amounted to 3¾ million lbs. valued at ₹27½ lakhs as compared with 5½ million lbs. valued at ₹38¾ lakhs in the preceding year.

The market for cigarettes is expanding. The imports during 1927-28 were 5.6 million lbs. as compared with 4.1 million lbs. in the preceding year.

**Cigarettes.** It is interesting to note that, while an increase of 1.4 million lbs. occurred in the imports of cigarettes, the decline in the imports of unmanufactured tobacco which is largely used by the indigenous cigarette-making industry amounted to 1.7 million lbs. The United Kingdom had 99 per cent of the trade, her supplies amounting to over 5½ million lbs. Imports from Egypt amounted only to 8,489 lbs., while the United States of America sent 5,775 lbs. Estimating the production of Indian-made cigarettes at 10 million lbs., the total consumption of cigarettes during 1927-28 may roughly be placed at nearly 16 million lbs. Imports of

**Cigars.** Imports of cigars increased from 33,000 lbs. valued at ₹1¾ lakhs to nearly 36,000 lbs. valued at over ₹2 lakhs, but pipe and cigarette tobacco showed a slight fall, imports amounting to 254,000 lbs. valued at a little over ₹15 lakhs.

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\* The report has since been published. It recommends, among other things, the creation of a Cinema Department attached to the Commerce Department of the Government of India consisting of an Advisory Committee with a Central Cinema Bureau as its executive branch to advise, guide and assist the trade and industry, and the formation of a Central Board of Film Censors. No special preference to films produced within the Empire is recommended, but the majority of the Committee have proposed that a qualified quota system for Indian films should be introduced to encourage their production.

## Imports.

Synthetic dyes imported into India during the year amounted to nearly 18½ million lbs. valued at over R2,16 lakhs as against 15 million lbs. valued at R1,70½ lakhs in the preceding year. Of this, alizarine

Dyeing and tanning  
substances (R2,65  
lakhs).

dyes accounted for over 5 million lbs. costing about R33 lakhs, the variations between these and the preceding year's figures being very small. Imports of aniline dyes, on the other hand, advanced from 9,957,000 lbs. valued at R1,38 lakhs to 13,156,000 lbs. valued at R1,79 lakhs, an increase of 32 per cent in quantity and 30 per cent in value. Over 1 million lbs. were, however, re-exported from India during the year, nearly half of this amount going back to Germany and Belgium. Germany, as usual, dominated the trade in coal-tar dyes, her share (including imports from the Netherlands and Belgium which consist in the main of dyes of German origin) representing 71 per cent of the total imports of synthetic dyes into India.

The statement below gives details of the imports of alizarine and aniline dyes during the last three years:—

	QUANTITY IN THOUSANDS OF LBS.			VALUE IN LAKHS OF RUPEES		
	1925-26	1926-27	1927-28	1925-26	1926-27	1927-28
<i>Imports of Alizarine Dyes—</i>						
From United Kingdom . . . . .	585	742	1,284	4	4	8
“ Germany . . . . .	650	2,991	3,001	5	19	19
“ United States . . . . .	..	..	63	..	..	1
“ Belgium . . . . .	239	154	62	1	1	..
“ Netherlands . . . . .	329	1,000	514	3	7	3
“ Switzerland . . . . .	28	83	85	..	..	..
“ Other countries . . . . .	23	75	164	1	1	2
<b>TOTAL</b> . . . . .	<b>1,854</b>	<b>5,045</b>	<b>5,173</b>	<b>14</b>	<b>32</b>	<b>33</b>
<i>Imports of Aniline Dyes—</i>						
From United Kingdom . . . . .	470	443	357	7	7	7
“ Germany . . . . .	4,862	6,002	9,005	77	84	1,16
“ United States . . . . .	1,571	1,951	1,327	16	19	14
“ Belgium . . . . .	232	359	187	4	7	3
“ Netherlands . . . . .	497	411	223	9	8	4
“ Switzerland . . . . .	578	404	520	11	7	10
“ Other countries . . . . .	245	387	1,532	5	6	25
<b>TOTAL</b> . . . . .	<b>8,455</b>	<b>9,957</b>	<b>13,156</b>	<b>1,29</b>	<b>1,38</b>	<b>1,79</b>

Direct imports from Germany of alizarine dyes showed only a small advance on the preceding year's figure and amounted to a little over 3 million lbs. Adding imports from the Netherlands and Belgium to the direct supply from Germany, imports of alizarine dyes of German origin actually showed a reduction from 4,145,000 lbs. to 3,577,000 lbs. The United Kingdom's share in the trade, on the other hand, increased from 742,000 lbs. in 1926-27 to 1,284,000 lbs. in 1927-28. Switzerland raised her share to a small extent and sent 84,500 lbs.

## Dyes, Spices, Glass and Glassware.

In aniline dyes direct imports from Germany increased by 3 million lbs. to over 9 million lbs. But the Netherlands and Belgium sent only 228,000 lbs. and 187,000 lbs., respectively, as against 411,000 and 359,000 lbs. in the preceding year. The British share in the imports declined by 19 per cent to 357,000 lbs., while the shares of Switzerland and Italy rose from 404,000 and 268,000 lbs. to 520,000 and 731,000 lbs., respectively. Aniline dyes from the United States of America which have lately been making great advances in the Indian market were imported to the amount of 1,327,000 lbs., or 600,000 lbs. less than in the preceding year. The average declared value per lb. of alizarine dyes imported into India was 10a. 2p. in 1927-28 as compared with 10a. 3p. in 1926-27, and that of aniline dyes R1-5-10 as against R1-6-2 in 1926-27. American aniline dyes registered an average value of R1-0-9 per lb., while German aniline dyes showed R1-4-7 per lb.

The imports of spices fell from 1,391,000 cwts. valued at R3,29 lakhs to 1,119,000 cwts. valued at R2,58 lakhs, owing to reduced imports of betelnuts and pepper. The quantity of betelnuts imported fell from 1,185,000 cwts.

Spices, (R2,58 lakhs). to 965,000 cwts., while the value declined by R57 lakhs to R1,93 lakhs. The bulk of the supplies was received from the Straits Settlements. Imports of pepper which rose from 5,000 cwts. valued at R2 lakhs in 1925-26 to 39,000 cwts. valued at R16 lakhs in 1926-27 fell back to more normal proportions and totalled only 6,000 cwts. valued at R5 lakhs in 1927-28. On the other hand, cloves, imported chiefly from Zanzibar and Pemba, increased from 72,000 cwts. to 83,000 cwts. in quantity and from R34 lakhs to R39 lakhs in value.

Imports of glass and glassware further declined in value from R2,53 lakhs to R2,48 lakhs. As in the preceding year, the premier position was held by

Glass and glassware (R2,48 lakhs). Japan which increased her share from R66½ lakhs to R69 lakhs, while the supplies from Czechoslovakia dropped to R61 lakhs from R63 lakhs in 1926-27 and

R83 lakhs in 1925-26. There were also reduced importations from Germany, Belgium and the United Kingdom. Glass bangles recorded an increase from R85 lakhs to R89½ lakhs. Japan accounted for R26 lakhs (her supplies consisting mostly of cheaper varieties) and Czechoslovakia for R50 lakhs, as compared with imports to the value of R21 lakhs and R51 lakhs, respectively, from these countries in the preceding year. Beads and false pearls, imported chiefly from Czechoslovakia and Japan, decreased from 35,000 cwts. to 31,000 cwts. in quantity and from R31 lakhs to R27 lakhs in value. There was also a decrease under bottles and phials, imports of which amounted to 516,000 gross valued at R33 lakhs in 1927-28 as compared with 579,000 gross valued at R39 lakhs in the preceding year. The chief sources of supply were Germany (R12 lakhs), Japan (R11 lakhs) and the United Kingdom (R7 lakhs). The improvement noticed in 1926-27 in the imports of funnels, globes and glass parts of lamps was maintained in the year under review and the value of the imports rose from R19 lakhs to R22 lakhs. Glass sheets and plates were imported to the extent of 23½ million sq. ft. valued at R30 lakhs as against 25 million sq. ft. valued at R32 lakhs in 1926-27, Belgian supplies during the year falling from R22 lakhs to R18½ lakhs. Imports of tableware (including decanters, tumblers, etc.), showed a small increase, while those of scientific glassware declined.

## Imports.

The value of the imports of precious stones and pearls increased by R27 lakhs to R1,34 lakhs, of which diamonds accounted for R71 lakhs as against R58 lakhs in the preceding year. Pearls accounted for R41 lakhs as against R35 lakhs in the preceding year. Precious stones are chiefly imported from Belgium and, to a smaller extent, from the United Kingdom, the Netherlands and Ceylon, while pearls are imported mostly from the Bahrein Islands and Arabia. Imports of precious stones from Belgium rose in value from R37 lakhs to R62 lakhs and those from the United Kingdom and the Netherlands advanced from R12 and R8 lakhs to R14 and R10 lakhs, respectively. On the other hand, precious stones imported from Ceylon decreased from R10 lakhs to R5 lakhs. Commercial travellers trading in diamonds now prefer to come to India, through Bombay, instead of, through Colombo. Larger arrivals of pearls from Arabia accounted for an increase in the total imports from that country from R10 lakhs to R18 lakhs. Supplies from the Bahrein Islands were valued at R20 lakhs as against R21 lakhs in the preceding year.

Imports of cement showed an increase from 101,000 tons to 112,000 tons in quantity and from R58 lakhs to R64 lakhs in value. The United Kingdom improved her position and sent 90,600 tons, or 19,100 tons more than in the preceding year, while German supplies dropped from 9,200 tons in 1926-27 to 5,300 tons in 1927-28. Imports from Japan were almost on the level of her preceding year's supply and totalled 9,400 tons, while those from Italy and Belgium declined to 2,000 and 1,600 tons respectively. The details for the past three years are given in the appended table :—

	QUANTITY			VALUE		
	1925-26	1926-27	1927-28	1925-26	1926-27	1927-28
	Tons	Tons	Tons	R (lakhs)	R (lakhs)	R (lakhs)
United Kingdom . . . . .	94,584	71,513	90,585	57	44	53
Hongkong . . . . .	26	2,503	242	..	1	..
Sweden . . . . .	..	34	4	..	..	..
Norway . . . . .	310	169	161	..	..	..
Germany . . . . .	3,398	9,199	5,350	2	5	3
Belgium . . . . .	1,766	2,100	1,576	1	1	1
Italy . . . . .	2,028	4,535	1,983	1	2	1
Japan . . . . .	5,720	9,309	9,449	2	4	4
Other countries . . . . .	2,546	1,674	2,931	2	1	2
<b>TOTAL</b> . . . . .	<b>110,378</b>	<b>101,036</b>	<b>112,281</b>	<b>65</b>	<b>58</b>	<b>64</b>

**Coal (R62 lakhs).—**Imports of foreign coal which suffered a serious set-back in 1926-27 in consequence of the British coal strike made some recovery during the year, arrivals totalling 263,000 tons, valued at R58½ lakhs, as compared with 142,000 tons valued at R31½ lakhs in the preceding year. There was thus an increase of 85 per cent in quantity and of 86 per cent in value. Compared with 1925-26, however, the figures showed a decrease of 29 per cent in quantity and of 34 per cent in value. Natal increased her supplies to 155,000 tons as compared with 114,000 tons in 1925-26 and 86,000



## Coal.

tons in 1926-27. Supplies from the United Kingdom, although higher than in 1926-27, were much below those of 1925-26 and amounted to 52,300 tons. Portuguese East Africa also was unable to regain her former position and imports from that country amounted to 35,000 tons as compared with 126,000 tons in 1925-26. Australian coal was less in demand in Madras and Burma, these provinces showing a preference for Indian coal. The following table shows the principal sources of supply of foreign coal :—

	1924-25	1925-26	1926-27	1927-28.
	Tons	Tons	Tons	Tons
United Kingdom . . . . .	108,000	97,000	13,000	52,000
Natal . . . . .	102,000	114,000	86,000	155,000
Japan . . . . .	8,000	14,000	1,000	6,000
Portuguese East Africa . . . . .	118,000	126,000	26,000	35,000
Australia . . . . .	14,000	12,000	13,000	9,000

The tables below show the monthly prices per ton during 1927-28 and the average prices since 1920, of Bengal, Welsh and South African coal in Bombay :—

### *Prices at Bombay in the first week of each month.*

1927-28	Desherghur Ex-scales	Best Welsh ¾ large ¼ small o. i. f. (a)	Natal (African) o. i. f. (a)
	(Per ton) Rs. A. P.	(Per ton) Rs. A. P.	(Per ton) Rs. A. P.
April . . . . .	21 0 0	23 13 4	20 13 0
May . . . . .	20 8 0	23 3 3	19 13 5
June . . . . .	20 8 0	22 1 10	19 1 7
July . . . . .	20 8 0	22 8 6	18 10 7
August . . . . .	20 0 0	21 14 4	18 8 5
September . . . . .	20 0 0	21 13 1	18 7 5
October . . . . .	19 12 0	21 12 6	18 1 6
November . . . . .	19 8 0	21 11 10	17 0 4
December . . . . .	19 0 0	21 10 1	17 10 2
January . . . . .	18 8 0	21 9 6	17 9 8
February . . . . .	18 8 0	21 10 8	17 5 4
March . . . . .	18 0 0	21 11 10	16 11 7

(a) Sterling quotations converted into rupee prices at the current rates of exchange.

### *Average prices (per ton) of Bengal, Welsh and Natal coal at Bombay.*

	Bengal	Cardiff	Natal
	(Per ton) Rs. A. P.	(Per ton) Rs. A. P.	(Per ton) Rs. A. P.
1910 . . . . .	13 3 0	18 14 0	15 10 0
1911 . . . . .	13 7 8	20 1 8	15 4 0
1912 . . . . .	17 6 4	23 2 2	19 0 0
1913 . . . . .	18 5 8	24 5 0	20 5 0
1914 . . . . .	18 5 8	23 14 0	19 4 0

## Imports.

*Average prices (per ton) of Bengal, Welsh and Natal coal at Bombay.*

	Bengal			Cardiff			Natal		
	(Per ton)			(Per ton)			(Per ton)		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
1915	17	3	6	39	2	8	23	14	0
1916	25	0	0	43	0	0	41	5	0
1917	27	0	0	No quotation			45	0	0
1918	33	4	0	Ditto			No quotation		
1919	22	4	7	Ditto			Ditto		
1920	32	3	8	Ditto			Ditto		
1921	33	4	0	39	4	0	46	0	0
1922	33	8	0	39	5	20	30	10	0
1923	30	8	8*	36	11	4	27	3	0
1924	28	15	2*	34	2	0	26	8	0
1925	(a)19	6	3(d)	(a)29	3	0	(a)21	15	3
1926	(a)18	8	9(d)	24	6	5(b) (c)	(b)19	1	2
1927	(a)20	3	0(d)	22	10	1(b) (e)	(b)18	15	9
1928 (six months)	(a)18	5	4(d)	21	10	11(b) (e)	(b)16	10	10

Since the imposition of high specific duties on the imports of matches from March, 1922 numerous match factories have been established in India, and a fair proportion of Indian requirements is now being met by locally produced matches. There has, therefore, been a substantial decline in the imports of foreign matches which fell from 11 million gross of boxes in 1923-24 to 7 million gross in 1924-25, 6 million gross in 1926-27 and to 3½ million gross in 1927-28. The corresponding value figures were R1,46 lakhs in 1923-24, R89 lakhs in 1924-25, R66 lakhs in 1926-27 and R39½ lakhs in 1927-28. The 1927-28 figures represented a decrease of 42 per cent in quantity and 40 per cent in value as compared with 1926-27. Imports of safety matches fell from 4 million gross valued at R46 lakhs to 2½ million gross valued at R26½ lakhs, of which Sweden supplied 79 per cent and Japan 14 per cent. Other kinds of matches also declined to 1 million gross valued at R12½ lakhs, of which Sweden supplied 94 per cent and Norway 6 per cent. The total arrivals from Sweden in 1927-28 amounted to 3 million gross valued at R32½ lakhs as compared with 4½ million gross valued at R48 lakhs in 1926-27 and 5 million gross valued at R60½ lakhs in 1925-26. The Japanese shipments were valued at R3½ lakhs only, while in 1926-27 her supplies had been valued at R10½ lakhs and in 1925-26 at R24½ lakhs. There were also reduced importations from other countries such as Czechoslovakia and Norway. Imports of match splints and of veneers for match boxes are now insignificant, being valued at R26,000 and R33,000 respectively in 1927-28. The Indian match industry has formed the subject of a lengthy enquiry by the Indian Tariff Board, which has not yet been made public†.

\* Bengal first class mill delivery.

(a) Ex-scales.

(b) Sterling quotations converted into rupee prices at the current rates of exchange.

(c) Two-thirds one-third c.i.f.

(d) Desherghur.

(e) Best Welsh ¾ large, ¼ small c.i.f.

† The Report has since been published. The Board has recommended that the existing rate of import duty on matches should be maintained and converted into a protective duty. This recommendation has been accepted by the Government of India and effect has been given to it by the Match Industry (Protection) Act, 1928 (Act XVII of 1928).

## CHAPTER III.

### Exports of Merchandise.

The following table shows the comparative importance of the principal articles exported from British India :—

#### *Exports*

(In thousands of Rupees)

	1923-24	1924-25	1925-26	1926-27	1927-28	Percentage of proportion to total exports of merchandise in 1927-28
Jute, raw . . . . .	20,00,06	29,09,80	37,94,57	26,78,04	30,66,26	9.61
Jute manufactures . . . . .	42,28,36	51,76,06	58,83,98	53,18,09	53,56,43	16.78
Cotton, raw and waste . . . . .	99,71,83	91,96,30	95,91,42	59,14,19	48,15,53	15.09
Cotton manufactures . . . . .	10,95,49	11,27,48	9,64,85	10,74,85	8,67,23	2.72
Grain, pulse and flour . . . . .	50,87,15	65,06,04	48,03,39	39,24,90	42,92,03	13.45
Tea . . . . .	31,64,61	33,39,24	27,12,17	29,03,77	32,48,49	10.18
Seeds . . . . .	29,81,72	33,16,85	29,68,68	19,08,77	26,69,30	8.36
Leather . . . . .	6,00,77	7,28,87	7,10,21	7,37,69	9,07,27	2.84
Metals and ores . . . . .	5,78,25	7,18,92	7,23,33	7,20,86	8,97,08	2.81
Hides and skins, raw . . . . .	6,98,25	6,77,41	7,23,38	7,17,97	8,80,94	2.76
Lac . . . . .	9,06,27	7,55,06	6,90,10	5,47,24	6,96,86	2.19
Wool, raw and manufactures . . . . .	4,00,12	6,21,32	4,59,48	4,68,28	5,33,38	1.67
Oilcakes . . . . .	1,94,10	2,20,00	2,10,62	2,52,76	3,14,19	.96
Rubber, raw . . . . .	1,14,46	1,42,94	2,94,10	2,60,14	2,57,09	.81
Paraffin wax . . . . .	1,14,14	1,36,60	1,59,45	1,84,60	2,42,46	.76
Spices . . . . .	1,10,86	1,06,75	1,76,28	1,56,97	2,39,96	.75
Coffee . . . . .	1,57,46	2,08,95	1,85,26	1,32,63	2,31,92	.73
Opium . . . . .	2,66,31	1,47,24	1,93,37	2,11,85	1,99,09	.62
Wood and timber . . . . .	1,27,09	1,40,97	1,95,74	1,62,04	1,65,78	.52
Dyeing and tanning substances . . . . .	1,31,74	1,35,72	1,33,11	1,17,72	1,60,70	.51
Fodder, bran and pollards . . . . .	1,28,46	1,58,86	1,28,58	1,08,25	1,86,74	.49
Manures . . . . .	1,58,89	1,26,68	1,17,49	1,35,40	1,23,01	.40
Coir . . . . .	1,03,18	1,22,46	1,06,27	99,85	1,13,75	.38
Tobacco . . . . .	1,02,97	1,25,04	1,11,40	1,04,15	1,06,18	.33
Fruits and vegetables . . . . .	71,78	71,66	83,46	89,88	1,05,42	.33
Mica . . . . .	86,37	1,02,71	1,04,17	1,03,41	92,84	.29
Fish (excluding canned fish). . . . .	62,84	72,32	76,44	75,38	87,13	.27
Hemp, raw . . . . .	76,43	1,72,87	1,59,17	82,76	80,83	.26
Coal and coke . . . . .	22,31	37,51	34,80	81,33	76,43	.24
Oils . . . . .	2,90,03	3,44,10	1,79,27	95,71	70,98	.22
Provisions and oilman's stores . . . . .	60,35	58,87	64,94	60,95	61,21	.16

## Exports.

### Exports—contd.

(In thousands of Rupees)

	1923-24	1924-25	1925-26	1926-27	1927-28	Percentage of proportion to total exports of merchandise in 1927-28
Animals, living . . . . .	26,60	31,42	34,62	36,32	46,87	14
Silk, raw and manufactures . . . . .	54,48	41,02	38,76	35,08	42,69	13
Drugs and medicines . . . . .	28,98	35,87	39,77	37,10	34,58	11
Fibre for brushes and brooms . . . . .	23,73	26,28	22,20	25,34	29,63	9
Apparel . . . . .	24,83	29,45	23,90	22,30	23,82	8
Cordage and rope . . . . .	15,12	15,30	16,92	18,44	18,52	6
Bristles . . . . .	20,06	24,56	19,38	13,56	16,18	5
Candles . . . . .	15,15	11,59	15,86	8,81	12,55	4
Saltpetre . . . . .	26,87	27,18	20,28	12,12	12,13	4
Tallow, stearine and wax . . . . .	22,42	11,35	10,69	14,00	11,15	3
Horns, tips, etc. . . . .	11,56	10,40	9,35	7,91	9,18	3
Sugar . . . . .	96,97	52,49	7,05	5,78	7,81	2
All other articles . . . . .	4,29,24	4,43,02	4,91,60	4,82,89	5,46,88	172
<b>TOTAL VALUE OF EXPORTS</b> . . . . .	<b>3,48,83,61</b>	<b>3,84,66,53</b>	<b>3,74,84,21</b>	<b>3,01,48,58</b>	<b>3,19,15,35</b>	<b>100</b>

Jute and jute manufactures (R84,23 lakhs).—Two successive good crops and a steady demand for both the raw material and manufactured articles enabled the total exports during the year under this head to beat previous records as regards the quantity shipped. The revised official estimate of the 1926 crop placed the yield at over 12 million bales, while the 1927 crop is estimated to have yielded 10·2 million bales. In spite of abundant supplies the prices of jute were well maintained, owing to high consumption and heavy buying ahead by spinners both in India and abroad. At the beginning of April the price of raw jute at Calcutta per bale of 400 lbs. stood at R62-8-0, but rates gradually fell as a result of the anticipations of a good crop and reached R55 early in May. There was no dearth of supplies at this period as considerable quantities of the old crop were available. Still lower prices were, therefore, expected by traders, but the course of the market changed suddenly during June and R75 was touched by the third week of August. Several factors contributed to this rise—an unexpectedly steady demand from foreign countries towards the close of the season 1926-27, improvement in hessian prices, lateness of the new crop, want of rain in jute districts and speculative activity resulting from these circumstances. Towards the end of August, however, beneficial rains fell throughout the jute districts and the situation became easier. On the 20th September the price stood at R69 per bale, and, when the official crop estimates became available, prices fell further, R64-8-0 being reached on the 27th of the month. Towards the end of October the price dropped to R60, but subsequent fluctuations were not wide. On the 1st November R59-8-0 was touched, and within a week R63.

## Jute.

The course of prices during the rest of the year] generally remained within these limits.

The London prices per ton c.i.f. for 'First marks' stood at £31 at the beginning of April, but fell to £28 on the 1st June. A steady appreciation then took place as increasing quantities of the old crop were absorbed, £37 per ton being reached in August. In September the new crop figures became available and the market weakened in consequence, £29-15-0 being quoted in November. December and January saw an appreciation, owing to an improvement in the prices of manufactured articles, but prices fell away subsequently, till the end of March saw a further rise. The quotation on the 30th March was £31-10-0 per ton.

Arrivals of raw jute in Calcutta and neighbouring mill areas during the fiscal year 1927-28 were 104·8 lakhs of bales as compared with 113·3 lakhs of bales in the corresponding period of the preceding year. Exports abroad of raw jute from Calcutta during the same period were 4,768,000 bales. Arrivals during the period from 1st July 1927 to 30th June 1928 were 110·3 lakhs of bales as against 120·8 lakhs of bales in the corresponding period of the preceding year.

As a result of plentiful supplies of raw jute at attractive rates and a brisk demand for manufactured articles, the jute industry enjoyed a year of prosperity. The mills continued to work short time of 54 hours a week for the seventh year in succession, and, though the question of extension of working hours was discussed, a reversion to full time working conditions was not made. The number of looms at work on 1st January, 1928 was 49,491, the same number as on the corresponding date of 1927.

The total weight of raw and manufactured jute exported during the year amounted to 1,777,000 tons, or 208,000 tons more than in the preceding year, while the total value increased from R80 crores to R84·2 crores. Raw jute accounted for 36 per cent of this value and jute manufactures for 64 per cent as compared with 33 and 67 per cent respectively in 1926-27. The following statement compares the quantities exported during 1913-14 and each of the past three years :—

	1913-14	1925-26	1926-27	1927-28
Jute (in thousand tons) . . . .	768	647	708	892
Bags (in millions) . . . . .	369	425	449	463
Cloth (in million yards) . . . .	1,061	1,461	1,503	1,553

The quantity of raw jute exported was 26 per cent higher than that in the preceding year and 16 per cent higher than that in the pre-war year 1913-14. The exports of bags increased in number from 449 millions to 463 millions and of gunny cloth from 1,503 million yards to 1,553 million yards. The production, Indian mill consumption and exports of raw jute for the last 16 years are given in table No. 30 and detailed figures of exports of manufactures are given in tables Nos. 29, 31 (a) and 31 (b).

## Exports.

Of 4,995,000 bales of raw jute exported during the year, Germany took 1,399,000 bales as against 1,025,000 bales in the preceding year, an increase of 36 per cent. Her imports were valued at R8,54 lakhs as against R7,40 lakhs in the preceding year.

There was a large improvement in the takings of the United Kingdom, her imports amounting to 1,244,000 bales valued at R7,68 lakhs as compared with 968,000 bales valued at R6,14 lakhs in the preceding year. France increased her demands to 613,000 bales as against 504,000 bales in 1926-27. The Netherlands took 117,000 bales, Belgium 273,000 bales and Spain 253,000 bales as compared with 61,000 bales, 248,000 bales and 187,000 bales respectively in the preceding year. Italy increased her takings by 22,000 bales to 275,000 bales and Brazil by 45,000 bales to 109,000 bales. The United States of America, however, took only 472,000 bales as compared with 489,000 bales in the preceding year. Japan took 66,000 bales and Egypt 71,000 bales.

The total exports of gunny bags increased in number from 449 millions to 463 millions as compared with 369 millions exported in 1913-14. The total value of the exports, however, fell by R1 crore to R23½ crores. Sacking gunny bags increased in number from 360 millions to 380 millions, but in value fell from R21½ crores to nearly R20½ crores. Hessian gunny bags fell in number from 89 millions to 83 millions and in value from R3,10½ lakhs to R2,82 lakhs. Of the total exports of gunny bags, the United Kingdom accounted for over 46 millions as against 39 millions in the preceding year. Australia remained the best market for gunny bags, as usual, but took only 76½ millions as against nearly 86 millions in the preceding year. Java took nearly 26 millions and the Straits Settlements 15½ millions as against 27 millions and 16½ millions respectively in the preceding year. Chile and Peru together took 44 millions or 10 millions more than in 1926-27. Japan which took 25 millions in the preceding year took only 19 millions in the year under review. The Union of South Africa took 18½ millions as against 16 millions in 1926-27. China's takings increased by 6 millions to 25 millions (nearly the whole of the supplies going to Hongkong), while Siam took 14½ millions and Indo-China nearly 14 millions. Egypt took 14 millions as in the preceding year. The United States of America took only 21 millions as against 28 millions in the preceding year, while Cuban requirements fell by 1 million to 28 millions. New Zealand took 10 million bags.

Exports of gunny cloth increased from 1,503 million yards to 1,553 million yards. Hessian gunny cloth increased from 1,423 million yards to 1,478 million yards, but sacking gunny cloth fell from 81 million yards to 75 million yards. Of the total exports, the United States of America absorbed 1,023 million yards as against 975 million yards in the preceding year, the value of the exports rising by R1 crore to R19 crores. The Argentine Republic took 331 million yards as compared with 318 million yards in 1926-27. Canadian demands increased from 60 million yards to 69 million yards, but the United Kingdom took only 31 million yards as against 50 million yards in the preceding year. Australia took 24½ million yards and New Zealand 3 million yards. Chinese requirements fell from 15 million yards to 11 million yards, while Uruguay's requirements remained steady at nearly 15½ million yards. The Union of South

## Cotton.

Africa imported 4 million yards as in the preceding two years. The Philippine Islands took 12 million yards or double the quantity taken in the preceding year. The following table shows the prices of a typical grade of bags and of the two more important grades of hessians:—

Date	B. TWILLS		HESSIANS, 40" × 8 oz.		HESSIANS, 40" × 10½ oz.	
	Near	Forward	Near	Forward	Near	Forward
	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.
1927—						
April 5	50 0	{ 50 0 to 49 8 46 8 }	15 11	{ 15 12 to 15 11 15 6 }	21 14	{ 20 12 to 20 10 20 2 }
April 26	46 4	{ 46 8 to 46 0 }	15 8	{ to 15 0 14 12 }	20 6	{ to 19 12 19 4 }
May 31	43 0	44 0	14 13	{ to 14 8 15 11 }	19 4	{ to 18 8 20 5 }
June 28	45 8	{ 45 12 to 45 8 48 0 }	16 0	{ to 15 3 15 12 }	21 0	{ to 19 5 19 14 }
July 26	47 8	{ 47 4 to 49 4 48 4 }	17 6	{ to 15 4 18 2 16 8 }	21 10	{ to 19 4 21 12 20 8 }
August 30	48 4	{ to 48 4 47 8 46 8 }	21 6	{ to 16 4 15 12 15 8 }	24 6	{ to 20 8 20 4 to 19 12 19 6 }
September 27	48 8	{ to 46 8 46 0 45 0 }	17 12	{ to 15 12 15 8 16 11 }	23 8	{ to 19 12 19 6 to 20 12 20 0 }
October 26	47 0	{ 46 8 to 46 0 45 0 46 8 }	16 10	{ to 15 4 16 11 16 0 }	21 10	{ to 19 0 20 12 20 4 to 20 0 20 4 }
November 29	47 8	{ to 45 8 46 8 46 0 }	17 11	{ to 16 0 16 4 15 4 }	22 14	{ to 20 0 20 4 to 19 6 to 20 0 }
December 20	47 8	{ to 46 8 46 0 }	17 8	{ to 15 4 15 14 15 0 }	23 14	{ to 19 6 to 20 0 to 19 0 to 19 8 to 19 4 to 20 12 to 20 0 }
1928—						
January 31	47 0	{ 46 0 to 45 8 46 8 }	16 14	{ 15 14 to 15 0 16 4 to 15 4 16 8 }	21 2	{ 20 0 to 19 0 19 8 to 19 4 20 12 to 20 0 }
February 28	47 8	{ to 46 0 47 0 46 8 }	17 12	{ to 15 4 16 8 16 0 }	21 10	{ to 19 4 20 12 to 20 0 to 20 0 }
March 27	47 12	{ to 46 8 }	17 8	{ to 16 0 }	22 4	{ to 20 0 }

Cotton (R47,72)\*.—The Indian cotton crop of the season 1927-28 has been estimated at 5,871,000 bales of 400 lbs. each as compared with 5,024,000 bales in the preceding year. The American crop of 1927 was a short one, unlike the crops of the three preceding years, its yield being estimated at 12,955,000 bales of 500 lbs. each (16,194,000 bales of 400 lbs. each). The Egyptian crop

\* Acknowledgments are due to the Secretary, Indian Central Cotton Committee, for assistance in connection with this paragraph.

## Exports.

of the season also gave a smaller yield, the output being estimated at 1,496,000 bales of 400 lbs.

The course of prices of American cotton in the early months of 1927 was influenced by reports of the restriction of the acreage of cotton in that country. On the 1st April, 1927, spot prices of Middling American at Liverpool stood at 7·86*d.* per lb., but before the month was out there were further advances, the movement of prices being influenced by the unprecedented floods in the Mississippi valley and the reports of a severe drought in Texas. The close of May saw spot quotations above 9*d.* at Liverpool. July saw a further strengthening of the market, as a result of the publication of the Government estimate of acreage, which showed a reduction of 12 per cent as compared with the preceding year. The August report forecasted only 13,492,000 bales, the outstanding factor in the situation being the menace of the boll-weevil. This estimate was much below expectation and values shot up immediately. On the last day of August 11·72*d.* was registered, but the peak was reached in September when a further reduction of the estimate of production to 12,692,000 bales was announced. On the 9th September 12·67*d.* was recorded, but a reaction then set in, a loss of 1*d.* occurring by the 13th September. Thereafter the market exhibited no startling fluctuations, the tendency on the whole being weaker. This was a result of two factors, first, the natural reaction from the rise, and second, the expectation that the rise in values would reduce consumption. When it became evident that anticipations of a curtailment of consumption were not being realised, prices started on a new upward movement. From 9·79*d.* on the 3rd February prices rose to 10·65*d.* on the 25th of the same month and 10·77*d.* towards the end of March.

Indian cotton followed, as usual, the general trend of American prices. The weekly prices of Broach M. G. Fully Good at Bombay are displayed in Chart No. 9, prefixed to the Review. From R278 per candy, quoted on the 8th April (for April-May deliveries), prices rose to R303 per candy on the 29th of the month. The month of May and the early days of June saw a steady advance, R332 being recorded on the 27th May and R340 on the 10th June. After a set-back, prices again advanced rapidly from about the middle of July, R368 per candy being quoted for July-August deliveries on the 29th of the month. On the publication of the August report on the American crop, a further rise took place, R429 being reached on the 26th August for April-May, 1928, deliveries. The September Bureau Report which confirmed the deterioration of the American crop sent prices up soaring further, R462 per candy being reached on the 7th September. From this point a reaction set in, and, with very little change in the prospects of the American crop, the market remained unsettled, but in the main showing a weakening tendency. On the 30th September R424 was quoted, but on the 11th November prices fell to R383 and with fluctuations fell further to R372 on the 16th December. The second half of December saw a firming-up, but the rise could not be maintained and on the 3rd February R342 was recorded. The market then gained strength, but not to the same extent as the American, R366 being quoted at the beginning of March. Prices towards the close of March also remained at about this level.

Exports of raw cotton from India during the year were poor, the quantity falling to 2,686,000 bales from 3,188,000 bales in the preceding year and



## Cotton.

4,173,000 bales in 1925-26. While there was a welcome improvement, as compared with the preceding year, in the takings of European countries, the exports to Japan and China were much below normal. The trade depression consequent on the financial crisis in Japan was the chief reason for the falling-off in the demands from that country, while China was unable to buy on a large scale, owing to her unsettled political conditions. - The Chinese situation also reacted on Japanese demand, for China is one of Japan's important consuming markets. Other factors were the comparative dearness of Indian cotton in relation to American and the large outturn of the Chinese cotton crop. Exports to Japan during the year totalled 1,235,000 bales as against 1,842,000 bales in the preceding year and 2,084,000 bales in 1925-26, while Chinese imports of Indian cotton fell from 392,000 bales to 112,000 bales. In 1925-26 the Chinese market had absorbed 545,000 bales. The total exports to the Continent were 1,102,000 bales as compared with 821,000 bales in the preceding year and 1,235,000 bales in 1925-26. Italy took 331,000 bales, France 185,000 bales and Belgium 230,000 bales, as against 305,000, 123,000 and 159,000 bales respectively in the preceding year. Germany took 256,000 bales as against 145,000 bales in 1926-27. There was an improvement in the United Kingdom's demands which rose to 160,000 bales as compared with 87,000 bales in the preceding year and 225,000 bales in 1925-26. The quantities and destinations of the exports are given in detail in table No. 32, appended to this Review. The following statement gives the monthly exports of Indian cotton during the last four years and the pre-war average:—

### *Exports of Indian cotton in bales of 400 lbs.*

—	Pre-war average 1909-14	1924-25	1925-26	1926-27	1927-28
April . . . . .	303,800	348,900	430,100	385,400	226,100
May . . . . .	248,800	283,500	405,900	295,200	200,600
June . . . . .	218,900	253,300	452,400	280,100	240,300
July . . . . .	190,100	138,000	308,400	237,800	180,400
August . . . . .	110,300	109,300	208,400	208,200	201,600
September . . . . .	75,300	113,800	136,000	104,700	152,800
October . . . . .	66,800	62,300	87,400	39,300	88,300
November . . . . .	101,400	63,800	120,200	62,000	93,500
December . . . . .	158,200	266,700	306,100	153,900	193,700
January . . . . .	319,800	459,500	540,300	446,100	400,600
February . . . . .	318,300	594,100	632,500	398,800	323,500
March . . . . .	295,800	633,200	545,700	576,700	384,800
<b>TOTAL</b>	<b>2,407,300</b>	<b>3,326,400</b>	<b>4,173,400</b>	<b>3,188,000</b>	<b>2,686,200</b>

Exports from Bombay were 63 per cent of the total quantity of raw cotton exported, those from Karachi 27 per cent and from Madras 5 per cent, as compared with 66, 26, and 5 per cent respectively in 1926-27.

The imports of cotton into India during 1927-28 were heavy and amounted to 66,000 tons (370,600 bales of 400 lbs. each), as compared with 46,000 tons (255,800 bales of 400 lbs. each) in the preceding year and nearly 18,000 tons (98,200 bales) in 1925-26. Besides an actual shortage, at times, of Indian staple cotton, Indian prices were out of parity with American for considerable periods in the season 1926-27. Nearly all the imports of foreign cotton were into Bombay. Supplies from the United States of America amounted to 49,900 tons as against 25,000 tons in the preceding year and from the Kenya

## Exports.

Colony over 13,000 tons as against 12,700 tons in the preceding year. Persia sent 1,070 tons, while imports from the United Kingdom amounted to 661 tons as against 5,000 tons in 1926-27. The quantity of African cotton re-exported from Bombay during the last three years is shown in the following statement :—

	From Bombay		
	1925-26	1926-27	1927-28
	Tons	Tons	Tons
To Japan . . . . .	6,100	1,100	200
„ United Kingdom . . . . .	1,000	500	1,600
„ Other countries . . . . .	900	400	300
<b>TOTAL</b>	<b>8,000</b>	<b>2,000</b>	<b>2,100</b>

During the cotton season, 1927-28, 3,260,000 bales were received in Bombay up to the end of June as against 2,923,000 bales in the corresponding period of the previous season. Arrivals during the cotton year 1926-27 were 3,166,000 bales.

Stocks of cotton in Bombay—including mill-stocks and cotton sold, but not delivered—were 238,271 bales on the 31st August, 1927, as compared with 650,964 bales on the same date in 1926. Stocks on the 31st March, 1928, were 962,936 bales as compared with 580,755 bales on the corresponding date of 1927. There was an abnormal accumulation of stocks during the period from September, 1927, to March, 1928, as a result of the slackness in export demand. In this period, no less than 724,665 bales were added to the stocks, whereas, during the corresponding period of the previous season, the stocks were depleted by 70,209 bales.

According to the Indian Central Cotton Committee the mill consumption of Indian cotton during the past three fiscal years was as follows :—

### *Consumption of Indian raw cotton in Indian mills.* (In bales of 400 lbs.)

	1925-26	1926-27	1927-28
Bombay Island . . . . .	773,778	875,017	663,293
Ahmedabad . . . . .	288,858	274,031	280,889
Bombay Presidency . . . . .	1,233,286	1,315,559	1,102,582
Madras . . . . .	170,947	182,010	186,728
United Provinces . . . . .	184,235	199,550	186,347
Central Provinces and Berar . . . . .	109,290	111,150	113,262
Bengal . . . . .	77,507	87,117	88,610
Punjab and Delhi . . . . .	33,038	39,007	45,240
Rest of British India . . . . .	17,328	14,441	12,436
<b>TOTAL BRITISH INDIA</b>	<b>1,825,831</b>	<b>1,948,834</b>	<b>1,735,205</b>
<b>TOTAL INDIAN STATES</b>	<b>181,286(a)</b>	<b>209,645(a)</b>	<b>243,441(b)</b>
<b>TOTAL INDIA</b>	<b>2,006,917</b>	<b>2,158,479</b>	<b>1,978,646</b>

(a) Calculated from yarn production.

(b) Part calculated from yarn production, rest actual raw cotton consumption reported.

## Cotton Manufactures.

**Cotton manufactures (R8,67 lakhs).**—The cotton industry passed through another period of depression in the year under review. Production both of yarn and piecegoods increased, but exports declined and stocks accumulated. The tariff changes, proposed in pursuance of the recommendations of the Tariff Board (Cotton Textile Enquiry), were detailed in last year's review; the legislative enactments in which these are embodied have already been noticed in Chapter I. Following on the recommendations of the Board, a Government Trade Mission has also been surveying the prospects of Indian textiles in the Persian Gulf markets, the Levant and East and South Africa.

The production of yarn in Indian mills in 1927-28 increased to 809 million lbs., as compared with 807 million lbs. in the preceding year and 687 million lbs. in 1925-26. Details of production by counts are given below in millions of lbs.:

Cotton yarn  
(R1,88 lakhs).

Counts	1913-14	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
Nos. 1—10	131	103	85	93	96	115	106
11—20	362	376	327	377	349	401	389
21—30	167	209	182	224	214	248	268
31—40	20	16	20	19	20	28	34
Above 40	8	2	3	6	6	11	11
Wastes					2	4	6

While the production of counts 1—10 declined by 8 per cent and of 11—20 by 3 per cent, counts 21—30 and 31—40 increased by 6 per cent and 21 per cent respectively as compared with the preceding year.

Exports of yarn fell by 40 per cent in quantity from 41½ million lbs. in 1926-27 to 24½ million lbs. in the year under review. The average exports in the five years ending 1913-14 were 193 million lbs., while the average of the war period was 130 million lbs. and of the post-war quinquennium 82 million lbs. The value realised fell from R3,08½ lakhs to R1,88 lakhs, a decline of 39 per cent. China, usually the most important market, took only 0.8 million lbs. as compared with 16.8 million lbs. in the preceding year. Far from being a buyer, she was actually selling large quantities of her cotton yarn in the Indian market, undercutting both the local product and the imports from other sources. If Chinese requirements had been maintained at the preceding year's level, the year under review would not have compared unfavourably with 1926-27. Syria and Iraq also reduced their purchases from 3.6 million lbs. and 1 million lbs. to 1.9 million lbs. and 936,000 lbs. respectively. Exports to Persia fell from 4.4 million lbs. to 3.3 million lbs. There were, however, slight increases in the shipments to Egypt, Aden and Dependencies, and Siam, which respectively took 5.1 million lbs., 3.8 million lbs. and 1.6 million lbs. in the year under review. The Straits Settlements took a little over 1 million lbs. as against nearly 1.2 million lbs. in the preceding year. Shipments to the United Kingdom, Greece and Turkey (European) showed some increases. A reference is invited to tables Nos. 33A and 33B, where further details of the exports of Indian yarn are given.

## Exports.

The production of piecegoods in Indian mills in 1927-28 increased in quantity by 4 per cent as compared with the preceding year. The proportion of the exports of piecegoods to the total production was 7 per cent in 1927-28 as compared with 8·7 per cent in 1926-27 and 8·4 per cent in 1925-26. The actual quantity exported, compared with that of the preceding year, declined by 29 million yards. The following table sets forth the quantities of piecegoods, grey, white and coloured, exported from 1921-22 onwards as well as the average exports during the war period :—

	(In thousand yards)							
	War average	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28
<b>Cotton piecegoods—</b>								
Grey . . . . .	74,576	24,239	31,126	33,877	44,193	37,395	19,949	17,989
White . . . . .	1,475	997	1,050	1,434	1,145	893	1,550	1,355
Coloured . . . . .	80,377	135,730	124,775	129,957	136,168	126,546	175,902	149,280
<b>TOTAL</b> . . . . .	156,428	160,966	156,951	165,228	181,511	164,834	197,401	168,624

The marked improvement that occurred in the exports of coloured goods in 1926-27 was not kept up. Grey and white goods also showed decreases. The progressive decline in the exports of grey goods may be specially noticed. Detailed figures of production and exports for the past three years and for 1913-14 are given below :—

### *Production in the Indian Mills.*

	1913-14 (pre-war year)	1925-26	1926-27	1927-28
	Million yards	Million yards]	Million yards	Million yards
<b>Grey and bleached piecegoods—</b>				
Shirtings and longcloth . . . . .	292·5	521·1	530·5	620·0
Chadars . . . . .	69·9	62·1	65·5	66·8
Dhutis . . . . .	284·8	516·4	585·7	615·9
T. cloth, domestics and sheetings . . . . .	123·9	74·1	93·3	92·2
Drills and jeans . . . . .	27·8	74·1	79·7	91·2
Other sorts . . . . .	63·5	106·5	172·5	133·9
<b>TOTAL</b> . . . . .	872·4	1,414·3	1,577·2	1,875·0
<b>Coloured piecegoods</b> . . . . .	291·9	540·2	681·5	681·6
<b>TOTAL PIECEGOODS</b> . . . . .	1,164·3	1,954·5	2,258·7	2,356·6

## Cotton Manufactures.

### *Exports.*

	1913-14 (pre-war year)	1925-26	1926-27	1927-28
	Million yards	Million yards	Million yards	Million yards
<b>Grey and bleached piecegoods—</b>				
Shirtings . . . . .	2.2	4.3	.2	2.1
Chadars and dhutis . . . . .	7.6	9.1	3.7	3.8
T. cloth and domestics . . . . .	21.6	13.3	2.0	1.4
Drills and jeans . . . . .	.6	2.9	.6	.4
Other sorts . . . . .	12.2	8.7	15.0	11.6
<b>TOTAL</b> . . . . .	<b>44.2</b>	<b>38.3</b>	<b>21.5</b>	<b>19.3</b>
<b>Coloured piecegoods</b> . . . . .	<b>45.0</b>	<b>126.5</b>	<b>175.9</b>	<b>149.3</b>
<b>TOTAL PIECEGOODS</b> . . . . .	<b>89.2</b>	<b>164.8</b>	<b>197.4</b>	<b>168.6</b>

On the production side, coloured piecegoods remained stationary, while nearly all descriptions of grey and bleached piecegoods showed increases. Shirtings and longcloth advanced by 39½ million yards and dhutis by 30 million yards. On the export side, the principal increase was in grey and bleached shirtings. Chadars and dhutis improved slightly, but other descriptions declined.

The largest single customer for Indian piecegoods during the year was Persia, which took 28.2 million yards against 37.8 million yards in the preceding year. Iraq, which was the premier market in the preceding year, took only 24.1 million yards as compared with 38.3 million yards in 1926-27, while the Straits Settlements received 22½ million yards, or 3 million yards less than in the preceding year. Ceylon's requirements fell from 21.7 million yards to 19.6 million yards. Aden and Dependencies, and Arabia took 5.6 and 6 million yards as against 6.6 and 7.5 million yards respectively in the preceding year. The Bahrein Islands took 5.1 million yards, a little more than in 1926-27. Siam took 1.9 million yards, while Egyptian demands fell from 3.4 million yards to 2.7 million yards. The Union of South Africa took 1.2 million yards, nearly the same quantity as in the preceding year. East Africa alone proved to be the only large market retained, the total shipments amounting to 37.6 million yards as compared with 35.7 million yards in the preceding year. Of this, the Kenya Colony (including Zanzibar and Pemba) took 13½ million yards, the Tanganyika Territory 11.2 million yards, and Portuguese East Africa 10½ million yards as compared with 13.2 million yards, 9½ million yards and 10.3 million yards respectively in the preceding year. The Anglo-Egyptian Sudan, and Mauritius and Dependencies also increased their requirements to 3.7 and 3.1 million yards, as compared with nearly 2 million yards and 2.4 million yards respectively in 1926-27.

A more detailed examination of the trade figures will show the lines in which the demand has receded or improved in the various export markets. In Persia the demand for grey goods fell still further and amounted only to 289,000 yards as against 717,000 yards in the preceding year and over 4 million yards in 1925-26. Her takings of coloured goods which had increased by 12 million yards to 37 million yards in 1926-27 fell to 28 million yards, while

## Exports.

her purchases of white goods dropped from 65,000 yards to 23,000 yards. Shipments to Iraq of grey goods dwindled to 336,000 yards as against 883,000 yards in 1926-27 and 10½ million yards in 1925-26. Coloured goods, for which there was a large demand in the preceding year, fell from 37 million yards to 23½ million yards, but an increase was recorded in her imports of white piece-goods which amounted to 143,000 yards as against 81,000 yards in the preceding year. Exports to the Straits Settlements of coloured goods fell by 3 million yards to 22 million yards and of grey goods from 521,000 yards to 336,000 yards; but, as in the case of Iraq, white goods had a better demand, 242,000 yards being taken during the year as against 140,000 yards in 1926-27. In East Africa alone were Indian grey goods able to maintain their hold during the year, the total shipments amounting to about 10 million yards, as in the preceding year. This result was brought about by the Portuguese East Africa taking nearly 4½ million yards as against 2·8 million yards in the preceding year, but both the Kenya Colony and the Tanganyika Territory showed reduced demands. The latter territories, however, bought more of coloured goods, the total shipments of which to East African ports amounted to 26 million yards as against 24 million yards in the preceding year. Consignments of white goods to East Africa also increased from 95,000 yards to 279,000 yards. Ceylon took 19 million yards of coloured goods and 220,000 yards of white goods during the year as against 21 million yards and 247,000 yards respectively in the preceding year. Aden and Dependencies reduced their takings of white piecegoods from 159,000 yards to 32,000 yards, while their purchases of coloured goods slightly fell to 4·2 million yards. Arabia took 5·7 million yards of coloured piecegoods and 286,000 yards of grey goods as against 7 million yards and 517,000 yards respectively in the preceding year. Mauritius and Dependencies increased their demand for both coloured and grey goods, the exports of the former amounting to 2·4 million yards as against 1·9 million yards in the preceding year and of the latter to 673,000 yards as against 448,000 yards in 1926-27. The Anglo-Egyptian Sudan also bought larger quantities of Indian coloured and grey goods, her takings of the former rising from 1·5 million yards to 2·6 million yards, and of the latter from 435,000 yards to 1,151,000 yards. The Union of South Africa maintained her takings of coloured goods at 1·1 million yards.

The total value of piecegoods exported in 1927-28 was R6,18½ lakhs as compared with R7,32½ lakhs in 1926-27 and R6,15½ lakhs in 1925-26. Grey goods accounted for R53 lakhs, coloured goods for R5,60 lakhs and white goods for the remainder.

The following tables show the average declared values per yard of the different classes of imported and exported piecegoods in 1913-14 and the last five year:—

### *Imported piecegoods.*

	1913-14	1923-24	1924-25	1925-26	1926-27	1927-28
	R A. P.	R A. P.	R A. P.	R A. P.	R A. P.	R A. P.
Grey . . . . .	0 2 8	0 5 3	0 5 5	0 4 11	0 4 2	0 3 11
White . . . . .	0 2 11	0 6 0	0 5 11	0 5 6	0 4 11	0 4 5
Coloured . . . . .	0 3 5	0 8 2	0 7 10	0 6 11	0 6 2	0 5 7

## Cotton Manufactures.

### *Indian piecegoods exported.*

	1913-14	1923-24	1924-25	1925-26	1926-27	1927-28
	R A. P.	R A. P.	R A. P.	R A. P.	R A. P.	R A. P.
Grey . . . . .	0 2 7	0 5 3	0 4 10	0 4 5	0 4 10	0 4 9
White . . . . .	0 6 0	0 6 0	0 6 10	0 5 11	0 5 11	0 6 4
Coloured . . . . .	0 5 0	0 6 8	0 6 5	0 6 5	0 6 1	0 6 0

The declared values of exported piecegoods were higher than those of imported piecegoods and this perhaps accounts for the fact that Indian goods are finding it more difficult to make headway in overseas markets.

In the following table a rough estimate is made of the quantity of cloth which was available for consumption in India during the year 1913-14 and the last five years. Owing to the existence of numerous markets and scattered demands, it is impossible in this table to take stocks into calculation.

	1913-14 (pre-war year)	1923-24	1924-25	1925-26	1926-27	1927-28
	Million yards	Million yards	Million yards	Million yards	Million yards	Million yards
Indian mill production	1,164.3	1,701.6	1,970.4	1,954.5	2,258.7	2,356.6
Imported goods . . . . .	3,197.1	1,485.8	1,823.2	1,563.7	1,787.9	1,973.4
<b>TOTAL PRODUCTION AND IMPORTS . . . . .</b>	<b>4,361.4</b>	<b>3,187.4</b>	<b>3,793.6</b>	<b>3,518.2</b>	<b>4,046.6</b>	<b>4,330.0</b>
Exported, Indian . . . . .	89.2	165.3	181.5	164.8	197.4	168.6
" Foreign . . . . .	62.1	61.1	54.3	35.4	20.1	33.8
<b>TOTAL EXPORTS . . . . .</b>	<b>151.3</b>	<b>226.4</b>	<b>235.8</b>	<b>200.2</b>	<b>226.5</b>	<b>202.4</b>
<b>BALANCE AVAILABLE . . . . .</b>	<b>4,210.1</b>	<b>2,961.0</b>	<b>3,557.8</b>	<b>3,318.0</b>	<b>3,820.1</b>	<b>4,127.6</b>

It will be seen that the quantity available for consumption in 1927-28 nearly reached the 1913-14 level. It should, however, be mentioned that there was a very large increase in mill stocks\* at the end of the year as compared with stocks at the end of 1925-26 and 1926-27. Stocks with mills on the 1st April, 1928 were 401 million yards as against 244 million yards on the corresponding date in 1927 and 200 million yards on the 1st April, 1926. These figures have been compiled from voluntary returns furnished by mills. The increase in stocks at the end of 1927-28 over stocks at the close of 1926-27

\* These have now largely disappeared as a result of the strike in the cotton mills.

## Exports.

was 157 mill on yards, nearly 51 per cent of the increase of 308 million yards in the total quantity available for consumption.

In the chart on the opposite page the course of production, imports and exports are graphed.

**Foodgrains and flour (R42,92 lakhs).**—Exports under this head made some recovery, as a result chiefly of larger shipments of wheat. The total quantity exported amounted to 2,784,000 tons as against 2,429,000 tons in the preceding year, the value of the shipments rising by R3,67 lakhs to R42,92 lakhs. Shipments of wheat increased by 70 per cent from 176,000 tons to 300,000 tons and rice not in the husk by 117,000 tons to 2,152,000 tons. Exports of barley, which were insignificant in the preceding year, amounted to 72,000 tons. Other items also showed small increases. The detailed exports during the past three years, compared with the average exports under each head in the pre-war quinquennium, are set forth in the table below :—

	Pre-war average	1925-26	1926-27	1927-28
	Tons (000)	Tons (000)	Tons (000)	Tons (000)
Rice not in the husk . . . . .	2,398	2,549	2,085	2,152
„ in the husk . . . . .	42	36	23	34
Wheat . . . . .	1,308	212	176	300
„ flour . . . . .	55	67	59	60
Pulse . . . . .	291	139	118	133
Barley . . . . .	227	42	2	72
Jowar and bajra . . . . .	41	14	15	21
Maize . . . . .	49	2	..	9
Other sorts . . . . .		2	1	3
<b>TOTAL . Tons (000)</b>	<b>4,411</b>	<b>3,063</b>	<b>2,429</b>	<b>2,784</b>
<b>VALUE R(lakhs)</b>	<b>45,81</b>	<b>48,03</b>	<b>39,25</b>	<b>42,92</b>

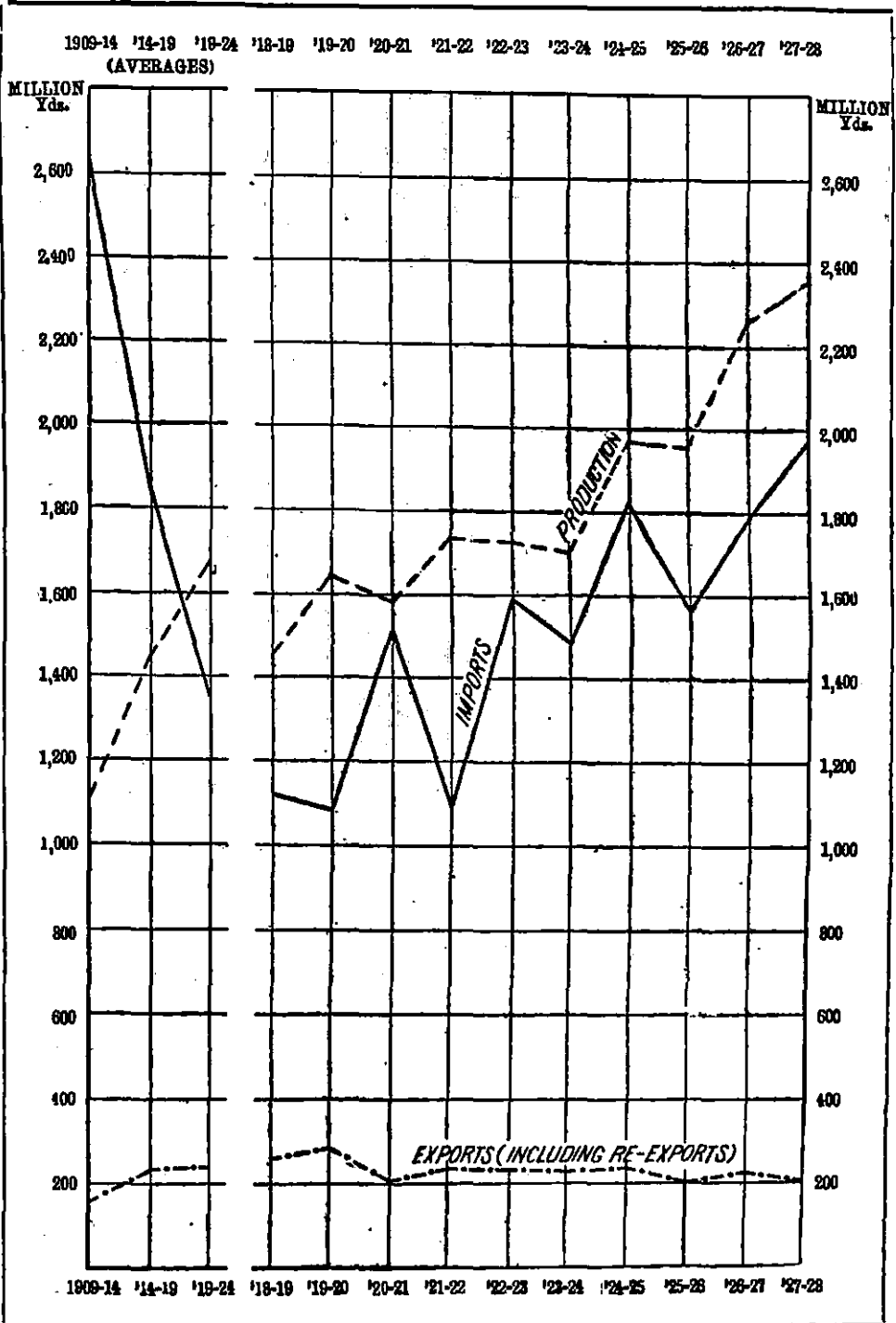
Rice accounted for 79 per cent of the total quantity of foodgrains and flour exported as compared with 85 per cent in the preceding year. Wheat and wheat flour contributed 13 per cent to the exports as against 10 per cent in 1926-27 and pulses 5 per cent, as in the preceding year.

The fiscal year for which trade statistics are compiled, cuts across the seasonal year for rice, so that the exports in any fiscal year are composed partly of the previous year's crop and partly of the crop of that year. The statement below compares the total pro-

Rice (R34,01 lakhs).



Chart showing the production, imports and exports of cotton piecegoods during the years 1918-19 to 1927-28 as compared with the averages of the pre-war, war and post-war periods.



## Foodgrains.

duction of rice in India and Burma during the past five years and the pre-war year with the total exports during the same periods :—

*Total outturn of rice in India and Burma and total exports by sea to foreign countries.*

	PRODUCTION		EXPORTS	
	Cleaned rice		Rice	Paddy
	Tons (000)	Tons (000)	Tons (000)	Tons (000)
1918-14 . . . . .	28,819	2,420	30	
1923-24 . . . . .	28,198	2,177	30	
1924-25 . . . . .	31,072	2,273	28	
1925-26 . . . . .	30,737	2,549	36	
1926-27 . . . . .	29,680	2,035	23	
1927-28 . . . . .	28,096	2,152	34	

The production of cleaned rice in 1927-28 was 1·6 million tons less than in 1926-27, but exports of rice and paddy together registered an advance over the preceding year of over 128,000 tons. Of the important rice-growing provinces, Burma alone possesses a large exportable surplus. The total exports from Burma in 1927-28 were 1,888,000 tons as compared with 1,787,000 tons in the preceding year. She contributed 86 per cent of the total foreign exports from India as against 87 per cent in 1926-27. Bengal contributed 6 per cent (5 per cent) and Madras 5 per cent (5 per cent). Previous year's percentages are given in brackets. Exports from India, including Burma, formed 8 per cent of the total estimated production as compared with 7 per cent in the preceding year.

Prices were on a much lower level in 1927-28 than in the preceding year. In the Rangoon market, rice Big Mills specials (per 100 baskets of 75 lbs. each) was quoted at R445 at the beginning of April and, before the month was out, touched R460, as the available supplies were small. In spite of the Japanese financial crisis, rates continued to advance mainly under the influence of a satisfactory demand from Bombay, R482·8 being reached by the middle of May. China also came into the market towards the end of that month, but as demand from both India and foreign sources soon subsided, prices took a downward course, R470 being touched in June and R457·8 in July. With Far Eastern markets remaining dull and with little or no demand from Indian markets with the exception of Chittagong, prices continued to sag till, at the beginning of October, R410 was reached. In November it became evident that the actual balance of the crop remaining to be marketed was much less than was anticipated and speculators took advantage of the situation to bull the market. At the end of the month R455 was quoted, though there was no real demand; but in December little interest was shown and the beginning of the new year saw the quotation at R398. Subsequently, restricted paddy arrivals and a paucity of sellers, coupled with some enquiry from Chittagong and Calcutta caused the market gradually to firm up, but this firmness was

## Exports.

discounted to some extent by sales of old Burma stocks by Japan to Bombay merchants at cheap rates. Japan also announced her intention of prohibiting imports of foreign rice between March and August, except under license\*. A more important factor contributing to the depression was the competition of Saigon and Siam which shipped considerable quantities of paddy and broken rice at very low rates to the Madras and Malabar coasts, being able to undercut Burma by reason of lower costs and cheap outside tonnage. As a result, prices which had risen to R425 touched R415 at the end of February and fell to R397-8 at the end of March.

The table in the margin shows the destination of the exports during the year. The improvement in the exports was mainly due to larger demands

	Pre-war average	1925-26	1926-27	1927-28
	Tons (000)	Tons (000)	Tons (000)	Tons (000)
Germany and the Netherlands	585	481	349	442
United Kingdom	159	86	61	50
Ceylon	325	432	399	461
Rest of Asia	772	1,100	810	779
Other countries	657	450	416	420
<b>TOTAL</b>	<b>2,998</b>	<b>2,549</b>	<b>2,035</b>	<b>2,152</b>

from Ceylon and the Continent. Ceylon's takings amounted nearly to 461,000 tons during the year, as compared with 399,000 tons in 1926-27. Second in importance was Germany which took 346,000 tons as compared with 260,000 tons in the preceding year. Demands from

the Straits Settlements fell off from 204,000 tons to 191,000 tons, but Japan slightly increased her takings to 150,000 tons. Chinese purchases (including shipments to Hongkong) fell from 188,000 tons to 105,000 tons, but Sumatra took 122,000 tons as against 85,000 tons in the preceding year. Cuban demands fell by 7,000 tons to 110,000 tons. The United Kingdom took 50,000 tons as against 61,000 tons in the preceding year. There was less demand from Java, Formosa, Korea, and Egypt, while shipments to Italy, Arabia, the Bahrein Islands, the Federated Malay States, Mauritius, the Netherlands, the Union of South Africa and Australia increased. Fuller details will be found in table No. 37.

Coastwise exports of rice, not in the husk, from Burma to India increased from 587,000 tons in 1926-27 to 904,000 tons in 1927-28.

Imports of foreign rice into India in 1927-28 were unprecedentedly large and amounted to 68,954 tons, valued at R92 lakhs; in preceding years these imports were almost negligible. Of the total receipts, Madras took 53,600 tons, or 78 per cent of the imports. There was a failure of crops in that Presidency owing to insufficient rains and damage wrought by cyclone in certain parts. Nearly all the supplies were received during the last five months of the year, receipts in January and February being particularly heavy. Consignments from Japan, mostly old Burma stock, amounted to 27,471 tons, while those from the Straits Settlements totalled 25,571 tons. Indo-China sent 10,303 tons and Siam 4,355 tons.

Considerable quantities of Indian wheat were shipped in the early months of the year, the shipments between June and August amounting to 245,000

tons as against the year's total of 300,000 tons. When the American winter wheat became freely available, overseas demand fell off and prices declined. The total exports of the year showed a marked improvement as compared with 1926-27, but were far below

\* This restriction has since been extended up to the end of December, 1928.

## Foodgrains.

the pre-war average of 1,308,000 tons. The crop of 1926-27 was satisfactory, but internal consumption has increased, and since world-supplies, except for seasonal shortages, were ample, the rates offered during the greater part of the year were not sufficient to induce any withdrawal from local consumption. In the following table production and exports during the past five years and the pre-war year 1913-14 are set forth :—

*Total production of wheat and total exports by sea to foreign countries.*

	Production	Exports
	Tons (000)	Tons (000)
1913-14 . . . . .	8,367	1,202
1923-24 . . . . .	9,660	638
1924-25 . . . . .	8,866	1,112
1925-26 . . . . .	8,696	212
1926-27 . . . . .	8,973	176
1927-28 . . . . .	7,736	300

At the beginning of April, No. 1 Manitoba, c.i.f. London and Liverpool stood at 57s. per 480 lbs. Prices advanced in May and the top figure of 61s. 3d. was reached at the end of that month. Thereafter a gradual decline set in, fluctuations however, being within very narrow margins. At the beginning of July, the quotations stood at 59s., but in August 58s. 6d. was touched, while the end of September saw the quotation at 54s. 1d. October and November saw small ups and downs and thereafter, owing to scantiness of supplies, the grade was no longer quoted. In the following table the prices of No. 1 Manitoba as far as available and Karachi choice white wheat are compared :—

*Prices of wheat c.i.f. Liverpool and London.*

	No. 1 Manitoba per 480 lbs.	Karachi choice white per 480 lbs.
	s. d.	s. d.
1927—April, 1 . . . . .	57 0	52 0
May, 6 . . . . .	58 9	56 3
June, 10 . . . . .	60 3	56 6
July, 29 . . . . .	59 0	53 3
September, 16 . . . . .	56 0	50 0
October, 7 . . . . .	54 6	52 6
November, 4 . . . . .	54 3	51 0
December, 16 . . . . .	49 0 (a)	51 6
1928—February, 3 . . . . .	48 7 (b)	No quotation.
March, 2 . . . . .	50 0 (b)	"

(a) No. 2 Manitoba.

(b) No. 3 Manitoba.

## Exports.

In the Karachi market the quotation for white wheat per candy of 656 lbs. stood at R41-12 at the beginning of April, but advanced to R44-6 before the month closed. Prices were well maintained in May, but in June a decline set in on the arrival of the new crop in the market, R42-6 being touched towards the end of the month. Arrivals from up-country were large during this period and there was also a fairly consistent export demand. On the 26th July R42-2 was reached, while, early in August, R40 was touched. In the succeeding few weeks there was a slight appreciation, but prices again declined, R39-12 being reached in October. Thereafter prices moved up and down within small limits, the quotation at the close of March standing at R40-8.

Exports of wheat during the year totalled 300,000 tons valued at R4,40½ lakhs as compared with 176,000 tons valued at R2,71 lakhs in the preceding year. The larger part of the shipments went, as usual, to the United Kingdom, which took 251,000 tons valued at R3,66 lakhs as compared with 141,000 tons valued at R2,14 lakhs in the preceding year. France and Belgium took 20,500 and 19,700 tons respectively as against 13,400 and 7,400 tons in the preceding year. Arabia took 2,600 tons and Germany 600 tons. There were no shipments to Italy, Iraq and the Netherlands. Persia took only 92 tons as against 466 tons in 1926-27 and 8,000 tons in 1925-26. Ninety-nine per cent of the exports passed through Karachi.

The imports of wheat into India during the year still further advanced and amounted to 69,200 tons valued at R1,09 lakhs as against 40,500 tons valued at R67 lakhs in 1926-27. Of this, about 24,500 tons was imported in the first quarter of the year and about 33,000 tons in the last quarter, when local supplies were scanty. The foreign supplies were received mainly in Bombay and Bengal, the former taking 43,600 tons and the latter 25,600 tons. The bulk of the supplies were received from Australia which sent 68,900 tons.

Shipments of wheat flour advanced from nearly 59,000 tons to 60,400 tons, but, owing to lower prices, only R1,29½ lakhs was realised against R1,32½ lakhs in the preceding year. Egyptian demands fell off from 15,800 tons to 11,200 tons, but Arabia took 12,400 tons as against 8,600 tons in 1926-27. Aden and Dependencies and Ceylon also increased their requirements, the former from 7,100 tons to 8,900 tons and the latter from nearly 4,000 tons to 4,100 tons. Persia took only 2,100 tons against 3,700 tons in 1926-27, while the Straits Settlements took 3,200 tons against 3,000 tons in the preceding year. Mauritius and Dependencies increased their requirements to 4,200 tons, but East Africa took only 6,100 tons as against 6,400 tons in the preceding year.

The quantity of other food grains exported increased from 137,000 tons to 237,000 tons. Shipments of barley which had reached a very low figure in 1926-27 rose to nearly 72,000 tons valued at R85½ lakhs, of which the United Kingdom took 33,400 tons and Germany 24,500 tons. The Netherlands took 3,000 tons, Belgium 7,550 tons and France 1,000 tons, while in the preceding year these countries had practically abstained from buying in the Indian market. Shipments to Arabia increased from 1,200 to 1,700 tons. Exports of jowar and bajra increased from 15,000 tons valued at R20½ lakhs to 21,000 tons

## Tea.

valued at R35 lakhs. Shipments of beans increased in value by R11 lakhs to R39 lakhs.

Tea (R32,48 lakhs).—The tea industry had another prosperous season in 1927-28. The production of tea in the season fell short of the preceding year's record, but exports rose, and prices throughout the season were well maintained. The climatic conditions during the early part of the season were unfavourable to the crop in Northern India and the outturn till July was 12 million lbs. behind that of the corresponding period of 1926. In the succeeding month production recovered, though not sufficiently to make up completely for the initial deficiency, but, in October, there was again a fall. The closing months of the season, however, produced more than the average of recent years and the total output fell only 3 million lbs. short of the production in 1926. The general standard of quality of the year's teas showed very little improvement as compared with recent years. Teas made early in the season and the usual second-flush teas from Assam and Darjeeling were good, but the autumnal teas from all districts were disappointing. The standard, however, did not at any time fall very low, and, in the case of Indian-owned estates, showed a distinct improvement. Good teas, as usual, commanded high prices.

The following estimates prepared by Messrs. J. Thomas and Co. show the monthly returns of outturn in millions of lbs. for Northern India in the past five years and monthly percentages of increase or decrease as compared with 1926.

	1927	1926	1925	1924	1923	Increase (+) or decrease (-) per cent in 1927 over 1926
	Million lbs.	Million lbs.	Million lbs.	Million lbs.	Million lbs.	
April-May . . . . .	30½	37½	37½	29	33½	-20
June . . . . .	43½	46½	42½	36	35½	-10
July . . . . .	58	52½	56½	50	52½	+2
August . . . . .	65½	61	58½	59	60½	+10
September . . . . .	58½	58	47	56½	57	..
October . . . . .	47½	52	42½	52	49½	-9
November . . . . .	30½	26½	21½	33	29	+13
December . . . . .	8½	3	7	12	9½	+192
<b>TOTAL . . . . .</b>	<b>336½</b>	<b>339½</b>	<b>312½</b>	<b>327½</b>	<b>327</b>	<b>-1</b>

The largest decline in production was in Assam, the output in that area falling short by 6 million lbs. as compared with the 1926 record.

The total production of tea in India in 1927 is estimated at 391 million lbs. as compared with 393 million lbs. in 1926 and 364 million lbs. in 1925. As usual, Assam contributed the largest share, her production being 60 per cent of the total output, while Northern India, excluding Assam, contributed 26 per cent and Southern India 14 per cent. The total area under tea in

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1927 was 753,000 acres as against 739,000 acres in 1926. The progress of the industry in recent years can be seen from the figures given below :—

—	1906	1915	1924	1925	1926	1927
<b>Acres</b>	<b>Acres</b>	<b>Acres</b>	<b>Acres</b>	<b>Acres</b>	<b>Acres</b>	<b>Acres</b>
Assam . . . . .	339,200	382,800	413,300	416,500	420,400	423,800
Rest of Northern India . .	155,400	181,800	204,400	211,200	212,700	214,500
Southern India . . . . .	37,600	68,000	97,000	100,000	106,900	114,600
<b>TOTAL</b>	<b>532,200</b>	<b>632,100</b>	<b>714,700</b>	<b>727,700</b>	<b>739,400</b>	<b>752,900</b>
<b>Production</b>	<b>lbs. (1,000)</b>	<b>lbs. (1,000)</b>	<b>lbs. (1,000)</b>	<b>lbs. (1,000)</b>	<b>lbs. (1,000)</b>	<b>lbs. (1,000)</b>
Assam . . . . .	162,468	245,752	237,153	225,185	241,982	235,888
Rest of Northern India . .	64,328	94,695	91,851	89,017	99,804	101,923
Southern India . . . . .	14,281	31,611	46,752	49,805	51,147	53,102
<b>TOTAL</b>	<b>241,077</b>	<b>372,058</b>	<b>375,756</b>	<b>363,907</b>	<b>392,933</b>	<b>390,920</b>

The variations in exports are shown in the table below :—

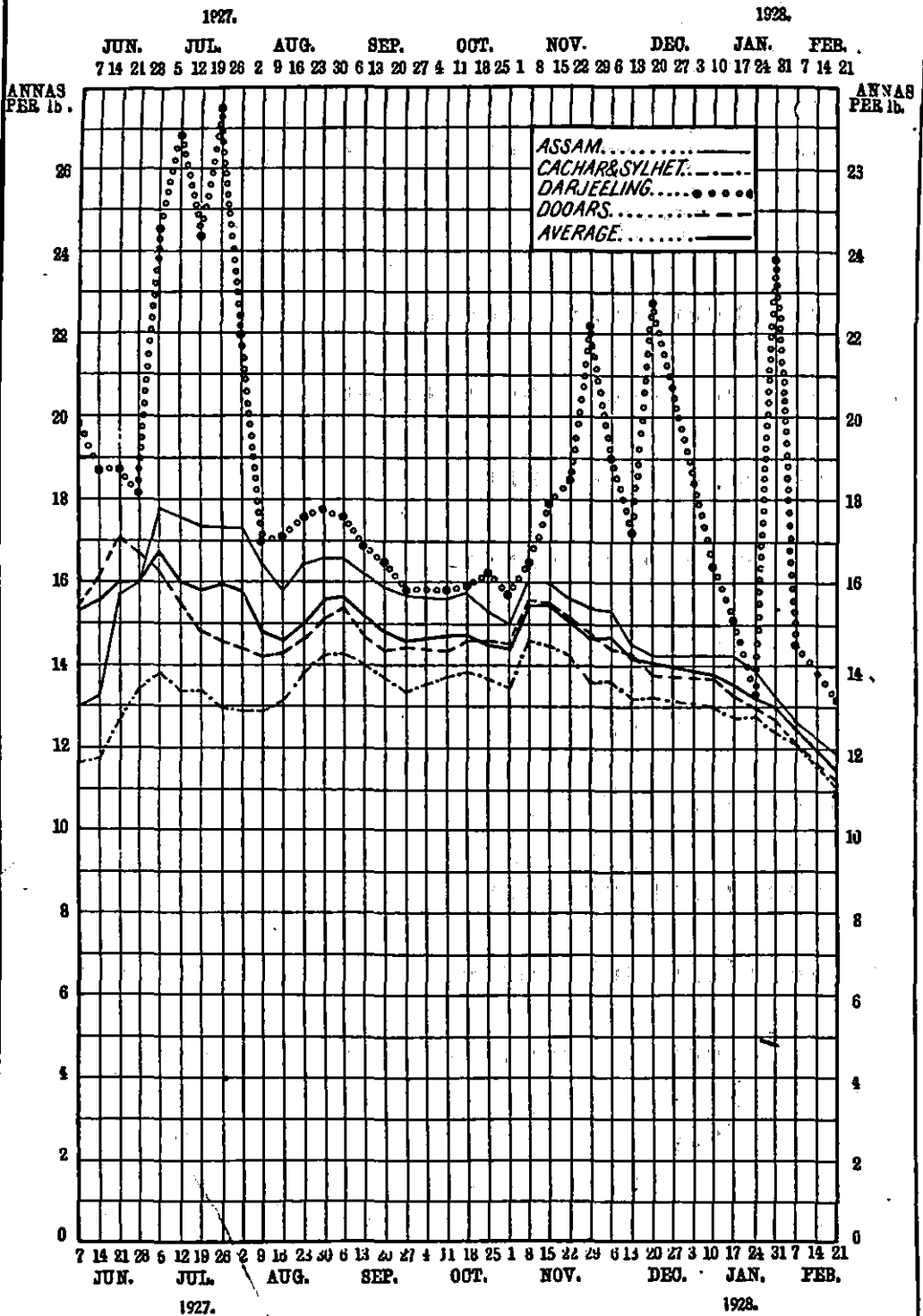
### *Exports of tea by sea to foreign countries.*

—	1905-06	1915-16	1924-25	1925-26	1926-27	1927-28
	<b>lbs. (1,000)</b>	<b>lbs. (1,000)</b>	<b>lbs. (1,000)</b>	<b>lbs. (1,000)</b>	<b>lbs. (1,000)</b>	<b>lbs. (1,000)</b>
From Northern India (Calcutta and Chittagong) . . . . .	199,737	301,403	299,747	280,024	304,957	315,109
From Southern India (Madras ports) . . . . .	12,680	25,840	37,717	43,133	42,935	45,744
From Bombay, Sind and Burma . . . . .	1,807	11,227	2,643	2,576	1,372	761
<b>TOTAL</b>	<b>214,224</b>	<b>338,470</b>	<b>340,107</b>	<b>325,733</b>	<b>349,264</b>	<b>361,614</b>

In 1927-28, 92 per cent of the total quantity of tea produced in India was exported overseas.

The auction sales of tea at Calcutta opened on the 7th June and altogether there were 35 sales during the season as compared with 38 sales in 1926-27. The number of packages sold during the season, (excluding dust, second-hand and damaged teas), were 816,471 as against 850,722 in the season 1926-27. The average price of tea per lb. for the season was 14 as. 10 p. as compared with 12 as. 3 p. obtained in the previous season. Good prices were obtained for dusts also, owing to increased demands from China, the number of packages sold totalling 169,454 with an average price of 11 as. 4 p. per lb. In the preceding season 149,450 packages of dusts were sold at an average price of 10 as. 4 p.

Chart showing the weekly district average prices of Tea realised at auction sales in Calcutta.





## Tea.

The average weekly prices per lb. realised at the Calcutta auction sales during the season are graphed in Chart No. 9 and also in the chart on the opposite page, where the district weekly averages are exhibited along with the general average. The general statistical position at the beginning of the season was favourable, owing to increased purchases made in London by Russia early in 1927 and larger clearances in the United Kingdom. In the first sale of the season on the 7th June, 15 as. 4 p. per lb. was realised and the rate rose to R1 per lb. on the 28th June. By the third week in July improved outturn caused a set-back, 15 as. 10 p. per lb. being recorded on the 19th of the month. The lowest rate in August and September was 14 as. 7 p. and, in October, 14 as. 6 p. In November there was a temporary spurt, consequent on the poor outturn in October, 15 as. 6 p. per lb. being realised on the 15th of the month. Rates, however, fell below 15 as. before the end of the month and continued to decline during the rest of the season, as production in India was forging ahead and other producing centres were also showing increased outturn. In December the average rate fell to 14 as. 1 p., in January to 13 as. and in February to 11 as. 6 p. Pekoe-Souchong (Fair Cachar and Sylhet) was quoted at 10 as. 6 p. early in June and before the month was out rose to 12 as. In July 12 as. 9 p. per lb. was quoted, but, towards the end of the month, rates fell to 11 as. 9 p. Towards the end of August prices again rose to 12 as. 9 p. and at the beginning of September to 13 as. 3 p. The fluctuations in September and October were generally within one anna, but in November 14 as. per lb. was quoted. From December prices gradually fell in sympathy with the London market, where large stocks had accumulated, 11 as. 9 p. being quoted on the 10th February.

The total shipments during the year showed an increase of 4 per cent in quantity and 12 per cent in value. Only 946,000 lbs. of green tea was exported during the year, the balance of 360½ million lbs. consisting of black tea, of which the shipments to the United Kingdom totalled 306 million lbs. valued at R28½ lakhs as compared with 290½ million lbs. valued at R24½ lakhs in the preceding year. She absorbed 85 per cent of India's exports as compared with 84 per cent in the preceding year. Re-exports of Indian tea from the United Kingdom in 1927-28 were, however, only about the same as in the preceding year and amounted approximately to 45 million lbs. Large stocks were thus left at the end of the year in the United Kingdom. The re-exports from the United Kingdom to the Irish Free State amounted to nearly 17 million lbs. as against 17½ million lbs. in 1926-27. Russia took 6.2 million lbs. as against 4½ million lbs. in the preceding year. Other European countries together took 10.3 million lbs. as compared with 11 million lbs. in the preceding year. Re-exports to the United States of America fell from 5 million lbs. to 4.6 million lbs., while those to Canada, including New Foundland, remained at about 4 million lbs. as in the preceding year. Direct shipments from India to the United States of America, however, increased from 7.6 million lbs. to 8.8 million lbs., while Indian exports to Canada fell from 11.5 million lbs. to 9.3 million lbs. The chief feature of the Indian export trade during the year was the direct buying by Russia which received 6½ million lbs. as compared with 101,000 lbs. in 1926-27. Georgia took during the year 1.4 million lbs. as against .8 million lbs. in the preceding year. Among

## Exports.

the countries which reduced their requirements, the largest decrease occurred in the case of Australia which took only 2·8 million lbs. as against over 8 million lbs. in the preceding year. Iraq took only 2·2 million lbs. as against 3·8 million lbs. in 1926-27. Exports to Persia by sea also fell from 5·9 million lbs. to 4·2 million lbs. and those to Arabia from 796,000 lbs. to 603,000 lbs. Ceylon took 4·7 million lbs., a little more than in the preceding year. Exports to China increased from 490,000 lbs. to nearly 3·6 million lbs., some of which may, perhaps, have been on Russian account. Egyptian demands fell from 2·9 million lbs. to 2·2 million lbs. The Union of South Africa took 1,154,000 lbs., a little more than in the preceding year. Exports to the Anglo-Egyptian Sudan fell from 2·8 million lbs. to 1·7 million lbs.

The share of Calcutta in the export trade was 66 per cent, of Chittagong 21 per cent and of the Madras ports 13 per cent. Calcutta shipments were made up of 153 million lbs. consigned direct from the gardens and 85 million lbs. purchased in Calcutta. Shipments from Chittagong amounted to 77 million lbs. Exports from Madras totalled 46 million lbs. The coastwise exports from Bengal increased from 5·70 to 6·44 million lbs.

The following table shows in millions of lbs. the exports of tea from the principal producing centres during the past four years :—

(In millions of lbs.)

	1924	1925	1926	1927
Northern India . . . . .	307	293	295	321
Southern India . . . . .	38	43	44	45
Ceylon . . . . .	205	210	217	227
Java . . . . .	105	95	119	127
Sumatra . . . . .	18	17	17	18
China . . . . .	102	111	112	116
Japan . . . . .	24	28	24	23
Formosa . . . . .	21	21	23	(a)
<b>TOTAL</b>	<b>820</b>	<b>818</b>	<b>851</b>	<b>—</b>

(a) Not yet available.

Imports of tea into the principal consuming countries from India, Ceylon, China, Japan and Java, as far as information is available, are shown in Table No. 61. The imports of Indian tea into the United Kingdom recovered in 1927 and amounted to over 304½ million lbs. as compared with 270½ million lbs. in 1926. Shipments from Ceylon to the United Kingdom increased from 140 million lbs. to nearly 143 million lbs. Imports of Java tea were 75·6

## Oilseeds.

million lbs. as compared with 64.5 million lbs. in 1926 and 53.6 million lbs. in 1925. Java tea is being increasingly imported into the United Kingdom for blending purposes. Imports of Indian tea into the United States of America during 1927 showed an increase of 2½ million lbs. over the preceding year and amounted to 13.5 million lbs. The share of India in the total imports of tea into the United States of America was 15.1 per cent as compared with 11.4 per cent in 1926 and 12.6 per cent in 1925. Ceylon and Java control the tea supply in Australia. In Canada, India is the leading supplier, but Ceylon increased her share slightly in 1927.

Imports of foreign tea by sea into British India increased from 7.6 million lbs. to nearly 8 million lbs, the value increasing by R2¼ lakhs to R69 lakhs. Of this 4½ million lbs. consisted of black tea and the remainder of green tea. China supplied 3,324,000 lbs, mostly green tea, valued at R30 lakhs, as compared with 4,602,000 lbs. valued at R42 lakhs in the preceding year. Imports from Java increased from 1,537,000 lbs. to 2,643,000 lbs. and those from Ceylon from 1,027,000 lbs. to 1,361,000 lbs. It has been found that some very inferior and also imitation teas are being imported into India at cheap rates, and that they compete with Indian tea among the poorer class of consumers.

The quantity of tea waste exported for the manufacture of caffeine increased from 1.6 million lbs. to 4.1 million lbs. of which the United States of America took 3.8 million lbs. and the United Kingdom 219,000 lbs.

Tea waste.

**Oilseeds (R26.69 lakhs).**—Oilseeds occupied the fifth place among exports, the first four being raw and manufactured jute, cotton, foodgrains and tea.

	Pre-war average	1925-26	1926-27	1927-28
		(Thousands of Tons)		
Linseed . . . . .	379	808	192	223
Rape seed . . . . .	273	112	94	66
Groundnuts . . . . .	212	455	368	613
Castor . . . . .	114	110	102	122
Cotton . . . . .	240	197	51	153
Sesamum . . . . .	119	40	2	11
Copra . . . . .	31		2	
Others . . . . .	85	28	27	23
<b>TOTAL</b> . . . . .	<b>1,453</b>	<b>1,250</b>	<b>838</b>	<b>1,210</b>

Indian supplies were moderately satisfactory and in the case of groundnuts plentiful, while demand improved considerably. The total exports amounted to 1,210,000 tons valued at R26.69 lakhs, showing an increase of 44 per cent in quantity and 40 per cent in value over the preceding year's figures. Compared with the pre-war average there was,

however, a decrease of 17 per cent in quantity but an increase of 9 per cent in value. The table in the margin shows the quantities of the principal seeds exported during the last three years and the pre-war quinquennium. Fuller details of exports are shown in tables Nos. 36-A and 36-B, and for prices a reference may be made to table No. 50 and to chart No. 9 prefixed to this review.

Exports of Indian linseed recovered from the slump of 1926-27, but were still 11 per cent less than the average exports in the post-war quinquennium, and 28 per cent less than the exports in 1925-26. The Linseed (R4.52 lakhs): crop of 1926-27, estimated at 406,000 tons, was only a slight improvement on the 1925-26 crop. On the other hand, the Argentine experienced another good year, the outturn of the 1927 crop being estimated at 2,063,000 tons, Indian prices also continued to be unattractive compared

## Exports.

with the rates for Plate linseed, with the result that India's contribution, inspite of the larger world takings, was well below the average of recent years. Shipments from all the producing countries in 1927 amounted to 2,171,000 tons as compared with 1,936,000 tons in 1926. Exports from India in the fiscal year 1927-28 amounted to 222,500 tons, or an increase of 30,600 tons (16 per cent) over the preceding year, but, compared with the post-war average, exports during the year showed a deficiency of 29,000 tons.

Shipments to the United Kingdom in 1927-28 amounted to 57,400 tons valued at R1,12 lakhs as compared with 49,500 tons valued at R1,00 lakhs in 1926-27. Continental countries took 136,000 tons as compared with 122,000 tons in 1926-27 and 172,000 tons in 1925-26. France increased her demands from 51,200 tons to 60,900 tons, Italy from 28,700 tons to 40,700 tons and Germany from 12,700 tons to 17,500 tons. Belgium, on the other hand, reduced her takings from 17,500 tons to 5,900 tons. Shipments to Australia rose from 15,600 to 19,600 tons. Table No. 61 shows the relative importance of the sources from which the United Kingdom, France, Italy and Australia import their linseed. Bengal was responsible for 60 per cent of the exports and Bombay 40 per cent as compared with 59 and 41 per cent in 1926-27.

The price of linseed at Calcutta remained at or about R7-5-0 per maund in April. It rose to R7-13-0 in June and thereafter, declining steadily within narrow limits, it touched R6-14-6 in November. In January there was a firmer tendency which carried prices to R7-2-0 per maund. In February R7-5-0 was touched but towards the close of the year R7-4-0 was quoted. The highest price realised for Calcutta linseed in London was £18-10-0 per ton in June and the lowest about £17 in October.

The estimated outturn of groundnuts in India during the 1926-27 season was the highest ever reported *viz.*, 2,046,000 tons (to which Madras contributed 1,207,000 tons), being 2 per cent larger than the previous season's crop. The exports also attained the record figure of 613,000 tons in 1927-28 as compared with 368,000 tons in 1926-27 and 455,000 tons in 1925-26. The increase in exports is due not only to the larger crop, but also to other factors, such as, larger demands following the resumption of normal trade conditions in Europe, greater facilities in securing freights to Continental ports, and the release of speculative holdings of the produce of 1926-27 by exporters who were waiting for favourable markets and easier freights to clear their stocks. France, usually the principal customer for Indian groundnuts, took 151,000 tons as compared with 125,000 tons in 1926-27 and 204,000 tons in 1925-26. The largest purchases were, however, made by Germany which more than doubled her requirements and took 218,000 tons or 36 per cent of the total quantity exported as against 87,000 tons or 24 per cent of the exports in 1926-27 and 91,000 tons or 20 per cent of the exports in 1925-26. There were also increased exports to the Netherlands which took 112,000 tons as against 77,000 tons in 1926-27. Italy, the United Kingdom and Belgium also increased their demands and took 80,000 tons, 25,000 tons and 15,000 tons as compared with 50,000 tons, 17,000 tons and 6,000 tons, respectively,

## Oilseeds.

in the preceding year. Notwithstanding the prohibition on the imports of groundnuts, Spain had to import 7,000 tons under special license during the first four months of the year, as the Spanish olive crop of 1926-27 proved insufficient, but, with the prospects of her 1927-28 crop becoming brighter, she ceased to be a buyer in the Indian market. It may be remarked that prices were generally lower in the latter half of the year than in the earlier months, and this induced the principal customers to make their heaviest purchases during this period. Of the total exports of 584,000 tons to the Continent during the year under review, no less than 384,000 tons were shipped during the latter half of the year. Madras was responsible for 77 per cent of the total quantity shipped and Bombay 23 per cent as compared with 86 and 14 per cent respectively in the preceding year.

The price of groundnuts (ordinary) in Madras was R54 per French candy in the beginning of April and rose to R55-8 by the middle of May at which level it remained until the middle of June. Thereafter prices moved downward and stood at between R52 and R53 by the middle of August. The close of September saw a rise and in October R54 to R55 per candy was quoted. A decline then set in, the lowest quotation R47 being touched in the first week of December. There was, however, a recovery to R51—R52 early in January, but the close of March saw quotations at R50 per candy.

The production of rape and mustard seeds in 1926-27 was 1,004,000 tons, being 10 per cent larger than in the previous season, while the crop of 1927-28 was reported to yield 848,000 tons or 156,000 tons less than in 1926-27. The exports, owing to the comparative cheapness of competitive oilseeds, have shown a steady decline from 112,000 tons in 1925-26 to 94,000 tons in 1926-27 and 66,000 tons in 1927-28. All the principal countries with the exception of the United Kingdom reduced their takings. As usual, Italy was the largest buyer of Indian rapeseed, but took 20,600 tons only as compared with 43,200 tons in 1926-27. France and Germany took 10,200 tons and 9,800 tons as compared with 14,300 tons and 10,000 tons respectively in the preceding year. Shipments to the Netherlands and Belgium also were on a reduced scale, amounting only to 9,000 and 1,700 tons respectively in 1927-28. On the other hand, the United Kingdom increased her requirements from 9,200 tons to 12,300 tons. Japan re-appeared in the market in 1927-28 and took 700 tons, her purchases in the preceding two years having been almost insignificant. Table No. 61 shows India's share in the imports of rapeseed into the United Kingdom, Belgium, Italy and France. The chief exporting centre of Indian rapeseed was Karachi which was responsible for 91 per cent of the shipments as compared with 96 per cent in the preceding year; the remainder went mainly from Bombay (6 per cent) and Bengal (3 per cent).

The yield of sesamum in 1927-28 was estimated at 544,000 tons, 31 per cent higher than the yield of the 1926-27 crop. Exports of sesamum were unprecedently low in 1926-27, amounting to 1,600 tons only as against 39,900 tons in 1925-26. In the year under review shipments rose to 11,100 tons. Prices were comparatively

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low and the reduction in prices led to increased interest among Continental buyers. Shipments to France and Italy amounted to 2,700 tons and 1,200 tons as compared with 200 and 50 tons respectively in the preceding year. There were no shipments to the Netherlands in 1926-27, while Ceylon had during the same year taken only 700 tons; in 1927-28 both countries took 1,900 tons each.

An increase in the yield of the Indian cotton crop of 1927-28 and a shortage of the Egyptian crop led to an expansion in the exports of cotton seed from India. The average price of Egyptian cotton seed in London was higher than in the preceding year and this resulted in a greater appreciation of the Indian product. The quantity of cotton seed shipped from India during 1927-28 was 153,000 tons as compared with 51,000 tons in 1926-27 and 197,000 tons in 1925-26. The increase in exports during 1927-28 chiefly took place during the last six months, when the shortage of the Egyptian crop became evident, no less than 121,000 tons or 79 per cent of the total shipments occurring during this period. As usual, the bulk of the supplies went to the United Kingdom which absorbed 97 per cent of the exports as compared with 84 per cent in the preceding year.

Exports of castor seed during 1927-28 amounted to 122,000 tons valued at R2,58 lakhs as compared with 102,000 tons valued at R2,04 lakhs in 1926-27. Both the United States of America and the United Kingdom increased their requirements and took 49,000 tons and 33,000 tons as against 44,000 tons and 23,000 tons respectively in the preceding year. Italy and Belgium also took more than in 1926-27, while shipments to France dropped from 18,200 tons to 16,500 tons.

Hides and skins (R17,88 lakhs).—The trade showed a marked improvement in the year under review owing to a world shortage of hides and leather. The leather stocks of the world have been greatly depleted, and the available supply of hides is insufficient to meet the increasing demand. Prices advanced, hides and heavy leather benefiting most, and the total exports under this head increased in value by 23 per cent to R17,88 lakhs. Tanned hides contributed most to this increase, but was followed closely by raw hides. Shipments of raw hides and skins during the year amounted to 64,400 tons valued at R8,81 lakhs as compared with 50,600 tons valued at R7,18 lakhs in 1926-27. Sixty-three per cent of the exports consisted of raw hides which advanced by 12,800 tons to 40,700 tons in quantity and by R1,27 lakhs (49 per cent) to R3,85 lakhs in value. Raw skins, on the other hand, had less demand and fell slightly to 19,400 tons as compared with 19,700 tons in 1926-27, though the value of the shipments increased by 7 per cent or R33 lakhs to R4,89 lakhs. Exports of tanned or dressed hides and skins increased from 18,400 tons to 23,300 tons in quantity and in value from R7,37½ lakhs to R9,07½ lakhs. Tanned hides advanced from 11,300 tons valued at R2,78 lakhs to 15,800 tons valued at R4,12 lakhs, a quantity increase of 39 per cent and a value increase of 48 per cent. Tanned skins gained by 500 tons (6 per cent) in quantity and by R35½ lakhs (8 per cent) in value.

## Hides and Skins.

In the following table the quantities and values of raw hides and skins of various descriptions exported in 1913-14 and the last three years are set forth.—

	QUANTITY				VALUE			
	1913-14	1925-26	1926-27	1927-28	1913-14	1925-26	1926-27	1927-28
	Tons	Tons	Tons	Tons	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
Raw cow hides.....	37,200	23,300	22,200	30,600	5.91	2.77	2.17	3.08
" buffalo hides.....	17,300	4,400	5,200	8,900	2.20	35	36	62
" other hides.....	1,800	700	500	1,200	19	8	5	15
" goat skins.....	22,700	19,200	19,300	18,700	3.13	3.87	4.23	4.39
" sheep skins.....	1,600	500	100	400	26	6	2	6
" other skins.....	..	100	300	300	..	6	30	44
<b>TOTAL HIDES AND SKINS, RAW</b>	<b>80,100</b>	<b>48,200</b>	<b>47,600</b>	<b>60,100</b>	<b>11.69</b>	<b>7.19</b>	<b>7.13</b>	<b>8.74</b>

There was a large increase in German purchases of raw hides. In the year under review she took 19,500 tons valued at R1.93 lakhs as compared with 11,300 tons valued at R1.11 lakhs in the preceding year. Purchases by the United Kingdom totalled 3,700 tons, valued at R34 lakhs as compared with 1,400 tons valued at R10½ lakhs in 1926-27. The United States of America also showed increased interest and took 2,900 tons costing R22½ lakhs, while in the preceding year she had taken only 550 tons. Italy and Spain, however, reduced their demands and took only 4,900 and 1,900 tons as compared with 5,800 and 2,800 tons respectively in the preceding year.

Exports of raw cow hides increased in quantity by 38 per cent and in value by 42 per cent. German requirements increased from 9,650 tons to 16,440 tons, the value paid increasing by R69 lakhs to R1,66½ lakhs. Italy, however, took only 4,460 tons, as compared with 5,230 tons in the preceding year, but the United Kingdom took 2,840 tons valued at R28 lakhs as against 1,030 tons valued at R8½ lakhs in the preceding year. Shipments to Spain fell from 2,580 tons to 1,560 tons, but Finland's requirements doubled to 1,000 tons valued at nearly R10 lakhs. The United States of America which had shown no interest in Indian supplies in the preceding year took 855 tons valued at R8½ lakhs. Sweden took 920 tons (641 tons), Norway 330 tons (314 tons), the Netherlands 555 tons (369 tons) and European Turkey 230 tons (442 tons). Previous year's figures are given in brackets. Exports of cow hides were, as usual, chiefly from Bengal which accounted for 74 per cent. of the total shipments, while Burma's share was 11 per cent as compared with 8½ and 7 per cent respectively in the preceding year. Karachi had 14 per cent of the trade and Bombay 1 per cent.

The increase by 72 per cent in the quantity of buffalo hides exported was due principally to larger indents from Germany and the United States of America. These countries took 2,530 and 1,970 tons valued at R20 lakhs and R13½ lakhs as compared with 1,550 tons and 550 tons valued at R12 lakhs and R5 lakhs respectively in 1926-27. The United Kingdom took 879 tons

## Exports.

as against 334 tons in the preceding year, but Italian requirements fell away from 497 to 286 tons.

The principal buyer of goat skins was, as usual, the United States of America, but her takings which amounted to 15,690 tons were only slightly above her purchases in the preceding year. She had, however, to pay R20 lakhs more, shipments being valued at R3,46 lakhs as against R3,26 lakhs in 1926-27. Of other countries, Germany and the Netherlands increased their requirements from 193 and 562 tons to 398 and 657 tons respectively, but the United Kingdom took only 896 tons and France 712 tons as compared with 1,011 tons and 1,507 tons respectively in the preceding year. The average declared value of raw goat skins increased from 15*as. 8p.* per lb. to R1 0*s. 9p.* per lb. Exports of sheep skins increased during the year to 379 tons, an increase of 140 per cent over the previous year, but a decrease of 20 per cent as compared with 1925-26. Shipments, however, fetched a higher value than even in 1925-26, the amount realised in 1927-28 being R5,97,000 as against R5,75,000 in 1925-26 and R2,57,000 in 1926-27. Of the unspecified descriptions of skins, lizard skins deserve special mention, 1,802,630 pieces valued at R29½ lakhs having been exported in the year under review from Bengal as compared with 1,355,342 skins, valued at R22½ lakhs exported in the preceding year. The Government of Bengal prohibited the slaughter of iguanas with effect from 1st March 1928, under the Wild Birds and Animals Protection Act, but a subsequent notification has limited the prohibition to the species of iguanas known as *varanus salvator*. The different maritime provinces shared in the exports of raw skins as follows:—Bengal 48 per cent (44 per cent) Bombay 22 per cent (23 per cent) Sind 24 per cent (26 per cent) and Madras 6 per cent (7 per cent). Preceding year's percentages are given in brackets.

The detailed figures of the exports of tanned or dressed hides and skins are given below:—

	QUANTITY				VALUE			
	1913-14	1925-26	1926-27	1927-28	1913-14	1925-26	1926-27	1927-28
	Tons	Tons	Tons	Tons	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
Tanned cow hides . . . . .	7,900	10,700	9,900	13,300	1,47	2,62	2,34	3,40
„ buffalo hides . . . . .	800	500	500	1,100	11	10	10	22
„ other hides . . . . .	..	1,000	1,000	1,300	..	33	34	49
„ goat skins . . . . .	3,700	2,900	3,700	3,900	1,61	1,92	2,45	2,62
„ sheep skins . . . . .	2,500	3,400	3,300	3,500	96	2,00	2,10	2,15
„ other skins . . . . .	300	..	..	100	7	1	5	19
<b>TOTAL HIDES AND SKINS, TANNED</b>	<b>15,200</b>	<b>18,500</b>	<b>18,400</b>	<b>23,200</b>	<b>4,22</b>	<b>6,98</b>	<b>7,38</b>	<b>9,07</b>

Shipments of tanned cow hides increased from 9,895 tons valued at R2,33½ lakhs to 13,311 tons valued at over R3,40 lakhs, an increase of 35 per cent in quantity and of 45 per cent in value. Exports of tanned buffalo hides more than doubled in quantity to 1,104 tons, while the value realised increased from R9½ lakhs to R22½ lakhs. Calf skins increased from 932 tons



## Lac.

valued at R34½ lakhs. to 1,345 tons valued at over R49 lakhs. Shipments of tanned hides were as usual mostly to the United Kingdom which took 12,408 tons of cow hides valued at R3,18 lakhs, 1,030 tons of buffalo hides valued at nearly R21 lakhs and 1,267 tons of calf skins valued at nearly R46½ lakhs or a total of 14,705 tons valued at over R3,85 lakhs as against 10,548 tons valued at nearly R2,61½ lakhs in the preceding year. The United States of America took 665 tons of tanned hides (of which 589 tons were cow hides) as compared with 109 tons in 1926-27.

Of the total exports of 7,500 tons of tanned skins, Madras shipped nearly 85 per cent. Exports of tanned goat skins to the United Kingdom totalled 3,667 tons valued at R2,45 lakhs, an increase of 301 tons in quantity and of R19½ lakhs in value as compared with the preceding year. The demand from the United States of America, however, fell off to 193 tons valued at R12½ lakhs. Of the exports of sheep skins 2,700 tons went to the United Kingdom as against 2,320 tons in the preceding year, while the value of the shipments increased by R23½ lakhs to R1,72½ lakhs. Japan and the United States of America, however, reduced their requirements from 582 to 532 tons and from 222 to 36 tons respectively. Of the total quantity of tanned skins exported the United Kingdom took 86 per cent and the United States of America 3 per cent as compared with 81 and 7 per cent respectively in the preceding year. The fall in the shipments to the United States of America was due to the fact that she obtained her supplies mostly through London and not direct from Madras.

**Lac (R6,99 lakhs).**—The exports of lac fell by 8 per cent. in quantity from 592,000 cwts. in 1926-27 to 544,000 cwts. in 1927-28, but higher prices accounted for an increase in value by 28 per cent from R5,47 lakhs to R6,99 lakhs. Of the total quantity shipped in 1927-28 about 74 per cent represented shellac, and 3 per cent button lac, while the remaining 23 per cent consisted of seed lac, stick lac and other sorts.

Shipments of shellac declined in quantity from 425,000 cwts. to 404,000 cwts. but rose in value from R4,32 lakhs to R5,68½ lakhs. Although shellac is threatened by the competition of synthetic products, there has not yet been evidence of any great relaxation of demand. During the year the United States of America maintained her position as the leading buyer, but her purchases were on a reduced scale. She took 170,000 cwts. as compared with 239,000 cwts. in 1926-27 and 227,000 cwts. in 1925-26. On the other hand, both the United Kingdom and Germany considerably increased their requirements, taking 118,000 cwts. and 62,000 cwts. as against 87,000 cwts. and 35,000 cwts. in the preceding year. France reduced her demands from 15,000 cwts. to 8,000 cwts. while Japanese purchases advanced slightly to 17,200 cwts. Italy took 5,000 cwts., and Australia and New Zealand together 4,200 cwts. There was a sharp fall in the price of T. N. shellac during the last quarter of the previous year and the quotation in the Calcutta market stood at R75 per maund in the beginning of April. Unfavourable crop reports forced the price up steadily and R122, the highest price of the year, was reached in July. The price then began to decline till R102 was touched towards the end of September, when heavy demands resulted in the clearing

## Exports.

of stocks and prices again advanced gradually to [R114 by the middle of December. During the next three months the demand slackened and the price fell and stood at R83 per maund at the end of the year.

Shipments of button lac fell from 20,600 cwts. to 18,000 cwts. the value, however, rising from R22 lakhs to R28½ lakhs. The United Kingdom took 11,600 cwts. as in the preceding year, shipments to that country forming 64 per cent of the total quantity exported, as compared with 56 per cent in 1926-27. The United States of America and France further reduced their purchases, while Germany increased her takings.

Exports of stick lac amounted to 9,100 cwts. valued at R7¼ lakhs, as compared with 7,200 cwts. valued at R5 lakhs in 1926-27 and 22,800 cwts., valued at R19 lakhs in 1925-26. The shipments went chiefly to Germany (6,300 cwts.) and the United Kingdom (1,300 cwts.). German demands for stick lac are steadily increasing. She took only 148 cwts. in 1923-24, and 399 cwts. in 1924-25, but from 1925-26 she has been buying on a large scale, having taken 1,321 cwts. in that year and 2,492 cwts. in 1926-27. There was practically no demand from the United States of America during the year under review although she had taken 18,000 and 1,500 cwts. respectively in 1925-26 and 1926-27. Exports of seed lac also fell from 89,400 cwts. to 54,700 cwts. owing to a reduction in American purchases, shipments to the United States amounting to only 49,200 cwts. as against 83,900 cwts. in 1926-27. Other kinds of lac increased from 49,900 cwts. valued at R16 lakhs to 57,300 cwts. valued at nearly R26½ lakhs. The United States of America and Belgium increased their takings from 8,100 and 3,900 cwts. to 23,600 and 18,600 cwts. respectively, while shipments to Germany fell from 28,000 cwts. to 12,700 cwts. The following statement shows the exports of seed and stick lac from India during the past five years :—

	1923-24	1924-25	1925-26	1926-27	1927-28
	Cwts.	Cwts.	Cwts.	Cwts.	Cwts.
Seed lac . . . . .	19,100	35,129	37,424	89,389	54,694
Stick lac . . . . .	1,800	6,494	22,783	7,220	9,130

The exports of stick lac from Bangkok and Singapore which had shown a decrease in 1926 recorded an improvement in 1927. Slackness in American demand and high prices obtaining in India led to larger consignments being sent to the Indian market. The figures are shown below :—

### *Exports in cwts. of stick lac from Bangkok and Singapore.*

	1924	1925	1926	1927
To United States of America . . . . .	15,620	39,808	15,625	8,261
„ Germany . . . . .	9,540	3,099	7,679	9,494
„ United Kingdom . . . . .	5,300	1,668	420	2,284
„ India . . . . .	10,020	1,403	8,863	25,550
<b>TOTAL (ALL COUNTRIES)</b> . . . . .	<b>42,780</b>	<b>62,554</b>	<b>35,379</b>	<b>48,989</b>

## Raw wool.

Raw wool (R4,36 lakhs).—The trade in raw wool continued to expand, exports rising from 45 million lbs. to 50 million lbs. in quantity and from R3,93 lakhs to R4,36 lakhs in value. Of the total quantity shipped, the United Kingdom took nearly 44 million lbs. or 87 per cent as compared with 40½ million lbs. or 91 per cent in the preceding year, while the remainder went mainly to the United States of America, shipments to which country rose from 3.6 million lbs. to 5.2 million lbs. Besides Indian wool, a fairly large proportion of foreign wool of Tibetan and Central Asian origin, imported across the frontier, is re-exported from India. The following table shows the comparative figures for export and re-export by sea and imports by land :—

	Imports by land	Re-exports by sea	Exports by sea (Indian Merchandise)
	(In thousand cwts.)	(In thousand cwts.)	(In thousand cwts.)
1913-14	221	91	437
1919-20	203	143	324
1920-21	190	80	206
1921-22	135	133	288
1922-23	185	122	472
1923-24	179	98	327
1924-25	181	121	471
1925-26	181 (a)	103	387
1926-27	214 (a)	113	490
1927-28	234 (a)	113	438

(a) Railborne trade at stations adjacent to land frontier routes.

The quantity of raw wool re-exported in 1927-28 was 12½ million lbs., almost the same as in the preceding year, while the value decreased from R94 lakhs to R89 lakhs. Re-exports of raw wool to the United Kingdom fell by 2 million lbs. to 7 million lbs., while there was a corresponding increase in the re-exports to the United States of America. About 39 per cent of the total quantity of Indian wool was shipped from Bombay during 1927-28 and 60 per cent from Karachi; the re-export trade was shared by Bengal and Karachi in the proportion of 44 and 55 per cent respectively. The following table shows the quantities of raw wool imported into the United Kingdom from India and other countries :—

*Imports of sheep's and lamb's wool into the United Kingdom (excluding goat hair)*  
(In million pounds)

	1913	1921	1922	1923	1924	1925	1926	1927
Australia	206	311	458	276	229	235	304	238
New Zealand	181	148	305	181	179	172	184	190
South Africa	133	162	147	112	127	140	148	159
Argentina	55	49	64	49	54	39	54	72
India	55	35	55	50	58	59	41	55
<b>TOTAL INCLUDING OTHER COUNTRIES.</b>	801	761	1,106	789	760	727	811	823
<b>PERCENTAGE OF INDIA'S SHARE</b>	7	5	5	7	7	8	5	7

## Exports.

Exports of carpets and rugs exceeded 5 million lbs. in 1927-28 as compared with nearly 4 million lbs. in each of the preceding two years. The value of the exports increased to R92 lakhs from R71½ lakhs in 1926-27 and R78 lakhs in 1925-26. The United Kingdom, as usual, was the principal customer, taking 3.1 million lbs. valued at R48 lakhs as against 2.1 million lbs. valued at R37 lakhs in the preceding year. The United States of America also increased her purchases which totalled in value R34 lakhs as compared with R26 lakhs in each of the years 1925-26 and 1926-27. Exports to Ceylon recorded a small decrease.

Carpets and rugs.

**Oils (R71 lakhs).—**The total value of the exports of oils of all sorts as compared with the preceding year declined by R25 lakhs or 26 per cent to R71 lakhs in 1927-28. Owing chiefly to increase in home consumption, exports of petroleum, dangerous, flashing below 76°F. (including petrol, benzine and benzol) fell from 8 million gallons in 1925-26 and 2 million gallons in 1926-27 to only 2,900 gallons in 1927-28. The corresponding value figures were R92 lakhs in 1925-26, R24 lakhs in 1926-27 and R3,500 only in 1927-28. On the other hand, the total sales of petrol in India continued to advance and amounted to nearly 45 million gallons in 1927 as compared with 33 million gallons in 1926 and 26 million gallons in 1925.

Petroleum.

Exports of vegetable oils fell from 1,307,000 gallons valued at R31 lakhs to 1,196,000 gallons valued at R29 lakhs. Castor oil decreased from 647,000 gallons valued at R14 lakhs to 474,000 gallons valued at R10 lakhs, the United Kingdom reducing her purchases from 467,000 gallons to 264,000 gallons. Exports to the Union of South Africa and Ceylon, however, increased to 59,000 gallons and 31,000 gallons respectively. There was also a substantial drop in the exports of coconut oil which declined from 194,000 gallons to 79,000 gallons, owing to a smaller crop of coconuts and increased consumption in India. All the principal countries, viz., the United Kingdom, the Netherlands and the United States of America, reduced their takings. Exports of mustard and rape seed oil, however, improved from 286,000 gallons to 326,000 gallons, Mauritius taking 172,000 gallons or 37,000 gallons more than in the preceding year. There was also a larger demand for groundnut oil, shipments rising from 41,000 gallons to 96,000 gallons and for linseed oil, the exports of which advanced from 41,000 gallons to 73,000 gallons. Groundnut oil was mostly exported to Mauritius and Ceylon, the former taking 47,000 gallons and the latter 34,000 gallons. The Philippine Islands and the Straits Settlements each took about 25,000 gallons of linseed oil. Exports of sesamum oil also rose from 62,000 gallons valued at R1½ lakhs to 99,000 gallons valued at R3 lakhs.

Coconut oil.

Other vegetable oils.

Shipments of sandalwood oil amounted to 141,000 lbs. valued at R22½ lakhs as against 144,000 lbs. valued at R22½ lakhs in 1926-27. The United Kingdom reduced her takings from 73,000 lbs. to 57,000 lbs., while Japan and France increased their purchases from 38,000 lbs. and 21,000 lbs. to 43,000 lbs. and 24,000 lbs. respectively.

Sandalwood oil.

## Other Articles.

The trade was divided between Bombay and Madras, the former accounting for 92 per cent of the total quantity exported in 1927-28.

There was a further decrease in the exports of animal oils (chiefly fish oil) from the Madras Presidency. From 96,000 gallons in 1925-26 and 11,000 gallons in 1926-27, exports fell to 7,000 gallons in 1927-28, due principally to the smaller catches of fish on the Malabar Coast. The shipments were mainly confined to neighbouring countries, such as the Maldives (4,000 gallons) and Ceylon (3,000 gallons).

**Other Articles.**—The following is a summary of the more important of the remaining articles of export :—

—	1913-14 (pre-war year)	1923-24	1924-25	1925-26	1926-27	1927-28
	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
<b>Metals and ores—</b>						
Pig iron . . . . .	42	1,28	2,17	1,75	1,40	1,79
Pig lead . . . . .	9	1,80	2,30	2,07	1,94	2,15
Manganese ore . . . . .	1,21	1,78	1,62	1,54	1,49	1,95
Others . . . . .	47	92	1,10	1,93	2,38	3,03
Oilcakes . . . . .	1,38	1,94	2,20	2,11	2,53	3,14
Rubber . . . . .	79	1,15	1,43	2,94	2,61	2,58
Paraffin wax . . . . .	67	1,14	1,37	1,59	1,84	2,42
Spices . . . . .	91	1,11	1,07	1,76	1,56	2,40
Coffee . . . . .	1,54	1,57	2,09	1,85	1,33	2,32
Opium . . . . .	3,42	2,86	1,47	1,93	2,12	1,99
Dyestuffs . . . . .	1,04	1,32	1,36	1,33	1,18	1,61
Teakwood . . . . .	79	1,07	1,16	1,70	1,40	1,42
Fodder, bran and pollards. . . . .	77	1,28	1,59	1,29	1,06	1,37
Manures . . . . .	94	1,59	1,27	1,17	1,25	1,28
Saltpetre . . . . .	31	27	27	20	12	12
Coir manufactures . . . . .	89	1,02	1,22	1,07	99	1,13
Tobacco . . . . .	48	1,03	1,25	1,11	1,04	1,06
Mica . . . . .	45	86	1,03	1,04	1,08	93
Hemp, raw . . . . .	1,02	76	1,73	1,59	83	81
Coal and coke . . . . .	69	22	37	35	81	76

## Exports.

**Metals and ores (R 8,97 lakhs).**—The total exports of ores amounted to 760,000 tons as compared with 584,000 tons in the preceding year.

Manganese ore represented 93 per cent of the total quantity of ores exported. Exports of manganese ore increased from 536,000 tons valued at R1,49 lakhs to 704,000 tons valued at R1,95 lakhs.

Manganese ore  
(R1,95 lakhs).

Nearly 424,000 tons were shipped from Bengal and 266,000 tons from Bombay, while the remainder was sent from Madras. Imports into the United Kingdom were low during the preceding year, owing to the depression in the British steel industry consequent on the coal strike of 1926. In the year under review, the demand from the United Kingdom revived and she took 234,000 tons as against 58,000 tons in the preceding year. Germany took nearly 15,000 tons and the Netherlands an equal amount. German demands have not yet recovered to the 1925-26 level when she took more than 30,000 tons. Belgium took 182,000 tons and France 150,000 tons as against 186,000 tons and 168,000 tons respectively in the preceding year. Japanese imports of Indian manganese ore amounted only to 3,300 tons as compared with 20,500 tons in the preceding year. The United States of America increased her requirements to 97,200 tons from 71,300 tons in 1926-27.

Ferruginous manganese ore (ore containing less than 40 per cent of manganese) was also exported in larger quantities, 12,350 tons being shipped during the year as against 8,600 tons in 1926-27. An event of importance to the trade was the formation of the United Kingdom Ferro-Manganese Company Limited with the object of unifying the interests of ferro-makers and the producers of manganese ore represented by the Central Provinces Manganese Ore Company Limited.

Ferro-manganese  
(R1 lakh).

Exports of ferro-manganese fell from 6,700 tons valued at R5 lakhs to 4,000 tons valued at a little over a lakh of rupees in the year under review. Exports were to the United Kingdom, France and Belgium, the two former countries taking 1,500 tons each and the latter 1,000 tons.

There was a recovery in the exports of wolfram ore, 3,009 tons costing R42 lakhs being shipped in the year under review as compared with 1,574 tons valued at R24 lakhs sent in the preceding year.

Wolfram ore  
(R42 lakhs).

The United Kingdom took 2,064 tons and Germany 425 tons as against 1,337 tons and 184 tons respectively in 1926-27.

Exports of chromite increased from 21,400 tons to 25,770 tons, of which Sind sent nearly 21,000 tons. The United Kingdom's demands fell from 2,900

Chromite (R8 lakhs).

to 1,700 tons, while Sweden's requirements dwindled to 100 tons, as compared with 3,650 tons in the preceding year. France took 4,000 tons, very nearly the same quantity as in the preceding year. The United States of America reduced her requirements from 5,010 tons to 2,170 tons. On the other hand, Belgium took 12,129 tons as against 3,850 tons in 1926-27.

The production of pig iron in India increased from 957,000 tons in 1926-27 to 1,162,000 tons in 1927-28 and exports from 309,000 tons to 393,000 tons.

Pig iron (R1,79 lakhs).

The value of the exports rose from R1,40 lakhs to R1,79 lakhs. Japan, the largest buyer, increased her

## Rubber.

takings from 234,000 tons to 271,000 tons and the United Kingdom from 16,000 tons to 21,000 tons. German purchases increased from 2,900 tons to 12,200 tons. The United States of America took 65,000 tons as against 41,000 tons in the preceding year, but her takings were less than half the quantity absorbed by her in 1925-26. The American Government have increased the duty on pig iron by 50 per cent from 75 cents to 1 dollar 12½ cents per ton with effect from the 23rd March, 1927. There were increased demands from Sweden, the Straits Settlements, Italy and Belgium which took during the year 3,907, 2,254, 2,958 and 1,658 tons respectively. Chinese requirements, however, fell from 7,616 tons to 4,009 tons.

The following figures show the production of pig iron and steel in India during the past three years. The figures are in thousands of tons.

	1925-26	1926-27	1927-28
Production of pig iron . . . . .	875	957	1,162
"    "    steel . . . . .	471	530	600
"    "    finished steel . . . . .	320	374	429

Exports of pig lead recovered and totalled 62,500 tons as compared with 42,300 tons in the preceding year. Shipments fetched R2,15 lakhs as against R1,94 lakhs in 1926-27. Japanese requirements fell from 6,000 tons to 4,000 tons but the United Kingdom took 24,000 tons and Germany 19,000 tons as against 17,000 tons and 10,000 tons respectively in the preceding year. Exports to China nearly doubled to 2,000 tons, but Ceylon's takings fell from 4,400 tons to 3,700 tons. Belgium took 9,600 tons as against 3,500 tons in the preceding year.

Oilcakes both for fodder and manure were exported to the extent of 276,000 tons valued at R3,14 lakhs as compared with 236,000 tons valued at R2,52½ lakhs in 1926-27. Groundnut cake and linseed cake rose from 127,000 tons and 41,000 tons to 147,000 tons and 68,000 tons respectively, while rape and sesamum cake fell from 54,000 tons to 48,000 tons, owing to a reduction in demand from the principal customers, viz., Japan and Ceylon. The increase in the case of groundnut cake was due to larger shipments to Germany amounting to 40,000 tons as against 24,000 tons in 1926-27; the United Kingdom and Ceylon slightly curtailed their requirements, taking 56,000 and 30,000 tons respectively. There was a general increase in the demand for linseed cake, the United Kingdom and the Netherlands, the principal customers, taking 34,000 tons and 20,000 tons as compared with 27,000 tons and 10,000 tons in the preceding year. Notwithstanding an increase in the shipments to the United Kingdom and Germany, exports of cotton seed cake declined from 5,800 tons to 4,700 tons. Exports of coconut cake fell from 2,800 tons to 2,200 tons, of which Belgium took 2,000 tons as against 1,500 tons in 1926-27.

Exports of raw rubber increased from 23 million lbs. to over 25 million lbs., but the value realised fell from R2,60 lakhs to R2,57 lakhs owing to fall in prices. Towards the latter part of the year under review, London prices went below 1s. per lb.

## Exports.

The average declared value of rubber exported fell from R1-2-1 per lb. to R1-0-2 per lb. Shipments to the United Kingdom increased from 10.2 million lbs. to 12.4 million lbs. and to Ceylon from 4.8 million lbs. to 5.5 million lbs. The Straits Settlements took 5.2 million lbs., a little more than in the preceding year, but American demands fell off from 2.3 million lbs. to 2.0 million lbs. The share of Burma in the trade was 48 per cent and that of Madras 52 per cent as compared with 51 per cent and 49 per cent respectively in the preceding year.

Shipments of paraffin wax increased by 33 per cent from 38,500 tons to 51,100 tons in quantity and from R1,85 lakhs to R2,42 lakhs in value. There were larger demands from the United Kingdom, the Netherlands, the Portuguese East Africa and the United States of America which respectively took 15,100, 4,200, 5,500 and 1,900 tons as compared with 13,000, 2,800, 3,100 and 1,400 tons, in the preceding year. Belgian demands fell from 6,200 tons to 5,900 tons, while the Union of South Africa took only 2,400 tons as against 3,000 tons in the preceding year. Chinese demands rose slightly to 2,700 tons. Exports to Japan which had dwindled to nothing in 1926-27 amounted to 2,660 tons in 1927-28.

Owing to increased demands for pepper, exports of spices increased in value by 54 per cent from R1,56 lakhs to R2,40 lakhs. Shipments of pepper rose from 104,000 cwts. to 196,000 cwts. in quantity and from R64 lakhs to R1,53½ lakhs in value. The Malabar crop of pepper in 1926-27 was a record one, while the Lampong crop was a partial failure. Good values were realised during the year, prices touching the high figure of R93 per cwt. in October, 1927. The United Kingdom took 36,400 cwts. of pepper valued at nearly R31½ lakhs as against 15,800 cwts. valued at R9½ lakhs in the preceding year. Italy took 21,750 cwts. as against 12,300 cwts. in the preceding year. The United States of America took nearly 70,000 cwts. as against 38,000 cwts. in 1926-27; shipments to that country being valued at R51½ lakhs as against R24 lakhs in the preceding year. Iraq took 3,100 cwts., the Straits Settlements 23,100 cwts., Egypt 13,200 cwts. and Germany 5,600 cwts. Exports of chillies also improved from 159,500 cwts. to 180,300 cwts.; but the shipments fell in value by R3 lakhs to R43 lakhs. The bulk of the exports went to Ceylon which took 138,900 cwts. as against 123,000 cwts. in 1926-27. The Straits Settlements took 27,550 cwts., a little less than in the preceding year. Exports of cardamoms improved slightly from 8,312 cwts. to 8,893 cwts., but in value fell by R2 lakhs to R23 lakhs. Exports of ginger increased from 44,800 cwts. to 47,100 cwts., but fell in value from R17¾ lakhs to R17½ lakhs. Of the total exports of spices, the United States of America took R58½ lakhs' worth and the United Kingdom R39 lakhs' worth. Ceylon's imports were valued at R36½ lakhs. Italy's takings were valued at R19½ lakhs, while exports to the Straits Settlements reached R23½ lakhs. The high figure for the United States of America is due to her increased imports of pepper during the year.

The Indian coffee crop of 1926-27 is estimated to have yielded over 34 million lbs. of cured coffee as against 22 million lbs. in the preceding year. Exports increased from 150,000 cwts. to 277,000 cwts., an increase of 85 per cent. The value realised increased

Coffee (R2,32 lakhs).



## Dyestuffs.

by R99 lakhs to R2,32 lakhs. Demands from nearly all the principal consuming countries increased. The United Kingdom took 75,400 cwts. against 49,400 cwts. in 1926-27 and France 66,000 cwts. against 22,000 cwts. in the preceding year. Germany and the Netherlands almost doubled their purchases and took 33,000 and 30,000 cwts. respectively. Belgium took 10,400 cwts. and Italy 9,400 cwts. Exports to the Bahrein Islands, however, fell from 11,700 cwts. to 10,900 cwts. Australia took 6,600 cwts. against 4,400 cwts. in the preceding year. The average declared value per cwt. was R84 as against R89 in the preceding year.

The exports of opium on private account amounted to 4,977 chests or 6,208 cwts. valued at R1,99 lakhs as against nearly 5,300 chests or 7,760

Opium (R1,99 lakhs). cwts. valued at R2,12 lakhs in the preceding year. There was thus a reduction of 20 per cent in the quantity exported as compared with 1926-27, shipments being now allowed only on import certificates issued by the governments of the importing countries. Exports to Siam increased from 1,400 to 1,565 chests, but the other principal consuming countries reduced their demands. Java took 1,205 chests as against 1,500 chests in the preceding year and Indo-China 2,142 chests as against 2,360 chests in 1926-27. Besides these exports through private agencies, Government shipped 3,097 chests of which 2,217 chests were sent to the Straits Settlements, 543 chests (medicinal opium) to the United Kingdom, 223 chests to Hongkong, 94 chests to British Borneo and 20 chests to Ceylon.

The exports of dyeing and tanning substances showed an increase in quantity from 78,000 tons in 1926-27 to 107,000 tons in 1927-28 and in value from R1,18 lakhs to

Dyeing and tanning substances (R1,61 lakhs). R1,61 lakhs. Exports of myrobalans improved by 40 per cent in quantity and amounted to 96,400 tons. Myrobalans formed 90 per cent of the total quantity of dyeing and tanning substances exported in 1927-28 as against 88 per cent in the preceding year. The United Kingdom took 35,000 tons of myrobalans and the

Myrobalans (R1,22 lakhs). United States of America 31,700 tons as against 33,700 tons and 14,300 tons respectively in the preceding year. There were also increased shipments to the Continent; Germany took 12,100 tons (6,500 tons), the Netherlands 3,300 tons (2,800 tons), Belgium 3,600 tons (3,300 tons) and France 7,000 tons (4,600 tons). Previous year's figures are given in brackets. Australia and Japan took 1,400 tons and 1,200 tons respectively. The total value of the exports was R1,22 lakhs as against R82 lakhs in the preceding year. Exports of myrobalan extracts were valued at R8 lakhs.

There was a slight improvement in the shipments of indigo. Exports increased from 1,600 cwts. valued at R4½ lakhs to 1,900 cwts. worth R5 lakhs.

Indigo (R5 lakhs). The total yield of indigo in 1927-28 has been estimated at 11,200 cwts. as compared with 19,000 cwts. in 1926-27. The United Kingdom increased her takings from 367 to 452 cwts. and Iraq from 411 to 487 cwts. Egyptian demands fell from 225 to 172 cwts. Persia also reduced her requirements. Japan took 61 cwts.

## Exports.

The exports of turmeric declined still further from 3,500 tons valued at R13 lakhs to 3,000 tons valued at R12 lakhs. While the United Kingdom, France and the United States of America increased their takings, shipments to other countries, especially to the Straits Settlements, fell off.

Exports still further declined in quantity and amounted only to 50,600 cubic tons as against 54,000 cubic tons in the preceding year and 64,000 cubic tons in 1925-26. A higher value, however, was realised than in 1926-27, the total shipments during the year recording R1,42 lakhs as against R1,40 lakhs in the preceding year. Exports to the United Kingdom were even less than in 1926-27 and amounted only to 24,270 cubic tons as against 34,180 cubic tons in 1925-26 and 29,440 cubic tons in 1926-27. Germany doubled her requirements and took 4,500 cubic tons. The Netherlands took 3,840 cubic tons, a little more than in the preceding year, but Ceylon's requirements fell from 5,420 cubic tons to 4,088 cubic tons. The Union of South Africa took 5,590 cubic tons as against 4,400 cubic tons in the preceding year, but Portuguese East Africa took less. The bulk of the shipments was, as usual, from Burma.

The total shipments under this head increased from 237,000 tons valued at R1,06½ lakhs to 278,000 tons valued at R1,36½ lakhs. About 86 per cent of the total quantity consisted of rice bran, the exports of which amounted to over 239,000 tons as compared with 224,000 tons in the preceding year. The United Kingdom took 176,000 tons or 74 per cent as compared with 160,000 tons in 1926-27. Shipments to the Straits Settlements fell to 24,000 tons, but Germany increased her requirements to 30,000 tons as against 11,000 tons in the preceding year.

The exports of manures (including animal bones, fish manures and guano, hornmeal and sulphate of ammonia) were valued at R1,28 lakhs as compared with R1,25 lakhs in 1926-27. Bones, including bonemeal, were valued at R98 lakhs, almost the same value being realised in the preceding year, but the quantity exported declined from 100,000 tons to 98,000 tons. Exports of crushed bones further increased from 54,000 tons valued at R55½ lakhs in 1926-27 to 59,000 tons valued at nearly R62½ lakhs in the year under review, while shipments of bonemeal declined from 46,000 tons valued at R42 lakhs to 39,000 tons valued at R35 lakhs. Belgium took 41,000 tons of crushed bones and Germany 3,700 tons as compared with 40,000 and 900 tons respectively in the preceding year. Purchases by France remained fairly steady at 9,400 tons. On the other hand, Japan reduced her takings of bonemeal from 13,100 tons to 6,900 tons and Ceylon from 13,900 tons to 11,600 tons. There were, however, increased shipments of bonemeal to the United States of America and Germany. The value of fish manures and guano exported rose from R9 lakhs to R13 lakhs, of which Ceylon took R8 lakhs' worth; the Straits Settlements and Germany took to the value of R2 lakhs each. Exports of sulphate of ammonia were valued at R6 lakhs and of hornmeal at R3 lakhs as compared with R7 and R2 lakhs respectively in the preceding year.

## Hemp, Raw.

Shipments of saltpetre increased by nearly 1,000 cwts. to 99,000 cwts. valued at R12 lakhs. Ceylon, the principal buyer, reduced her requirements from 68,000 cwts. to 64,000 cwts., but there was a large increase in the takings of Mauritius and Dependencies which purchased nearly 13,000 cwts. as against 3,000 cwts. in the preceding year. Shipments to the United Kingdom increased by nearly 500 cwts. to 15,500 cwts. The Straits Settlements took 3,500 cwts. as against 5,000 cwts. in 1926-27, but Hongkong made no purchases.

Saltpetre (R12 lakhs).

Exports of coir manufactures which had declined to 28,000 tons valued at about a crore of rupees increased to 33,000 tons valued at R1,13 lakhs in the year under review. German demands still further rose from 6,600 to 8,000 tons. Other Continental importers, with the exception of Italy, also increased their demands, the Netherlands taking 5,900 tons (4,700 tons), Belgium 5,500 tons (3,600 tons) and France 3,200 tons (2,600 tons). Preceding year's figures are given in brackets. Italy reduced her requirements slightly to 1,700 tons. Exports to the United Kingdom increased from 5,100 tons to 5,400 tons, but the United States of America took only 579 tons.

Coir manufactures  
(R1,13 lakhs).

Exports of unmanufactured tobacco fell still further by nearly one million lbs. to 28 million lbs. as compared with 37 million lbs. in 1925-26. The value realised was, however, R1½ lakhs more than in the preceding year. The principal customers were the United Kingdom and Aden. The former, however, reduced her requirements to 7½ million lbs. as against 10·3 million lbs. in the preceding year. Aden and Dependencies took nearly 7 million lbs. as against 5 million lbs. in 1926-27. The Straits Settlements took 3·8 million lbs. as against 4 million lbs. in the preceding year. China (including Hongkong) took 2·6 million lbs. (3·2 million lbs.) and Germany only 554,000 lbs. (1·4 million lbs.). Figures in brackets represent preceding year's exports. The Netherlands slightly increased her takings to 1·9 million lbs. Exports from Bengal and Bombay showed substantial increases, the former's share rising from 2·6 million lbs. to 4·7 million lbs. and that of the latter from 4·9 million lbs. to 6·9 million lbs. Exports from Madras fell, however, from 13·6 million lbs. to a little over 11 million lbs. Exports of manufactured tobacco increased from 911,000 lbs. to nearly 1·2 million lbs.

Unmanufactured  
tobacco (R99 lakhs).

The trade in mica declined slightly, shipments falling from 83,300 cwts. to 82,500 cwts. In value, exports fell to R93 lakhs or R15 lakhs less than in the preceding year. The bulk of the shipments, as usual, consisted of splittings and the rest of blocks. Block mica declined from 15,000 cwts. to 13,000 cwts. but splittings increased by 1,000 cwts. to 69,000 cwts. The United Kingdom took 38,000 cwts. of mica as against 35,000 cwts. in the preceding year, while Germany more than trebled her requirements and took 14,000 cwts. France took 5,000 cwts. as against 1,500 cwts. in the preceding year but the demands from the United States of America fell off to 19,000 cwts. from 37,000 cwts. in the preceding year.

Mica (R93 lakhs).

Exports of raw hemp recorded a small recovery and rose to 484,000 cwts. from 440,000 cwts. in 1926-27, though the value realised fell from R82½ lakhs to R81 lakhs. Belgian requirements fell from 266,000 cwts. to 248,000 cwts. The United Kingdom and

Hemp, raw (R81 lakhs).

## Exports.

Germany, however, increased their requirements from 70,000 and 34,000 cwts. to 77,000 and 50,000 cwts. respectively. France took 17,000 cwts., a little less than in the preceding year, but Italy, whose 1927 crop was a short one, took 28,000 cwts. as against 6,000 cwts. in the preceding year. The United States of America took nearly 30,000 cwts. as against 17,000 cwts. in 1926-27. As remarked in last year's review, no substantial improvement in the export trade can be anticipated unless greater attention is devoted to the methods of preparing the fibre, and to baling and packing.

With the passing of the conditions brought about by the British coal strike of 1926, it was feared that there would be a shrinkage of the overseas demand to the former level. The position of Indian coal in the important consuming markets was nevertheless retained in 1927-28, without any appreciable sacrifice in price. Exports of coal amounted to 631,000 tons valued at R76 lakhs in 1927-28 as compared with 643,000 tons valued at R81 lakhs in the preceding year and 240,000 tons valued at R35 lakhs in 1925-26. This represents a fall of only 2 per cent in quantity and 6 per cent in value as compared with 1926-27 when exceptional conditions ruled. As compared with 1925-26, exports in 1927-28 recorded a rise of 163 per cent in quantity and 119 per cent in value. Ceylon and the Straits Settlements were, as usual, the best customers and both increased their takings from 242,000 tons and 130,000 tons to 383,000 tons and 158,000 tons respectively. A noticeable feature of the trade was the despatch of 26,000 tons of coal to Hongkong—this being practically a new destination for Bengal coal, barring a shipment of 2,000 tons in September, 1926. Shipments to the Dutch East Indies increased from 7,000 tons to 13,000 tons, owing apparently to the growth of the coaling station at Sabang. Exports to the Philippine Islands also advanced from 24,000 tons to 46,000 tons. Aden, Indo-China and Egypt did not obtain any supplies of coal from India during 1927-28. Exports of bunker coal, which are not included in the

above figures, amounted to 1,313,000 tons in 1927-28 and were distributed as follows:—Calcutta 885,000 tons, Bombay 129,000 tons, Karachi 127,000 tons, Madras 29,000 tons and Rangoon 143,000 tons.

The production of coal in India during 1927 was 22,082,000 tons as compared with 20,999,000 tons in 1926. The price of coal, Desherghur, stood between R5-8 and R6 per ton into wagon at the beginning of April and continued at that level till the middle of June when the price appreciated to between R5-12 and R6-4. Prices generally remained at this level until the end of November, the rate in December weakening to R6. In succeeding months prices were generally at R5-12 to R6.

## POSTAL ARTICLES.

The value of the imports of "Postal articles not specified" was R4,02 lakhs in 1927-28 as compared with R3,72 lakhs in 1926-27. The figures exclude the following classes of imports by post (including letter packets by registered and ordinary post) referred to Collectors of Customs for assessment, viz., (a) jewellery, (b) precious stones, (c) gold and silver thread,

## Re-Exports.

(d) cigarettes and (e) cinematograph films. The share of the United Kingdom fell from 67 to 63 per cent, while Italy and France further increased their shares from 11 and 2 per cent to 13 and 3 per cent respectively. The shares of Germany and Japan were almost stationary, while those of Ceylon and Hongkong decreased.

The value of all articles exported by post also rose from R2,50 lakhs to R2,94 lakhs. Of the total exports, the United Kingdom took 26 per cent, the Straits Settlements and Ceylon 18 per cent each, Hongkong 5 per cent and France 4 per cent.

## RE-EXPORTS.

The re-export trade in foreign merchandise showed a slight recovery as compared with the preceding year and was valued at R9½ crores as compared with R8 crores in 1926-27 and R10½ crores in 1925-26. The most important increases were under raw skins (+R74 lakhs), sugar (+R22 lakhs), aniline dyes (+R21 lakhs), cotton and cotton manufactures (+R18½ lakhs), while there were noticeable decreases under wool and woollen manufactures and oils (—R6½ lakhs each). The re-exports of raw skins, consisting largely of Persian fur skins, advanced from R1,18½ lakhs to R1,92½ lakhs, the United Kingdom taking R1,90 lakhs' worth as compared with R1,10 lakhs in 1926-27. Increased demands from Arabia led to larger re-exports of sugar, the quantity advancing from 2,590 tons valued at R7½ lakhs to 7,590 tons valued at R20½ lakhs. Over 1,181,000 lbs. of aniline dyes valued at R25 lakhs were re-shipped during 1927-28, mostly from Bombay, as against only 212,000 lbs. valued at R4½ lakhs in 1926-27. The shipments went mainly to Ceylon (509,000 lbs.) and Continental countries, chiefly Germany (430,000 lbs.). Re-exports of raw cotton amounted to 2,800 tons valued at R44 lakhs as compared with 2,000 tons valued at R36 lakhs in 1926-27, the United Kingdom indenting for 1,650 tons as compared with 490 tons in the preceding year. Japanese purchases, however, fell from 1,100 tons to 200 tons. In cotton piecegoods, there was an increase in re-exports of 16 per cent in quantity while the value advanced by 8 per cent, shipments amounting to 33½ million yards valued at R1,16 lakhs as compared with 29 million yards valued at R1,07 lakhs in 1926-27. Of this, Iraq took nearly 6 million yards and the Bahrein Islands 4-6 million yards as compared with 3 million yards each in the preceding year. Exports to Arabia and Ceylon slightly increased to 6 and 1½ million yards respectively, while those to Persia, Aden, the Portuguese East Africa and Kenya, and Zanzibar and Pemba showed small decreases. Re-exports of raw wool dropped in value by R4 lakhs to R89 lakhs notwithstanding a small increase in quantity, while the value of woollen manufactures declined from R88½ to nearly R86½ lakhs. There was also a decrease by R6 lakhs to R14 lakhs in the re-exports of mineral oils. As usual, Bombay had the bulk of the re-export trade and accounted for 73 per cent as compared with 67 per cent in 1926-27. Karachi came next with 15 per cent, while Bengal had 8 per cent, as compared with 21 and 7 per cent respectively in the preceding year. The shares of the principal countries in the re-export trade were for the United Kingdom 41 per cent, the United States 8 per cent.

## Government Stores.

Ceylon and Persia, 7 per cent each, Arabia 6 per cent and Iraq and the Bahrein Islands, 4 per cent each.

### GOVERNMENT STORES.

Imports under this head showed an increase of R2,09 lakhs over the preceding year's figure and amounted to R11,69 lakhs. The principal increases occurred under railway plant and rolling stock (+R1,75 lakhs), iron and steel (+R69 lakhs), arms, ammunition and military stores (+R12 lakhs), instruments and apparatus (+R7 lakhs), tin (+R9 lakhs), paper and pasteboard (+R5 lakhs) and machinery (+R4 lakhs). On the other hand, there were noticeable decreases under vehicles (excluding locomotives, etc., for railways) from R88 to R50 lakhs and apparel from R24 to R9 lakhs.

Exports of Indian produce on Government account declined from R1,31½ lakhs to R1,27 lakhs, owing to a drop of nearly R3½ lakhs in the value of opium exports which stood at R1,16 lakhs in the year under review. Exports of grain, pulse and flour were valued at R3½ lakhs as compared with R4½ lakhs in 1926-27 and R5½ lakhs in 1925-26. Re-exports on Government account were valued at R30½ lakhs as compared with R29 lakhs in 1926-27.

## CHAPTER IV.

### The Direction of Overseas Trade.

The following tables indicate the direction of India's trade in two different aspects. Tables A, B and C show the shares of the various foreign countries in India's total trade and Tables D and E analyse the trade in selected commodities or groups of commodities so as to indicate the shares of the chief countries interested in each. The main features are also graphically illustrated in Chart No. 8 prefixed to the Review which covers a longer period in order to bring out more fully the developments and changes which have been taking place.

TABLE A.

	1913-14			1925-26		
	Exports	Imports	Net Imports (-) or Exports (+)	Exports	Imports	Net Imports (-) or Exports (+)
	R (Crores)	R (Crores)	R (Crores)	R (Crores)	R (Crores)	R (Crores)
United Kingdom	58	117	-59	81	115	-34
Other British Possessions.	36	11	+25	54	19	+35
<b>TOTAL BRITISH EMPIRE</b>	<b>94</b>	<b>128</b>	<b>-34</b>	<b>135</b>	<b>134</b>	<b>+1</b>
Europe	85	30	+55	97	38	+59
United States of America.	22	5	+17	40	15	+25
Japan	23	5	+18	58	18	+40
Other Foreign Countries	25	15	+10	55	21	+34
<b>TOTAL FOREIGN COUNTRIES</b>	<b>155</b>	<b>55</b>	<b>+100</b>	<b>250</b>	<b>92</b>	<b>+158</b>
<b>GRAND TOTAL</b>	<b>249</b>	<b>183</b>	<b>+66</b>	<b>385</b>	<b>226</b>	<b>+159</b>

	1926-27			1927-28		
	Exports	Imports	Net Imports (-) or Exports (+)	Exports	Imports	Net Imports (-) or Exports (+)
	R (Crores)	R (Crores)	R (Crores)	R (Crores)	R (Crores)	R (Crores)
United Kingdom	66	111	-45	82	119	-37
Other British Possessions.	53	16	+37	50	17	+33
<b>TOTAL BRITISH EMPIRE</b>	<b>119</b>	<b>127</b>	<b>-8</b>	<b>132</b>	<b>136</b>	<b>-4</b>
Europe	68	47	+21	88	48	+40
United States of America.	34	18	+16	37	20	+17
Japan	41	16	+25	29	18	+11
Other Foreign Countries	47	23	+24	43	28	+15
<b>TOTAL FOREIGN COUNTRIES</b>	<b>190</b>	<b>104</b>	<b>+86</b>	<b>197</b>	<b>114</b>	<b>+83</b>
<b>GRAND TOTAL</b>	<b>309</b>	<b>231</b>	<b>+78</b>	<b>329</b>	<b>250</b>	<b>+79</b>

## Direction of Trade.

TABLE B.

*Imports.*

	1913-14	1925-26	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent
United Kingdom . . . . .	64.1	51.4	47.8	47.7
Germany . . . . .	6.9	5.9	7.3	6.1
Java . . . . .	5.8	6.2	6.2	5.9
Japan . . . . .	2.6	8.0	7.1	7.2
United States of America . . . . .	2.6	6.7	7.9	8.2
Belgium . . . . .	2.3	2.7	2.9	3.0
Austria and Hungary . . . . .	2.3	.5	.7	.5
Straits Settlements . . . . .	1.8	2.5	2.5	2.3
Persia, Arabia, Asiatic Turkey, etc. . . . .	1.5	1.3	1.8	1.8
France . . . . .	1.5	1.4	1.5	1.7
Mauritius . . . . .	1.3	.2	.	.
Italy . . . . .	1.2	1.9	2.7	2.7
China . . . . .	.9	1.2	1.4	1.8
Netherlands . . . . .	.8	1.6	2.0	1.9
Australia . . . . .	.5	.6	.7	.8
Hongkong . . . . .	.5	.4	.4	.5
Dutch Borneo . . . . .	.4	.3	.4	.5
Ceylon . . . . .	.4	.7	.6	.8
Switzerland . . . . .	.3	.7	.9	1.1
Kenya and Zanzibar . . . . .	.3	1.8	1.0	1.0

TABLE C.

*Exports.*

	1913-14	1925-26	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent
United Kingdom . . . . .	23.4	21.0	21.4	25.0
Germany . . . . .	10.6	7.0	6.9	9.9
Japan . . . . .	9.1	15.0	13.3	8.9
United States of America . . . . .	8.7	10.4	11.1	11.1
France . . . . .	7.1	5.5	4.5	4.9
Belgium . . . . .	4.8	3.2	2.9	3.3
Austria and Hungary . . . . .	4.0	.	.1	.1
Ceylon . . . . .	3.6	3.9	4.8	4.8
Persia, Arabia, Asiatic Turkey, etc. . . . .	3.2	2.4	2.6	2.3
Italy . . . . .	3.1	5.0	3.7	3.9
Hongkong . . . . .	3.1	.8	1.0	.7
Straits Settlements . . . . .	2.7	2.6	3.1	2.8
China . . . . .	2.3	4.0	3.7	1.4
Central and South America . . . . .	2.2	2.6	3.1	3.3
Netherlands . . . . .	1.7	2.0	2.0	2.4
Australia . . . . .	1.6	2.0	2.5	2.0
Kenya and Zanzibar . . . . .	1.0	.5	.6	.6
Russia . . . . .	.9	.05	.03	.1
Spain . . . . .	.8	1.3	.9	1.0
Java . . . . .	.8	1.2	1.0	.7



## Direction of Trade.

### TABLE D.

*Imports.*

	IRON AND STEEL			MACHINERY			HARDWARE		
	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
United Kingdom . . . . .	69.9	62.0	67.7	89.8	78.2	78.6	57.2	36.4	39.3
United States of America . . . . .	2.6	5.7	2.7	3.3	10.2	9.9	9.7	14.0	11.9
Germany . . . . .	14.5	7.4	5.3	5.6	6.9	6.6	18.2	31.2	30.7
Belgium . . . . .	11.5	18.7	17.9	..	1.8	1.8	..	..	..
Japan . . . . .	..	..	..	..	..	..	1.5	5.7	5.2
Percentage of total trade represented by countries shown . . . . .	98.5	93.8	93.6	98.7	97.1	96.9	86.6	87.3	87.1
<b>TOTAL VALUE OF TRADE R(LAKHS)</b> . . . . .	16,01	16,75	21,44	7,76	13,63	15,94	3,95	5,07	5,24

	MOTOR CARS, MOTOR CYCLES, ETC.			RAILWAY PLANT			INSTRUMENTS		
	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
United Kingdom . . . . .	71.3	26.7	27.5	93.0	61.6	77.9	75.3	62.5	61.3
United States of America . . . . .	15.1	35.3	41.3	..	6.4	2.2	8.0	14.8	14.3
Germany . . . . .	..	..	..	3.0	8.5	3.7	8.2	13.1	12.8
Belgium . . . . .	4.5	4	3	7	11.8	12.4	..	..	..
Japan . . . . .	..	..	..	..	..	..	6	1.0	1.3
France . . . . .	4.5	3.3	2.6	..	..	..	..	..	..
Italy . . . . .	..	7.9	6.4	..	..	..	2.2	2.0	2.0
Canada . . . . .	..	25.3	20.0	..	..	..	..	..	..
Australia . . . . .	..	..	..	2.9	7.3	2.5	..	..	..
Percentage of total trade represented by countries shown . . . . .	95.4	93.9	93.1	99.6	95.6	98.7	94.3	93.4	91.5
<b>TOTAL VALUE OF TRADE R(LAKHS)</b> . . . . .	1,53	5,09	6,13	10,03	3,26	4,77	1,82	4,01	4,47

# Direction of Trade.

TABLE D—*contd.*

*Imports—contd.*

	COTTON MANUFACTURES			SILK MANUFACTURES			SUGAR		
	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
United Kingdom . . . . .	90.1	75.8	72.1	9.0	2.5	2.3	1.8	2.2	.1
United States of America . . . . .	.4	.8	1.2	..	..	..	..	..	..
Germany . . . . .	2.1	.7	.6	..	..	..	.1	5.8	.2
Belgium . . . . .	..	..	..	..	..	..	..	1.6	.1
Japan . . . . .	1.8	17.2	18.1	46.8	39.9	43.7	..	..	..
France . . . . .	..	..	..	7.8	3.6	3.7	..	..	..
Italy . . . . .	1.5	1.3	1.6	6.1	7.2	6.4	..	..	..
Netherlands . . . . .	1.6	2.0	1.9	..	..	..	..	..	..
China* . . . . .	..	..	..	20.6	29.8	26.3	..	..	..
Java† . . . . .	..	..	..	..	..	..	71.8	78.7	95.2
Mauritius . . . . .	..	..	..	..	..	..	16.9	..	..
Percentage of total trade represented by countries shown . . . . .	97.5	97.3	95.5	90.3	93.0	92.4	90.6	83.3	95.6
<b>TOTAL VALUE OF TRADE R(LAKHS)</b> . . . . .	66,80	65,05	65,16	3,10	3,45	3,60	14,96	19,16	14,91

\* Includes Hongkong and Macao.  
† Includes the Straits Settlements.

	LIQUORS			MINERAL OILS			PAPER		
	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
United Kingdom . . . . .	62.9	57.4	57.8	5.7	2.2	2.5	56.3	35.5	36.5
United States of America . . . . .	..	..	..	56.1	60.8	44.2	..	..	..
Germany . . . . .	10.7	11.1	10.9	..	..	..	17.0	16.1	11.7
France . . . . .	18.8	18.7	17.1	..	..	..	..	..	..
Netherlands . . . . .	..	..	..	..	..	..	2.5	7.8	3.3
Peru . . . . .	..	..	..	3.7	14.8	20.7	..	..	..
Borneo . . . . .	..	..	..	21.8	14.3	15.7	..	..	..
Norway . . . . .	..	..	..	..	..	..	8.0	10.1	11.4
Sweden . . . . .	..	..	..	..	..	..	3.1	7.1	9.3
Russia* . . . . .	..	..	..	.9	..	9.9	..	..	..
Percentage of total trade represented by countries shown . . . . .	92.4	87.2	85.8	83.2	92.1	98.0	83.6	76.6	77.2
<b>TOTAL VALUE OF TRADE R(LAKHS)</b> . . . . .	2,24	3,53	3,67	4,12	8,99	10,44	1,59	3,03	3,01

\* Includes Georgia.

# Direction of Trade.

## TABLE E.

*Exports.*

	TEA			JUTE (RAW)			JUTE MANUFACTURES		
	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
United Kingdom	78.4	85.0	87.5	38.0	22.9	25.0	6.3	5.4	4.0
Canada	4.3	2.9	2.1	..	..	..	..	..	..
Australia	3.1	1.9	..	..	..	..	10.6	11.7	9.5
Russia	11.1	..	..	..	..	..	..	..	..
Persia, Arabia, Asiatic Turkey and Iraq	..	..	..	..	..	..	..	..	..
United States of America	1.2	2.7	1.5	..	..	..	..	..	..
Ceylon	..	..	..	11.9	12.0	10.0	41.5	35.0	36.2
Germany	1.6	1.1	1.0	..	..	..	..	..	..
France	..	..	..	21.8	27.6	27.8	..	..	..
Italy	..	..	..	9.9	13.0	12.1	..	..	..
Argentina	..	..	..	5.5	6.4	5.6	..	..	..
Java	..	..	..	..	..	..	10.4	12.1	13.4
Japan	..	..	..	..	..	..	2.5	3.3	2.8
Belgium	..	..	..	..	..	..	..	..	..
Percentage of total trade represented by countries shown	94.4	95.7	95.1	87.6	88.2	85.8	71.8	70.0	68.6
<b>TOTAL VALUE OF TRADE B(LAKHS)</b>	<b>14,98</b>	<b>29,04</b>	<b>32,48</b>	<b>30,83</b>	<b>26,78</b>	<b>30,66</b>	<b>23,27</b>	<b>53,18</b>	<b>53,56</b>

	COTTON (RAW)			OIL SEEDS			FOOD GRAINS			HIDES AND SKINS (RAW AND TANNED)		
	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28	1913-14	1926-27	1927-28
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
United Kingdom	3.5	2.6	6.0	22.2	13.5	15.8	26.7	8.8	12.3	25.9	48.6	49.5
United States of America	..	..	..	..	..	..	..	..	..	21.3	25.3	23.1
Ceylon	..	..	..	..	..	..	11.8	10.4	10.2	..	..	..
Germany	14.6	4.1	9.8	16.0	15.3	23.3	7.8	10.3	12.6	20.3	8.7	12.1
France	..	..	..	31.4	26.9	21.7	..	..	..	..	..	..
Italy	7.7	8.8	12.3	5.0	16.1	13.7	..	..	..	5.3	3.8	2.7
Japan	47.2	58.7	46.1	..	..	..	3.8	5.0	5.9	..	..	..
Belgium	10.3	4.8	8.8	16.0	4.0	2.9	..	..	..	..	..	..
China	1.7	13.1	4.2	..	..	..	..	..	..	..	..	..
Netherlands	..	..	..	1.0	13.0	12.3	..	..	..	3.3	1.9	2.1
Straits Settlements	..	..	..	..	..	..	6.7	8.7	7.1	..	..	..
Spain	..	..	..	..	..	..	..	..	..	2.8	2.0	1.3
Percentage of total trade represented by countries shown	85.0	92.1	86.7	91.6	88.8	89.7	56.5	52.2	57.1	81.9	88.3	90.8
<b>TOTAL VALUE OF TRADE B(LAKHS)</b>	<b>41,04</b>	<b>58,60</b>	<b>47,72</b>	<b>25,65</b>	<b>19,09</b>	<b>26,69</b>	<b>45,14</b>	<b>39,25</b>	<b>42,92</b>	<b>15,95</b>	<b>14,51</b>	<b>17,32</b>

\* Includes Hongkong and Macao.

## Direction of Trade.

Table A shows the total overseas trade of India in private merchandises with details of her trade balances with the United Kingdom, other parts of the British Empire, European countries, the United States of America, Japan and other foreign countries. It will be seen that India's exports to these territories normally exceed her imports from them, except in the case of the United Kingdom where the reverse has always been the case. In the year under review, however, the excess of imports from the United Kingdom over the exports to that country declined by R8 crores to R37 crores in spite of an increase in imports owing, firstly, to the good demand which India's staple articles enjoyed, and secondly, to the decline in the prices of the principal imported articles. The results of the trade with European countries and the United States of America showed larger balances in favour of India than in the preceding year, the surplus in the case of the Continent increasing by R19 crores to R40 crores. Japan and other foreign countries together, on the other hand, exported more to India than in the preceding year, while the exports from India to these territories showed a decline.

Tables B and C show the fluctuations in the percentage shares of the first twenty countries arranged in order of their importance in 1913-14. The progressive fall in the relative share of the United Kingdom in the import trade was arrested in the year under review, that country's position remaining very much the same as in the preceding year. In exports, however, her share increased by nearly 4 per cent to 25 per cent. The share of other parts of the British Empire in imports declined from 7.1 per cent to 6.9 per cent and in exports from 17 per cent to 15.1 per cent. The whole British Empire had 46.3 per cent of the total trade as compared with 45.5 per cent in the preceding year. The share of Germany in the import trade fell from 7.3 to 6.1 per cent but her share in the export trade increased by 3 per cent to 9.9 per cent. The United States of America had 8.2 per cent of the import trade as against 7.9 per cent in the preceding year, while in exports her share remained unchanged at 11.1 per cent. Japan's share in the imports slightly increased to 7.2 per cent, but her share in India's exports fell from 13.3 per cent to 8.9 per cent, largely due to smaller purchases of Indian cotton. The percentage share of Java in imports fell from 6.2 to 5.9 owing to a fall in the prices of sugar. Belgium's share in the import trade increased from 2.9 per cent in 1926-27 to 3 per cent in 1927-28, her share in the exports also rising from 2.9 per cent to 3.3 per cent. Italian share in the import trade remained stationary at 2.7 per cent but her share in exports rose from 3.7 per cent to 3.9 per cent. The Netherlands participated to a larger extent in India's export trade, but her relative share in the imports showed a fall. France's shares in both exports and imports increased. The shares of the Straits Settlements in both the import and the export trade declined. Smaller purchases of raw cotton were responsible for Chinese share in the export trade falling from 3.7 per cent to 1.4 per cent, while, owing to larger despatches of cotton yarn, her share in the import trade rose from 1.4 to 1.8 per cent.

Tables D and E show the shares of the principal countries in respect of the important articles of imports and exports. The percentage share of the United Kingdom in the imports of cotton manufactures declined from 75.3

## Direction of Trade.

to 72.1, while the Japanese share increased from 17.2 per cent to 18.1 per cent. The shares of the United States of America and Italy also showed increases. In the imports of iron and steel, the United Kingdom's share showed an increase of nearly 6 per cent, while the shares of other countries declined. In machinery, the shares of the United States of America and Germany showed decreases, while the United Kingdom slightly improved her position. The Belgian share remained the same as in the preceding year. In hardware, the United Kingdom increased her share by 2.9 per cent, while there was a considerable decline in the share of the United States of America. In the imports of motor vehicles, there was a small increase in the share of the United Kingdom, while the United States showed a large increase. The Canadian share in the trade, however, fell by 5 per cent. Under the head railway plant, imports from the United Kingdom advanced, her share rising from 61.6 to 77.9 per cent. Belgium's share also rose from 11.8 to 12.4 per cent, while the shares of both Germany and the United States of America declined. Under instruments, there were decreases in the shares of the principal participants in the trade, namely, the United Kingdom, the United States and Germany, the decline being largest in the case of the United Kingdom. The Chinese share in India's imports of silk manufactures declined by 3.5 per cent to 36.3 per cent, Japan capturing the trade that was lost by China. Owing to a fall in the imports of beet sugar from Europe, Java's share in India's import trade in sugar recorded a very large increase. Under liquors, the variations were not striking, but under mineral oils, there was a large fall in the share of the United States, while the shares of Persia, Borneo and Russia increased. The share of Germany in the imports of paper declined considerably.

On the export side (Table E), the United Kingdom's share in the total exports of tea increased from 85 to 87.5 per cent. The United States of America also slightly increased her purchases of Indian tea, her share advancing from 2.1 to 2.3 per cent. The shares of Australia, Canada and of the Persian Gulf markets declined. In raw jute, the German share increased from 27.6 to 27.8 per cent and the share of the United Kingdom from 22.9 to 25 per cent, while those of France, Italy and the United States declined. In jute manufactures, the shares of both the United Kingdom and Australia fell, but that of the United States increased from 35 to 36.2 per cent. The Argentine also increased her share. The shares of Germany, the United Kingdom, Italy and Belgium in the exports of raw cotton increased. Japan's share receded from 58.7 per cent to 46.1 per cent and that of China from 13.1 to 4.2 per cent. In oilseeds, the share of the United Kingdom recovered from 13.5 per cent to 15.8 per cent and that of Germany from 15.3 to 23.3 per cent; but France's share fell from 26.9 per cent to 21.7 per cent. The shares of Italy, the Netherlands and Belgium also declined. Both the United Kingdom and Germany made larger purchases of food grains, their shares rising from 8.8 and 10.3 per cent to 12.3 and 12.6 per cent respectively. Ceylon's share showed a slight fall. Japan's participation increased slightly, but the Straits Settlements showed less interest. In hides and skins also, the shares of the United Kingdom and Germany increased, in the case of the former from 46.6 to 49.5 per cent and in the case of the latter from 8.7 to 12.1 per cent; the share of the United States, however, fell from 25.3 per cent to 23.1 per cent.

## Direction of Trade.

### THE BRITISH EMPIRE AND MANDATED TERRITORIES.

The imports from and exports to the United Kingdom and other British Possessions are shown in the following table:—

#### *Imports.*

COUNTRIES	1913-14	1925-26	1926-27	1927-28
	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
United Kingdom	1,17,58	1,15,32	1,10,54	1,19,21
Ceylon	81	1,69	1,37	1,90
Straits Settlements	3,42	5,66	5,82	5,84
Hongkong	98	84	90	1,16
South Africa	23	42	32	54
Mauritius	2,53	51	1	1
Kenya Colony, Zanzibar and Pemba	39	4,07	2,55	2,59
Canada	1	1,30	1,69	1,78
Australia	92	1,44	1,70	1,92
New Zealand	1	1	1	1
Other countries	1,20	2,46	2,13	1,41
<b>TOTAL BRITISH EMPIRE</b>	<b>1,28,07</b>	<b>1,33,72</b>	<b>1,27,03</b>	<b>1,36,37</b>

#### *Exports.*

COUNTRIES	1913-14	1925-26	1926-27	1927-28
	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
United Kingdom	58,35	80,97	68,28	81,76
Ceylon	9,04	15,22	14,86	15,88
Straits Settlements	6,79	10,18	9,50	9,28
Hongkong	7,82	2,96	3,03	2,20
South Africa	1,20	2,85	2,40	2,55
Mauritius	1,26	1,85	1,65	1,90
Kenya Colony, Zanzibar and Pemba	1,02	2,09	2,00	1,90
Canada	1,43	2,13	2,05	2,19
Australia	4,10	7,56	7,80	6,62
New Zealand	56	1,05	98	77
Other countries	2,82	8,72	8,41	6,64
<b>TOTAL BRITISH EMPIRE</b>	<b>94,39</b>	<b>1,35,58</b>	<b>1,18,96</b>	<b>1,31,69</b>

## The British Empire.

United Kingdom (Imports R119,21 lakhs, Exports R81,76 lakhs).—There was an increase of R9 crores in the value of the imports from the United Kingdom, while the exports thereto rose by R15 crores. In the preceding year imports were valued at R110½ crores and in 1925-26 at R115½ crores, while in the pre-war year the aggregate value had amounted to R117½ crores; exports in 1926-27 were valued at R66½ crores and in the pre-war year at R58 crores. The largest single item under imports was, as usual, cotton manufactures which, however, accounted for only 39 per cent of the total imports from the United Kingdom as against 44 per cent in the preceding year, the value of the imports falling to R47 crores as against R49 crores in the preceding year. Receipts of cotton piecegoods increased in quantity by 5 per cent from 1,467 million yards to 1,543 million yards, but were valued at only R42½ crores as compared with R44½ crores in the preceding year. The largest increase was under grey goods which rose by 62 million yards to 651 million yards, the corresponding value increase amounting to R30½ lakhs. Coloured goods rose from 318 million yards to 352 million yards, but recorded an increase in value of only R1 lakh, while white goods declined both in quantity and value from 550 million yards costing R16½ crores to 527 million yards valued at R14 crores. Imports of cotton twist and yarn improved by 500,000 lbs. in quantity to 20½ million lbs. and in value by R1½ lakhs to R3,09½ lakhs. Imports of iron and steel increased from 406,000 tons valued at R10½ crores to 685,000 tons valued at R14½ crores. The value of railway plant and rolling stock imported both on private and Government account increased from R3½ crores to R6½ crores. Under instruments and apparatus, imports advanced by R23 lakhs to R2,73 lakhs. Imports of hardware also increased from R1,84 lakhs to R2,06 lakhs. The value of paper and pasteboard improved slightly to R1,09½ lakhs. Imports of both provisions and liquors increased, the former from R2,03 to R2,34 lakhs and the latter from 3,222,000 gallons valued at R2,03 lakhs to 3,758,000 gallons valued at R2,12 lakhs. Imports of tobacco, chiefly cigarettes, increased from 4½ million lbs. to nearly 6 million lbs. in quantity and in value from R2,12 lakhs to R2,55 lakhs. Woollen manufactures increased from R1,95 lakhs to R2,10½ lakhs. Under motor vehicles, there was an increase by R34 lakhs to R1,70 lakhs, the number of motor cars imported rising from 2,546 to 3,600. Artificial silk yarn advanced from R14 lakhs to R47 lakhs, but there was a decline in the imports of piecegoods of cotton and artificial silk which fell from R1,17 to R99 lakhs. Other noticeable increases were under machinery and millwork (+R1,87 lakhs), aluminium (+R24 lakhs), copper (+R17 lakhs), salt (+R13 lakhs), ships and parts (+R13 lakhs), tea chests (+R12 lakhs), brass (+R12 lakhs), soap (+R10 lakhs), coal and coke (+R9½ lakhs), cycles and parts (+R9 lakhs) and paints and painters' materials (+R8 lakhs). There were, however, noticeable decreases under sugar (—R40 lakhs), raw cotton (—R37 lakhs), apparel (—R18 lakhs) and jewellery (—R16 lakhs).

The principal articles of export to the United Kingdom were tea (R28½ crores), jute raw and manufactured (R10½ crores), raw and tanned hides and skins (R9 crores), foodgrains (R5½ crores), raw wool (R4 crores), oilseeds (R4 crores), raw cotton (R3 crores) and lac (R2 crores). Exports of tea increased by 5 per cent in quantity and 15 per cent in value from 292 million lbs. valued at R24½ crores to 307 million lbs. valued at R28½ crores. The total

## Direction of Trade.

Value of raw and manufactured jute exported increased from R9,00 lakhs to R10,33 lakhs. Shipments of raw jute increased from 173,000 tons valued at R6,14 lakhs to 222,000 tons valued at R7,68 lakhs, an increase of 28 per cent in quantity and 25 per cent in value. The number of gunny bags exported increased from 38½ millions to 46 millions, the value realised rising from R1,84 lakhs to R2,01 lakhs. Exports of gunny cloth, however, fell from 50 million yards valued at R1,02 lakhs to 31 million yards valued at R63½ lakhs. Raw hides increased from 1,400 tons valued at R10½ lakhs to 3,700 tons valued at R34 lakhs, but exports of raw skins declined in quantity from 1,111 tons to 996 tons, while recording an increase in value from R27 lakhs to R33 lakhs. Tanned hides increased from 10,500 tons valued at R2,61 lakhs to 14,700 tons valued at R3,85 lakhs and tanned skins from 5,700 tons valued at R3,77 lakhs to 6,400 tons valued at R4,30 lakhs. Foodgrains improved from R3½ crores to R5½ crores, the principal item of increase being wheat, the shipments of which to the United Kingdom during the year amounted to 251,000 tons valued at R3,66 lakhs as against 141,000 tons valued at R2,14 lakhs in the preceding year. There were also increased shipments of barley (+R40 lakhs). The United Kingdom also purchased larger quantities of Indian raw wool, exports during the year amounting to nearly 44 million lbs. valued at about R4 crores as compared with 40½ million lbs. valued at R3½ crores in the preceding year. Indian oilseeds which had a poor market in the United Kingdom in the preceding year had also a good demand, the total quantity exported rising from 145,000 tons valued at R2½ crores to 280,000 tons valued at R4 crores. Exports of linseed increased from 50,000 to 57,000 tons, cotton seed from 43,000 to 149,000 tons, castor seed from 23,000 to 33,000 tons, groundnuts from 17,000 to 25,000 tons and rapeseed from 9,000 to 12,000 tons. Exports of lac increased from 103,100 cwts valued at R1,09 lakhs to 134,700 cwts valued at R1,88 lakhs. There were large increases in the shipments of rubber and coffee, the former rising from 10 million to nearly 12½ million lbs. and the latter from 49,000 cwts to 75,000 cwts. There were also increases under raw cotton, manganese ore, pig lead, pepper, rice bran, myrobalans and woollen carpets, but decreases were noticed under teakwood, tobacco unmanufactured and petroleum (including petrol, benzine and benzol).

**Ceylon (Imports R1,90 lakhs, Exports R15,88 lakhs).—**The value of the total trade with Ceylon rose by R1½ crores from R16½ crores to R17½ crores. Imports advanced from R1,37 lakhs to R1,90 lakhs and exports from R14,86 to R15,88 lakhs. The increase in imports from Ceylon was mainly due to larger arrivals of coconut oil totalling 1,439,000 gallons valued at R35½ lakhs as against 47,000 gallons valued at R1 lakh only in the preceding year. Imports of tea also advanced from 1,028,000 lbs. valued at R9 lakhs to 1,361,000 lbs. valued at R11½ lakhs, while those of betelnuts fell from 134,000 cwts to 114,000 cwts in quantity and from R34½ lakhs to R32½ lakhs in value. There were also small increases in the receipts of coffee and sugar from Ceylon. Lead sheets for tea chests imported from Ceylon showed an increase in quantity with a small decrease in value. Nearly half of India's exports to Ceylon consisted of rice which rose from 399,000 tons to 461,000 tons in quantity and from R6,97 lakhs to R7,48 lakhs in value. Shipments of coal to Ceylon further advanced from 242,000 tons valued at R33 lakhs to 383,000 tons valued at R49 lakhs. She also purchased more of tea, rubber, pulse and oilseeds, but



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less of cotton piecegoods, manures and pig lead. Exports of raw cotton and chillies increased in quantity with a small decrease in value.

**Straits Settlements (Imports R5,84 lakhs, Exports R9,28 lakhs).**—The value of the total trade with the Straits Settlements declined from R15,32 lakhs to R15,12 lakhs. While imports gained by R2 lakhs, exports declined by R22 lakhs. Imports of unwrought tin increased from 49,000 cwts valued at R93 lakhs to 64,000 cwts valued at R1,19 lakhs. Imports of betelnuts, however, fell in value from R2,14 lakhs to R1,59 lakhs and of coloured piecegoods from R19½ lakhs to R17 lakhs. Imports of kerosene oil increased in quantity from 2·7 million gallons to nearly 4 million gallons, but the value realised fell by R2 lakhs to R15½ lakhs. Fuel oils showed a large reduction in quantity, but the value of the imports fell only by R1 lakh and amounted to nearly R11 lakhs. Imports of lac increased in value from R8 lakhs to R20 lakhs, but those of provisions decreased. Imports of sugar also increased. Exports of rice to the Straits Settlements dropped from 204,000 tons valued at R3,12 lakhs to 191,000 tons valued at R2,73 lakhs. Cotton piecegoods, mostly coloured, were also exported in smaller quantities, shipments amounting to 22·5 million yards valued at R1,35 lakhs as against 25·4 million yards valued at R1,55 lakhs in the preceding year. On the other hand, shipments of coal increased to 158,000 tons valued at R17 lakhs as compared with 130,000 tons valued at R16 lakhs in the preceding year. There were larger exports of wheat-flour, pulse and spices, but exports of rice bran, gunny bags and tobacco leaf declined. Exports of rubber advanced in quantity but fell in value.

**Hongkong (Imports R1,16 lakhs, Exports R2,20 lakhs).**—The value of the imports from Hongkong increased from R90 lakhs to R1,16 lakhs, while exports thereto fell from R3,03 lakhs to R2,20 lakhs. Arrivals from Hongkong included 294,000 lbs. of raw silk valued at R17 lakhs and 1,212,000 yards of silk piecegoods worth R13 lakhs as compared with 74,000 lbs. of raw silk valued at R5 lakhs and 628,000 yards of silk piecegoods valued at R8 lakhs received in the preceding year. There were also larger imports of provisions, cotton yarn, and socks and stockings. Over 4,000 tons of rice valued at R7 lakhs were shipped to Hongkong as compared with 7,000 tons valued at R9 lakhs in 1926-27. Exports of gunny bags increased in number from 16 millions to 24 millions and in value from R86 lakhs to R1,21 lakhs, while those of cotton twist and yarn were much reduced and amounted to only 630,000 lbs. valued at R4 lakhs, as against 17 million lbs. valued at R1,02 lakhs in the preceding year.

**Union of South Africa (Imports R54 lakhs, Exports R2,55 lakhs).**—The value of India's trade with the Union of South Africa rose from R2,72 lakhs to R3,09 lakhs, imports showing an expansion from R32 lakhs to R54 lakhs and exports from R2,40 lakhs to R2,55 lakhs. Coal imports advanced from 86,000 tons to 155,000 tons in quantity and from R19 lakhs to R32 lakhs in value. These represented about 59 per cent of the total value of the imports from the Union of South Africa. Barks for tanning, another important item of imports, were valued at R17 lakhs as against R8 lakhs in 1926-27. Exports of gunny bags to the Union increased in number from 16·3 millions to 18·6 millions and in value from R1,04 lakhs to R1,08 lakhs. Her requirements of

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rice also rose from 23,000 tons valued at R44 lakhs to 28,000 tons valued at R52 lakhs. Among other exports, tea, cotton piecegoods and castor oil showed increases, while wheat, pulse and paraffin wax decreased.

**Mauritius (Imports R57,000, Exports R1,90 lakhs).**—The import trade of India with Mauritius is no longer of importance, as the supplies of sugar which in past years formed the bulk of the imports were restricted, being valued at R131 only in the year under review. The only item of importance that came from Mauritius was brass to the value of R21,000. The value of the exports rose from R1,65 lakhs to R1,90 lakhs. She took more rice, but curtailed her requirements of gunny bags.

**East Africa (Imports R2,66 lakhs, Exports R2,42 lakhs).**—Imports from East Africa fell by R4 lakhs as compared with the preceding year and exports thereto by R2 lakhs. The reduction in the case of imports was largely due to a fall in the value of East African cotton. The quantity imported from Kenya Colony amounted to 13,000 tons, or 400 tons more than in the preceding year, but the value dropped from R2,12 lakhs to R2,01 lakhs. Cloves imported from Kenya Colony and Zanzibar rose in quantity from 54,000 cwts to 69,000 cwts and in value from R32 lakhs to R38 lakhs. Exports of rice, grey piecegoods and wheat-flour to East Africa showed decreases, while those of coloured piecegoods and gunny bags increased.

**Canada (Imports R1,79 lakhs, Exports R2,19 lakhs).**—Notwithstanding a decline in the imports of motor cars from 4,476 valued at R70 lakhs to 3,400 valued at R63 lakhs, the total value of the imports from Canada showed an increase from R1,69 lakhs to R1,79 lakhs. The decline under motor cars was, however, offset by larger imports of motor omnibuses which rose from 3,529 valued at R48 lakhs to 4,268 valued at R55 lakhs and of pneumatic motor covers which were valued at R36 lakhs as against R17 lakhs in 1926-27. Exports to Canada increased by R14 lakhs to R2,19 lakhs. The direct exports of tea to Canada decreased from 11.5 million lbs. to 9.3 million lbs. in quantity and from R83 lakhs to R69 lakhs in value, while the shipments of gunny cloth increased from 59.6 million yards valued at R1,11 lakhs to 68.8 million yards valued at R1,32 lakhs. Exports of jute bags slightly declined.

**Australia (Imports R1,92 lakhs, Exports R6,62 lakhs).**—The total value of the trade with Australia decreased to R8,54 lakhs from R9,50 lakhs in 1926-27. Imports rose from R1,70 lakhs to R1,92 lakhs, while exports fell from R7,80 lakhs to R6,62 lakhs. The increase in the import trade was mainly in wheat and raw wool. Nearly 69,000 tons of wheat valued at R1,09 lakhs were imported in 1927-28 as compared with 40,400 tons valued at R67 lakhs in the preceding year. Imports of raw wool from Australia also rose from 365,000 lbs. valued at R3 lakhs to 1,229,000 lbs. valued at R11 lakhs. She, however, sent smaller quantities of coal and wooden railway sleepers than in 1926-27. Australia also sent a smaller number of horses during the year. Exports of gunny bags to Australia fell from 85.7 millions valued at R5,43 lakhs to 76.5 millions valued at R4,42 lakhs. There was also a substantial decrease in the shipments of tea which fell from 8 million lbs. valued at R56 lakhs to 3 million lbs. valued at R22 lakhs. She also reduced her purchases of gunny cloth, but increased her takings of rice, coffee and linseed. Exports of carpets and rugs also increased.

## Foreign Countries.

### FOREIGN COUNTRIES.

The following table shows the imports from and exports to the principal European and other foreign countries :—

#### *Imports.*

COUNTRIES	1913-14	1925-26	1926-27	1927-28
European Countries—	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
Russia . . . . .	6	6	52	48
Sweden . . . . .	52	1,43	1,36	1,26
Norway . . . . .	23	59	70	88
Germany . . . . .	12,67	13,31	16,91	15,34
Netherlands . . . . .	1,55	3,69	4,66	4,81
Belgium . . . . .	4,26	6,13	6,80	7,48
France . . . . .	2,69	3,24	3,56	4,30
Spain . . . . .	19	17	21	34
Switzerland . . . . .	69	1,57	2,20	2,68
Italy . . . . .	2,20	4,26	6,16	6,76
Austria . . . . .	4,20	81	1,11	1,26
Hungary . . . . .	4,20	43	61	8
Turkey, European . . . . .	1	..	..	..
Other countries . . . . .	15	2,15	2,68	2,72
<b>TOTAL EUROPEAN COUNTRIES</b>	<b>29,51</b>	<b>37,84</b>	<b>47,48</b>	<b>48,39</b>
Other Foreign Countries—				
Egypt . . . . .	30	41	42	53
Turkey, Asiatic . . . . .	57	..	..	..
Iraq . . . . .	—	77	70	95
Persia . . . . .	71	2,15	1,98	2,95
Java . . . . .	10,75	14,04	14,42	14,71
China . . . . .	1,71	2,61	3,31	4,41
Japan . . . . .	4,78	18,19	16,47	17,90
United States of America . . . . .	4,79	15,07	18,24	20,43
Cuba . . . . .	..	..	..	15
Argentina . . . . .	..	..	..	..
Chile . . . . .	..	..	2	8
Other countries . . . . .	2,06	1,38	1,26	2,98
<b>TOTAL OTHER FOREIGN COUNTRIES</b>	<b>25,67</b>	<b>54,62</b>	<b>56,82</b>	<b>65,09</b>

## Direction of Trade.

### Exports.

COUNTRIES	1913-14	1925-26	1926-27	1927-28
<b>European Countries—</b>	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
Russia . . . . .	2,47	19	9	49
Sweden . . . . .	42	35	26	30
Norway . . . . .	5	43	32	31
Germany . . . . .	26,42	26,88	21,48	32,46
Netherlands . . . . .	4,42	7,66	6,24	8,18
Belgium . . . . .	12,10	12,41	8,83	10,97
France . . . . .	17,72	21,24	13,97	16,10
Spain . . . . .	2,23	4,85	2,75	3,31
Switzerland . . . . .	..	10	1	1
Italy . . . . .	7,89	19,17	11,57	13,05
Austria . . . . .	} 10,01 {	28	26	28
Hungary . . . . .		..	..	..
Turkey, European . . . . .	11	54	31	33
Other Countries . . . . .	73	2,31	1,95	1,97
<b>TOTAL EUROPEAN COUNTRIES</b>	<b>84,57</b>	<b>96,41</b>	<b>68,04</b>	<b>87,71</b>
<b>Other Foreign Countries—</b>				
Egypt . . . . .	2,27	4,84	3,74	3,15
Turkey, Asiatic . . . . .	2,94	15	22	37
Iraq . . . . .	—	3,31	2,51	2,05
Persia . . . . .	1,41	3,24	3,14	2,50
Java . . . . .	1,95	4,81	2,99	2,40
China . . . . .	5,71	15,48	11,31	4,58
Japan . . . . .	22,69	57,95	41,27	29,19
United States of America . . . . .	21,85	40,22	34,41	36,70
Cuba . . . . .	58	4,76	3,89	3,61
Argentina . . . . .	3,14	5,62	6,78	7,49
Chile . . . . .	1,06	2,27	1,43	1,68
Other countries . . . . .	6,34	10,69	10,75	15,57
<b>TOTAL OTHER FOREIGN COUNTRIES</b>	<b>69,92</b>	<b>1,53,34</b>	<b>1,22,44</b>	<b>1,09,29</b>

## Foreign Countries.

It will be noticed that there was a general increase in the imports from and exports to the countries enumerated in the above tables, the important exceptions being, in the case of imports, a fall in Germany's share and, in the case of exports, a serious set-back in the trade with Japan, China and the Persian Gulf markets.

**Japan (Imports R17,90 lakhs, Exports R29,19 lakhs).**—Japan was, in recent years, occupying the second place in order of importance in India's foreign trade. In the year under review she fell to the fourth place as a result of smaller purchases by her of Indian produce and manufactures. The total value of India's trade with Japan in 1927-28 was R47 crores as against R58 crores in the preceding year. Imports advanced from R16½ crores to nearly R18 crores, but exports declined from R41 crores to R29 crores. Imports of cotton twist and yarn from Japan declined from 26.6 million lbs. to nearly 17 million lbs. in quantity and from R3,20 lakhs to R2,23½ lakhs in value, but imports of piecegoods increased in quantity from 243 million yards to 323 million yards and in value from R6½ crores to R8½ crores. The table in the margin shows, in thousands of yards, the imports of the three principal descriptions of cotton piecegoods from

IN THOUSANDS OF YARDS

	1913-14	1925-26	1926-27	1927-28
Grey	7,108	142,609	154,865	214,774
White	58	4,675	2,882	5,598
Coloured, etc.	1,785	69,542	85,822	102,668

Japan. It will be noticed that there were considerable increases under all descriptions. Cotton hosiery, however, declined from R1,17½ lakhs to R1,13½ lakhs. Imports of raw silk from Japan increased from 19,600 lbs. to 62,700 lbs. and those of silk yarns, noils and warps from 162,000 lbs. to 226,400 lbs. Mixtures of cotton and silk and silk piecegoods also recorded important increases, the imports of the former advancing from R11 lakhs to R13½ lakhs in value and of the latter from R1,18 lakhs to R1,33 lakhs. There were increases under glass bangles, haberdashery and millinery, toys, umbrella fittings and stationery, but imports of earthenware and porcelain and hardware declined. Imports of matches declined from 956,000 gross to 329,700 gross.

The decrease in exports was principally due to smaller shipments of raw cotton, Japan's takings declining by 33 per cent from 328,900 tons to 220,500 tons in quantity and in value by 36 per cent from R34½ crores to nearly R22 crores. Raw cotton accounted for 76 per cent of the total value of the exports to Japan during the year as against 83 per cent in 1926-27. Considerable quantities of rice were taken by Japan from India before imports into that country were prohibited late in the year. The total value of the exports of rice not in the husk advanced from R1,79½ lakhs to R2,25½ lakhs. Shipments of pig iron to Japan increased from 234,500 tons valued at R1,05½ lakhs to 271,000 tons valued at R1,23½ lakhs. Her takings of pig lead, however, have been progressively declining and in the year under review she took only 82,000 cwts as against 117,600 cwts in the preceding year. The number of gunny bags exported to Japan declined from 25 millions to 18.7 millions, while the value of the shipments fell from R1,29½ lakhs to R95 lakhs. Paraffin wax, of which no shipments to Japan took place in the preceding year, was exported to the value of R12 lakhs. Japan took less of rape and sesamum cake during the year, while shipments of shellac and sandalwood oil increased.

**The United States of America (Imports R20,43 lakhs, Exports R36,70 lakhs).**

—The trade with the United States of America increased in the year under

## Direction of Trade.

review to R57 crores from R53 crores in 1926-27 and R55 crores in 1925-26. The United States had ranked third in order of importance in India's foreign trade in the preceding six years, but in the year under review she occupied the second place. There were very large imports of raw cotton from the United States during the year, the total quantity amounting to 49,900 tons valued at R4,37 lakhs, as compared with 25,000 tons valued at R2,11 lakhs in 1926-27. Imports of mineral oils, consisting chiefly of kerosene oil and lubricating oils, however, showed a decline from 71 million gallons valued at R5,40½ lakhs to 62½ million gallons valued at R4,61 lakhs. The value of iron and steel goods imported also fell from 28,600 tons valued at R96½ lakhs to 16,400 tons valued at R57 lakhs. The number of motor cars imported increased from 4,030 to 6,031, while in value there was an increase of 51 per cent to R1,34½ lakhs. The number of motor omnibuses, motor vans and motor lorries imported rose from 2,322 to 3,699 and the value from R49½ lakhs to R67½ lakhs. Imports of motor cycles, however, fell still further and numbered only 67 as against 75 in the preceding year. Imports of pneumatic motor covers doubled in number, while the value increased from R22½ lakhs to R48½ lakhs. The total value of machinery and millwork imported rose from R1,39 lakhs to R1,57 lakhs; electrical machinery, however, declined from R22½ lakhs to R14½ lakhs, while mining machinery rose from R30½ lakhs to R45 lakhs. The number of typewriters imported increased from 12,365 to 15,534 valued at R22½ lakhs. Hardware declined from R71 lakhs to R62 lakhs. Imports of instruments and apparatus rose in value from R59½ lakhs to R63½ lakhs, of which electrical instruments accounted for R35½ lakhs. Cotton piecegoods increased from R45 lakhs to R71½ lakhs, the imports consisting largely of fents. Imports of unmanufactured tobacco declined, both in quantity and value, from 5½ million lbs. valued at R39 lakhs to 3.6 million lbs. valued at R27½ lakhs. Sugar registered a large fall, imports amounting only to 458 tons valued at R1 lakh as against 15,509 tons valued at R35 lakhs in the preceding year. Imports of provisions increased, but those of railway plant and rolling stock declined. There were also smaller imports of aniline dyes.

On the export side, shipments of raw jute declined by 3,000 tons to 84,000 tons, the value falling by R15 lakhs to R3,06 lakhs. Exports of jute gunny bags declined from 28½ millions valued at R90 lakhs to 21 millions valued at R57 lakhs. Her takings of gunny cloth, however, improved from 975½ million yards to 1,023 million yards, the value increasing by R1 crore to R19 crores. The total value of raw jute and jute manufactures exported increased slightly to R22 crores. Exports of raw hides and skins, including cuttings, increased in quantity from 17,700 tons to 20,200 tons and in value from R3,35½ lakhs to R3,78½ lakhs. Raw goat skins accounted for R3,46 lakhs. Shipments of shellac, however, declined from 239,500 cwts to 117,000 cwts. Exports of castor seed increased in value from R91 lakhs to R1,04 lakhs and of spices (consisting largely of pepper) from R27 lakhs to R58½ lakhs. Direct exports of tea from India to the United States increased from 7.6 million lbs. valued at R62 lakhs to 8.8 million lbs. valued at R73 lakhs. In metals and ores, the United States took less of chromite, but increased her requirements of manganese ore from 71,000 tons to 97,000 tons. Exports of pig iron improved from 40,700 tons to 65,100 tons. Exports of mica, however, declined considerably. Exports of raw cotton increased from 3,700 tons to 5,800 tons and raw wool

## Foreign Countries.

from 3.6 million lbs. to 5.2 million lbs. Shipments of carpets and rugs to the United States also improved and were valued at R34 lakhs.

**Germany (Imports R15,34 lakhs, Exports R32,46 lakhs).**—In the year under review Germany more than retained her usual place as the most important Continental country in India's foreign trade. Among the countries with which India has trade dealings, she ranked third in order of importance, next to the United Kingdom and the United States of America. The total value of Indo-German trade increased by R9½ crores or 25 per cent to the record figure of R48 crores in 1927-28. While imports actually declined from R16,91 lakhs in the preceding year to R15,34 lakhs in 1927-28, the exports rose from R21,48 lakhs to R32,46 lakhs, exceeding the pre-war average by R10,10 lakhs or 45 per cent. The figures relating to the total values of imports and exports during the past four years, as compared with the pre-war average, are given below :—

	Pre-war average	1924-25	1925-26	1926-27	1927-28
	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
Imports. . . . .	9,35	15,47	13,31	16,91	15,34
Exports, including re-exports . . . . .	22,36	28,09	26,88	21,48	32,46

It will be seen that the balance of trade with Germany has remained always in India's favour, but in 1927-28 the surplus showed a notable increase.

The principal articles imported from Germany are noted below with quantities and values for the last three years as compared with the pre-war average :—

	Units	Pre-war average (1909-10—1913-14)	1925-26	1926-27	1927-28
Alizarine and aniline dyes . . . . .	lbs. (000)	11,671	5,512	8,998	12,006
	R (000)	77,20	81,84	1,03,37	1,35,36
Iron and steel . . . . .	Tons	186,000	69,100	79,000	78,600
	R (000)	1,55,02	1,16,62	1,24,54	1,14,81
Brass and copper . . . . .	Cwts	188,000	832,000	449,000	282,000
	R (000)	94,97	1,75,92	2,13,88	1,32,92
Hardware . . . . .	R (000)	57,24	1,42,68	1,58,32	1,01,15
Machinery and millwork . . . . .	R (000)	30,27	85,99	94,59	1,04,83
Glass and glassware . . . . .	R (000)	23,69	39,89	51,81	49,10
<b>Liquors—</b>					
Ale, beer and porter . . . . .	Gallons (000)	521	1,062	1,091	1,092
	R (000)	13,14	27,40	30,24	31,16
Spirit . . . . .	Gallons (000)	148	81	91	80
	R (000)	5,43	7,00	7,37	7,76
	Gallons (000)	687	1,149	1,191	1,182
<b>TOTAL LIQUORS</b>	<b>R (000)</b>	<b>19,41</b>	<b>35,02</b>	<b>39,10</b>	<b>39,96</b>

## Direction of Trade.

—	Units	Pre-war average (1900-10— 1913-14)	1925-26	1926-27	1927-28
<b>Paper and pasteboard—</b>					
Printing paper . . . . .	Cwts	66,700	73,200	133,500	54,000
	R (000)	7,15	12,58	21,19	9,49
<b>TOTAL PAPER AND PASTEBOARD</b>	<b>R (000)</b>	<b>21,82</b>	<b>34,16</b>	<b>49,77</b>	<b>35,13</b>
Woollen manufactures . . . . .	R (000)	90,62	63,67	67,34	81,96
Salt . . . . .	Tons	57,800	40,100	57,900	56,700
	R (000)	9,46	9,07	15,13	16,87
Sugar 16 D. S. and above (including beet)	Tons	1,700	1,500	49,200	1,600
	R (000)	3,42	3,59	1,10,71	3,58
Haberdashery and millinery . . . . .	R (000)	22,10	21,48	36,21	30,51
<b>Cotton manufactures—</b>					
Woolery . . . . .	R (000)	15,96	7,34	9,88	7,41
Coloured piecegoods . . . . .	Yds. (000)	4,016	1,758	3,023	2,644
	R (000)	22,30	13,90	19,92	17,63
Blankets (two years' average only)	lbs. (000)	9,843	666	1,822	716
	R (000)	53,28	5,26	11,39	3,51
<b>TOTAL COTTON MANUFACTURES, including twist and yarn.</b>	<b>R (000)</b>	<b>83,71</b>	<b>30,93</b>	<b>47,29</b>	<b>36,37</b>
Artificial silk manufactures, including yarn	R (000)	—	14,07	33,68	56,88
Goods of silk, mixed with other materials	Yds. (000)	1,514	250	402	— 382
	R (000)	15,99	4,68	7,55	6,63

The improvement in the imports from Germany noticed in 1926-27 was somewhat arrested in the year under review, there being noticeable decreases under brass and copper, printing paper, sugar and cotton manufactures. On the other hand, the imports of synthetic dyes further advanced by 34 per cent in quantity from 9 million lbs. to 12 million lbs. and in value by 31 per cent from R1,03 lakhs to R1,35 lakhs. Re-exports of synthetic dyes, however, also increased during the year. Iron and steel imports were almost on the level of the preceding year and amounted to 79,000 tons valued at R1,25 lakhs. Imports of machinery and millwork increased by R10 lakhs to R1,05 lakhs, hardware by R3 lakhs to R1,61 lakhs, woollen manufactures by R15 lakhs to R82 lakhs and artificial silk manufactures by R23 lakhs to R57 lakhs. The quantity of salt imported from Germany declined from 58,000 tons to 57,000 tons, but the value recorded an increase from R15 lakhs to R17 lakhs. Only 1,400 tons of beet sugar valued at R3 lakhs were imported from Germany as compared with 47,900 tons valued at R1,07 lakhs in 1926-27. Imports of cotton manufactures declined by R11 lakhs from R47 lakhs in 1926-27 to R36 lakhs in 1927-28.



## Foreign Countries.

The principal articles exported to Germany are shown below :—

	Units	Pre-war average (1909-10 to 1913-14)	1925-26	1926-27	1927-28
Jute raw . . . . .	Tons	164,400	144,600	183,100	240,900
	R (000)	4,90,40	8,16,03	7,39,75	8,53,84
<b>Grain, pulse and flour—</b>					
Rice . . . . .	Tons	344,600	378,600	259,700	346,000
	R (000)	3,41,37	5,75,96	3,96,79	5,11,62
Wheat . . . . .	Tons	16,300	1,200	900	600
	R (000)	17,37	2,19	1,25	87
<b>TOTAL (including other sorts)</b>	Tons	463,800	305,500	265,900	371,400
	R (000)	4,43,30	5,98,42	4,04,59	5,41,89
Cotton, raw . . . . .	Tons	62,600	28,900	25,800	45,800
	R (000)	4,45,06	4,97,23	2,37,68	4,44,23
Seeds . . . . .	Tons	177,500	115,200	113,800	248,700
	R (000)	3,45,50	3,01,83	2,92,32	6,21,94
Hides and skins, raw . . . . .	Tons	18,600	9,800	11,600	20,100
	R (000)	2,53,97	1,30,67	1,23,35	2,12,63
Lac . . . . .	Cwts	83,200	62,700	67,700	84,100
	R (000)	27,67	62,99	52,01	1,06,59
Coir manufactures . . . . .	Tons	10,500	5,900	6,600	8,000
	R (000)	22,55	20,20	21,88	27,44
Manures—Bones . . . . .	Tons	10,400	3,100	1,900	5,800
	R (000)	7,50	4,12	1,94	5,98
Hemp, raw . . . . .	Cwts	56,900	75,000	33,800	60,100
	R (000)	8,48	20,98	6,08	8,38

There were increases under all the important heads of exports. The quantity of raw jute exported increased by 36 per cent to 250,000 tons and the value by 15 per cent to R8,54 lakhs. Germany also increased her purchases of rice from 259,700 tons to 346,000 tons, but reduced her requirements of wheat. Shipments of raw cotton also rose from 26,000 tons valued at R2,38 lakhs to 46,000 tons valued at R4,44 lakhs, but these were still below the pre-war average exports of 63,000 tons. Oilseeds, especially groundnuts, recorded a very large increase, the total shipments having amounted to 249,000 tons valued at R6,22 lakhs, or more than double those of 1926-27. There were also noticeable increases in the exports of raw hides and skins, shellac, coir manufactures, bones, and raw hemp.

**France (Imports R4,30 lakhs, Exports R16,10 lakhs.)**—The value of India's trade with France showed a recovery, imports rising from R3,56 lakhs to R4,30 lakhs and exports from R13,97 lakhs to R16,10 lakhs. The increase in the case of imports was mainly in woollen piecegoods and iron and steel. Imports of the former were valued at R61 lakhs as compared with R37 lakhs

## Direction of Trade.

in 1926-27. Imports of iron and steel increased by 15 per cent in quantity and by 46 per cent in value and totalled 48,000 tons valued at R49 lakhs. Among other imports, apparel (chiefly gold and silver thread), artificial silk, brass, and copper showed increases, while motor cars, liquors, and rubber manufactures decreased. Among exports, shipments of raw cotton to France increased by 11,000 tons in quantity and by R1,11 lakhs in value and amounted to 33,000 tons valued at R3,36 lakhs. Oilseeds, chiefly groundnuts and linseed, also recorded an increase of R66 lakhs, the total takings being valued at R5,80 lakhs. Raw jute advanced by R22 lakhs to R3,70 lakhs, foodgrains by R13 lakhs to R38 lakhs and coffee by R34 lakhs to R53 lakhs, while there were important decreases under shellac, manganese ore, raw hides and skins and raw silk.

**Belgium (Imports R7,48 lakhs, Exports R10,97 lakhs).**—The value of the total trade of Belgium with India amounted to R18½ crores as compared with R15½ crores in 1926-27. The value of the imports increased by R68 lakhs to R7,49 lakhs. The imports of iron and steel increased from R3,12½ lakhs to R3,85 lakhs; railway plant and rolling stock, chiefly sleepers, from R38 lakhs to R59 lakhs; precious stones and pearls from R37 lakhs to R62 lakhs; machinery and millwork from R25 lakhs to R29 lakhs; and provisions from R10½ lakhs to R25½ lakhs; while imports of synthetic dyes, sugar and woollen manufactures decreased. The value of exports rose by R2,14 lakhs to R10,97 lakhs, raw cotton alone accounting for an increase of R1,35 lakhs. Shipments of raw cotton amounted to 41,000 tons valued at R4,18 lakhs as compared with 28,000 tons valued at R2,83 lakhs in the preceding year. Other principal items of exports which showed increases were groundnuts, lead, manures, wheat, and zinc; while raw hemp, linseed and rapeseed recorded decreases.

**Italy (Imports R6,76 lakhs, Exports R13,05 lakhs).**—Imports from Italy were valued at R6,76 lakhs as compared with R6,16 lakhs in the preceding year. The demand for Italian cotton piecegoods (consisting mostly of coloured goods) and artificial silk manufactures continued, the imports of the former being valued at R85 lakhs and of the latter at R1,57 lakhs as compared with R70 and R1,45 lakhs respectively in the preceding year. Imports of aniline dyes improved from R4 lakhs to R11½ lakhs, electrical instruments from R7 lakhs to R8½ lakhs, pneumatic motor covers from R4½ lakhs to R9 lakhs and carpets and rugs from R22 lakhs to R35 lakhs, while those of motor cars, glass and glassware, machinery, sugar, buttons, and fruits and vegetables decreased. The number of motor cars imported declined from 1,416 to 1,367. The value of the exports rose by R1½ crores and amounted to R13 crores. Shipments of raw cotton, which had fallen to 54,000 tons valued at R5,18 lakhs in 1926-27, improved to 59,000 tons valued at R5,87 lakhs. The quantity of raw jute exported increased from 45,000 tons to 49,000 tons, but the value remained at R1,71 lakhs as in the preceding year. Italy reduced her purchases of rapeseed, but considerably increased her takings of groundnuts and linseed, thus bringing the total purchases of oilseeds to 153,000 tons valued at R3,65 lakhs as against 130,000 tons valued at R3,08 lakhs. She also took more rice and pepper, but less of raw cow hides and manganese ore. There were no shipments of wheat to Italy during the year.

## Foreign Countries.

**Netherlands (Imports R4,81 lakhs, Exports R8,13 lakhs).**—The principal feature of the import trade of India with the Netherlands in recent years has been the development of the new trade in vegetable product (vegetable ghee, etc.) which alone accounted for R1,61 lakhs out of a total of R4,81 lakhs in 1927-28. In the preceding year the total imports from the Netherlands were valued at R4,66 lakhs. Cotton manufactures, mostly coloured piece-goods, were imported to the value of R1,13 lakhs as against R1,19 lakhs in 1926-27. Among other items, imports of electrical instruments, printing paper and precious stones increased, while synthetic dyes and sugar showed decreases. The value of the exports to the Netherlands rose from R6,24 lakhs to R8,13 lakhs, the increase being mainly due to larger exports of raw jute and ground-nuts. The quantity of raw jute exported rose by 91 per cent from 11,000 tons to 21,000 tons and the value by 94 per cent from R36 lakhs to R70 lakhs. Shipments of oilseeds increased from 103,000 tons valued at R2,48 lakhs to 129,000 tons valued at R3,28 lakhs, and those of rice not in the husk from 89,000 tons to 96,000 tons in quantity and from R1,34 lakhs to R1,41 lakhs in value. There were also increased shipments of raw hides and skins, coffee, paraffin wax and raw cotton, while those of pulse and coconut oil decreased.

**Iraq (Imports R95 lakhs, Exports R2,05 lakhs).**—Owing to the fall in the export trade, the total value of India's trade with Iraq declined from R3,21 lakhs to R3,00 lakhs. Imports advanced from R70 lakhs to R95 lakhs, but exports were down by R46 lakhs and amounted to R2,05 lakhs. Dates were imported to the extent of 51,000 tons valued at R77 lakhs as compared with 25,000 tons valued at R42 lakhs in the preceding year. Iraq also sent nearly 300 tons of wheat valued at R57,000. On the export side the decrease was mainly in cotton piecegoods, particularly in the coloured variety, which was greatly in demand during 1926-27. Shipments of cotton piecegoods amounted to 24 million yards valued at R72 lakhs as compared with 38 million yards valued at R1,07 lakhs in 1926-27. Iraq also purchased less of Indian tea, cotton twist and yarn, rice and wheat flour, but increased her takings of indigo, coffee and gunny bags.

**Java (Imports R14,71 lakhs, Exports R2,40 lakhs).**—The value of the total trade of India with Java decreased to R17 crores in 1927-28 from R17½ crores in 1926-27. Imports slightly advanced to R14½ crores, while exports fell from R3 crores to R2½ crores. Sugar always represents almost the whole of the imports from Java and the rise in the total value of the imports was due to an increase in the imports of this article. Imports of sugar 16 D. S. and above rose in quantity from 611,000 tons to 692,000 tons and in value from R13,55 lakhs to R13,74 lakhs. Sugar 15 D. S. and below imported from Java also showed an increase, while molasses recorded an increase in quantity with a decrease in value. The decrease in the export trade was mainly under rice (—R27 lakhs), gunny bags (—R25 lakhs) and opium (—R12 lakhs).

**China (Imports R4,41 lakhs, Exports R4,58 lakhs).**—The value of the total trade of India with China was the lowest on record since 1918-19. Imports, however, showed an increase from R3½ crores to nearly R4½ crores, while the exports revealed a sharp decline from R11½ crores to R4½ crores. The increase in imports was almost entirely due to an increase of R1,07 lakhs in the value of cotton twist and yarn imported from China, which has been

## Direction of Trade.

commented on in Chapter II. Owing to a restricted internal demand, the surplus stocks had to be exported and the total supplies to India amounted to 12 million lbs. valued at R1,15 lakhs as against only 1 million lbs. valued at R8 lakhs in the preceding year. Raw silk, silk yarn, and black tea showed increases, while the imports of silk piecegoods decreased. On the export side, the demand for raw cotton in China was considerably curtailed and shipments fell off from 70,000 tons valued at R7,69 lakhs to 20,000 tons valued at R1,99 lakhs. Exports of rice also dropped from 181,000 tons to 100,000 tons in quantity and from R2,67 lakhs to R1,51 lakhs in value. China also took a smaller quantity of gunny bags, but imported more of Indian tea.

**South America (Imports R8 lakhs, Exports R10, 67 lakhs).—**Receipts from South America consisted almost entirely of Chilean nitrate of soda, imports of which amounted to 5,700 tons valued at R8 lakhs as compared with 1,200 tons valued at R2 lakhs in 1926-27. Exports increased from R9,48 lakhs to R10,67 lakhs. Chile's requirements of gunny bags increased to 39 millions valued at R1,49 lakhs as against 28 millions valued at R1,24 lakhs, but shipments of gunny bags to Peru declined in value from R30 lakhs to R25 lakhs. Exports of gunny cloth to the Argentine amounted to 331 million yards valued at R6,82 lakhs as compared with 318 million yards valued at R6,22 lakhs in 1926-27, while those to Uruguay increased in value from R31½ lakhs to R32½ lakhs notwithstanding a small decrease in quantity. The Argentine also took more raw jute and gunny bags but less of Indian rice. Exports of raw jute to Brazil rose from 11,300 tons valued at R51 lakhs to 19,400 tons valued at R74 lakhs.

## CHAPTER V.

### Frontier and Indo-Burma Trade.

#### I.—FRONTIER TRADE.

**India proper.**—The feature of the new system of registration of land frontier trade of India (excluding Burma) which came into force from April, 1925, is that only the traffic in selected articles at certain railway stations adjacent to the more important trade routes across the frontier is recorded. It is estimated that the bulk of the inward traffic at the stations is intended to be transported beyond the frontier and the bulk of the outward traffic consists of goods which have come from beyond the frontier, but ordinarily it is impracticable to specify the exact proportion of the frontier trade to the total trade registered at these stations. A reference is invited to table No. 57 for the details of the statistics of trade as recorded during the year under review and the preceding two years. The following table shows the imports and exports of certain principal commodities recorded under the new system during the past three years:—

Articles	Imports.		
	Quantity 1925-26 (Maunds)	Quantity 1926-27 (Maunds)	Quantity 1927-28 (Maunds)
Wheat . . . . .	378,354	346,291	365,207
Gram and pulse . . . . .	368,619	476,132	280,740
Rice—			
Husked . . . . .	1,286,169	1,284,253	1,229,371
Unhusked . . . . .	1,109,025	669,061	782,582
Other grain, pulse and flour . . . . .	799,934	704,229	786,530
Wool, raw . . . . .	246,813	291,628	318,246
Jute, raw (from Nepal) . . . . .	229,955	222,186	390,053
Linseed (from Nepal) . . . . .	376,414	580,448	667,818
Mustard and rape (from Nepal) . . . . .	321,048	390,210	380,660
	<i>Treasure</i>		
	<i>Ounces</i>	<i>Ounces</i>	<i>Ounces</i>
Gold . . . . .	290	..	..
Silver . . . . .	905,422	2,827,163	3,512,900
	<i>Exports.</i>		
Articles	Quantity		
	1925-26 (Maunds)	1926-27 (Maunds)	1927-28 (Maunds)
Cotton piecegoods (foreign and Indian) . . . . .	521,665	615,440	590,509
Wheat . . . . .	998,386	1,195,690	891,924
Rice, husked . . . . .	628,396	510,952	479,631
Other grain, pulse and flour . . . . .	1,301,887	1,293,047	1,432,599
Iron and steel including machinery, hardware and cutlery . . . . .	406,199	536,075	558,998
Petroleum . . . . .	190,819	278,043	365,614
Salt . . . . .	1,366,533	1,640,360	1,742,305
Sugar, refined and unrefined . . . . .	888,804	1,003,751	1,030,002
Tea . . . . .	130,880	146,840	104,266
	<i>Treasure</i>		
	<i>Ounces</i>	<i>Ounces</i>	<i>Ounces</i>
Gold . . . . .	512	3,121	852
Silver . . . . .	1,525,830	6,222,012	3,571,142

## Frontier Trade.

Burma.—The principle followed in the registration of the land frontier trade of India, namely, that of registering only the traffic in selected commodities at the chief centres through which the bulk of the frontier trade passes, was extended to Burma with effect from 1st April, 1926. The stations selected are (i) Bhamo, in the north, which catches the trade entirely river-borne as well as the trade despatched from or to the rail-head Katha; (ii) the rail-heads Lashio and Heho in the Shan States; and (iii) Thinganny-naung, in the south, through which the bulk of the trade with Siam passes. As the commodities selected for Burma differ materially from those recorded in the case of India proper, the figures of imports and exports of the selected articles as recorded under the new system during 1926-27 and 1927-28 are shown separately in table No. 58.

The following table shows the imports and exports of certain principal articles into and from Burma during the past two years:—

<i>Imports.</i>			
Articles	Quantity		
	1926-27 (Maunds)	1927-28 (Maunds)	
Gram and pulse . . . . .	32,336	40,135	
Rice, husked . . . . .	94,644	99,471	
Rice, unhusked (paddy) . . . . .	50,420	38,367	
Hides of cattle . . . . .	10,183	20,864	
Lac . . . . .	94,933	51,661	
Tea . . . . .	8,965	7,282	
Tobacco . . . . .	5,324	5,916	
Orpiment . . . . .	9,040	8,254	
Silk—raw . . . . .	4,888	4,322	
<i>Treasure</i>			
Silver (in ounces) . . . . .	465,585	57,936	
<i>Exports.</i>			
Articles	Quantity		
	1926-27 (Maunds)	1927-28 (Maunds)	
Cotton, raw . . . . .	13,600	5,578	
Cotton twist and yarn . . . . .	58,560	58,395	
Cotton piecegoods . . . . .	51,465	73,040	
Rice, husked . . . . .	16,806	26,069	
Iron and steel including machinery, hardware and outlery . . . . .	31,292	43,832	
Kerosene oil . . . . .	67,646	70,085	
Petrol . . . . .	14,450	23,193	
Provisions and oilman's stores—			
Condensed milk . . . . .	5,967	6,971	
Fish dry and fish wet . . . . .	23,067	30,471	
Other sorts . . . . .	20,158	20,955	
Salt . . . . .	222,557	227,243	
Sugar, refined and unrefined . . . . .	31,452	23,905	
Tea, dry . . . . .	4,600	3,792	
Tobacco . . . . .	5,102	4,123	
Candles . . . . .	6,572	12,410	
Matches . . . . .	5,306	6,483	
<i>Treasure</i>			
Silver (in ounces) . . . . .	8,712	16,308	

## Indo-Burma Trade.

### II.—COASTING TRADE BETWEEN BURMA AND OTHER PROVINCES.

The trade in private merchandise between Burma and India proper for the past three years as compared with pre-war figures is shown in the statement below :—

Provinces	IMPORTS INTO BURMA				EXPORTS FROM BURMA			
	Pre-war average	1925-26	1926-27	1927-28	Pre-war average	1925-26	1926-27	1927-28
	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)	R (lakhs)
Bengal	6.02	10.77	9.92	10.70	5.09	10.10	9.49	12.55
Bombay	82	2.54	2.09	2.89	3.04	8.52	7.85	7.32
Sind	4	14	14	8	24	1.02	1.01	1.47
Madras	1.48	2.69	2.03	2.92	3.40	8.71	7.24	9.90
<b>TOTAL</b>	<b>8.36</b>	<b>16.14</b>	<b>15.08</b>	<b>16.59</b>	<b>11.77</b>	<b>23.35</b>	<b>25.59</b>	<b>31.24</b>

NOTE.—Detailed statistics will be found in tables Nos. 59 and 60.

**Imports into Burma.**—There was a very large increase in the coastwise imports of coal which rose from 434,000 tons in 1926-27 to 769,000 tons in 1927-28, while the pre-war average was 413,000 tons. The imports of Indian cotton piecegoods advanced in the year under review from 24 million yards valued at R87 lakhs to 25 million yards valued at R88 lakhs. The imports of cotton twist and yarn from India proper also increased from 16 million lbs. in 1926-27 to 17 million lbs. in 1927-28, but the value remained the same as in the preceding year, namely, R1,17 lakhs. There was less demand for jute gunny bags, the number imported declining from 46 millions valued at R2,62 lakhs to 44 millions valued at R2,33 lakhs.

**Exports from Burma.**—Exports of rice not in the husk to India advanced from 587,000 tons in 1926-27 to 904,000 tons in 1927-28. Exports of kerosene oil to Indian ports fell, however, to 127 million gallons in 1927-28 as compared with 138 million gallons in 1926-27 as a result of the competition of foreign imported oil. Shipments of petroleum dangerous, including petrol, benzine and benzol, further increased in the year under review to 42 million gallons as compared with 29 million gallons in 1926-27. The value of lac exported to India, consisting chiefly of stick lac shipped to Calcutta, fell from R45 lakhs to R25 lakhs. Shipments of teakwood slightly increased from 182,000 cubic tons valued at R2,87 lakhs to 188,000 cubic tons valued at R2,97 lakhs, while the exports of other kinds of timber were on the same level as in the preceding year, namely, 40,000 cubic tons.

## CHAPTER VI.

### Balance of Trade and Movements of Treasure.

#### I.—BALANCE OF TRADE.

For India in normal years there is always a surplus of exports over imports of private merchandise. In 1927-28 this surplus amounted to R82 crores as compared with R79 crores in the preceding year and the exceptionally high figure of R161 crores in 1925-26. During the five pre-war years the credit balance averaged R78 crores, in the five war years R76 crores and in the five post-war years R53 crores. The following table shows the imports and exports of private merchandise and the balance of trade in merchandise during each month of the year 1927-28 :—

(In lakhs of Rupees)

	PRIVATE MERCHANDISE		Excess Net exports+	Excess in the corresponding month of 1926-27
	Imports	Exports		
1927—				
April . . . . .	22,46	25,93	+3,47	+7,69
May . . . . .	20,45	24,91	+4,46	+5,28
June . . . . .	18,62	22,78	+4,16	+8,59
July . . . . .	18,55	26,38	+7,83	+2,58
August . . . . .	20,90	27,14	+6,24	+6,46
September . . . . .	20,93	27,93	+7,00	+4,56
October . . . . .	20,89	25,87	+4,98	+3,94
November . . . . .	21,15	29,10	+7,95	+3,42
December . . . . .	19,85	27,84	+7,99	+8,54
1928—				
January . . . . .	21,91	29,94	+8,03	+7,18
February . . . . .	19,37	28,89	+9,52	+8,70
March . . . . .	21,65	31,98	+10,33	+12,53
<b>TOTAL</b>	<b>246,73</b>	<b>328,69</b>	<b>+81,96</b>	<b>+79,47</b>

*N.B.*—Railway stores imported by State Railways are not paid for in the ordinary way and do not affect the monthly balance of trade figures. The cost of these stores has therefore been excluded from the import side.

In April, when the imports were the highest recorded in any month of the year, a favourable balance of only R3½ crores was registered; in the succeeding month, the balance rose to R4½ crores, imports showing a larger decrease than exports. In June, a further decline in the trade figures occurred, and the credit balance also dropped to R4 crores. Exports now began to revive, and in July the credit balance rose to nearly R8 crores, but in the next two months this level was not reached as imports also showed improvement. In October, a drop in exports resulted in a diminution of the credit balance to R5 crores, but from November the gap between imports and exports steadily widened, the largest surplus in any individual month, R10½ crores, being registered in March.



## Balance of Trade.

The net imports of treasure on private account further declined to R32 crores in 1927-28, as compared with R39 crores in 1926-27, R52 crores in 1925-26 and R94 crores in 1924-25. Imports exceeded exports in every month of the year but most markedly in the first and last quarters. In the first quarter of the year the net imports amounted to R11 crores, but reached only R5 crores both in the second and in the third quarter; in the last quarter the net imports again reached R11 crores.

The visible balance of trade, as measured by the statistics of private merchandise and treasure, was in favour of India to the extent of R50 crores in 1927-28 as compared with R40 crores in 1926-27 and R109 crores in 1925-26. In the pre-war and war periods the favourable balance averaged at R42 crores and R65½ crores respectively. The balance of remittances of funds in the year under review was *minus* R38 crores as against *minus* R1 crore in the preceding year. These figures include the more important Government remittances and do not take into account (a) net payment in India of foreign money and postal orders and (b) telegraphic transfers on India from Iraq, which together amounted to R4,05 lakhs in 1927-28 as against R4,59 lakhs in 1926-27. The following table shows the details:—

(In lakhs of Rupees.)

	Pre-war average	War average	1924-25	1925-26	1926-27	1927-28
Exports of Indian merchandise (private).	+219,50	+215,97	+384,66	+374,84	+301,44	+319,15
Re-exports of Foreign merchandise (private).	+4,62	+8,14	+13,51	+10,40	+8,01	+9,54
Imports of Foreign merchandise (private).	-145,85	-147,80	-213,16	-224,30	-220,98	-246,78
Balance of trade in merchandise	+78,27	+76,31	+155,01	+161,13	+79,47	+81,96
Gold (private)*	-23,87	-7,81	-75,93	-34,85	-19,40	-18,10
Silver (private)*	-7,21	-2,90	-20,03	-17,15	-19,79	-13,85
Currency notes (private)	—	—	-28	+12	-14	-24
Balance of transactions in treasure (private).	-36,03	-10,80	-94,27	-31,83	-39,33	-33,19
Total visible balance of trade	+42,19	+65,51	+60,74	+109,33	+43,14	+49,77
Council Bills, purchase of sterling and other Government remittances to the United Kingdom (c).	-41,35	-34,96	-56,35	-31,24	-2,32	-37,77
Sterling Transfers on London sold in India.	+5	+5,50	..	..	+1,93	..
Transfers of Government securities	-37	-38	-33	-1,27	+8	+28
Interest drafts on India in respect of Government of India securities.	-44	-30	-41	-36	-34	-35
Balance of remittances of funds	-42,61	-30,14	-57,14	-63,67	-1,30	-37,84

\* Excludes transactions which do not enter into the balance of trade.

(a) Includes R35 lakhs being the funds supplied by Government to finance wheat purchases.

(b) Exclusive of the value of railway materials imported direct by State Railways working under company management, which was not paid for in the ordinary way and not therefore taken into account in arriving at the balance of trade.

(c) Figures for the years prior to 1921-22 represent only Council Bills and T. T. paid in India.

NOTE.—The sign + means net export and — net import.

The above table takes no account of the invisible items that enter into India's balance of accounts such as shipping services, private remittances, exports and imports of capital, insurances, tourists' expenditure, etc., as these do not lend themselves to accurate appraisalment.

## Movements of Treasure.

### II.—MOVEMENTS OF TREASURE.

The following table shows the transactions in gold and silver on private account during the last four years as compared with the averages of the pre-war, war and post-war periods :—

(In lakhs of Rupees.)

	GOLD		SILVER		Net imports— Gold and Silver
	Imports	Exports	Imports	Exports	
Average of pre-war period . . . . .	32,79	3,92	10,88	3,67	—36,08
Average of war period . . . . .	10,60	2,98	4,56	1,77	—10,40
Average of post-war period . . . . .	21,57	9,03	14,18	2,66	—24,06
1924-25 . . . . .	74,29	36	24,26	4,20	—93,99
1925-26 . . . . .	35,23	38	19,85	2,70	—52,00
1926-27 . . . . .	19,50	10	21,66	1,89	—39,17
1927-28 . . . . .	18,14	4	18,44	2,59	—31,95

Imports of gold on private account were valued at R18 crores as compared with R19½ crores in 1926-27, R35 crores in 1925-26 and a pre-war average of R33 crores. In 1924-25 imports were exceptionally

Gold. large as the gold value of the rupee was high and, consequently, prices were low. In 1925-26 also this reason operated to some extent and imports were fairly high, but in the last two years the demand has fallen off considerably. In normal conditions, it seems unlikely that India's absorption of gold will recover again the pre-war level as the investment habit is growing in India. The total imports in 1927-28 consisted of gold bullion valued at R11 crores, and sovereigns and other British gold coin valued at R7 crores. Gold to the value of R8½ crores came from Natal, and R1 crore from Australia as against R11½ crores and R2 crores respectively in the preceding year. Supplies from the United Kingdom, Egypt and the United States of America increased to R4 crores, R2 crores and over R1 crore from R2½ crores, R1 crore and R8½ lakhs respectively in 1926-27. Exports of gold were small, amounting to R3½ lakhs as compared with R10 lakhs in 1926-27. As in the past year, there were no imports or exports of gold on Government account during 1927-28. The prices of gold during the year were very steady, the fluctuations per fine ounce in the London market being confined generally within 1½*d.* The prevailing rate was 94*s.* 11½*d.* per fine ounce.

Imports of silver on private account declined from R21½ crores in 1926-27 to R16½ crores in the year under review. The principal sources of supply

Silver. Kingdom which sent silver worth nearly R7 crores and R5½ crores as compared with R5 crores and R12 crores respectively in the preceding year. Other sources were Australia R1,15 lakhs, France R83.

## Movements of Treasure.

lakhs, Italy R19 lakhs, Egypt R32 lakhs, Ceylon R25 lakhs and China including Honkong R24½ lakhs. Exports of silver rose from R1,89 lakhs to R2,59 lakhs, China taking R1,31 lakhs and the Bahrein Islands R68 lakhs as against R63 lakhs and R56 lakhs respectively in 1926-27. Shipments to Mauritius and Seychelles also recorded a large increase and were valued at nearly R30½ lakhs as compared with only R25,000 in the preceding year. Imports of silver on Government account fell from R10½ lakhs to R3 lakhs, while the exports advanced from R23,000 to R4½ lakhs.

Despite a number of disturbing factors such as civil disturbances in China, the financial crisis in Japan, and the sale of silver held in the Paper Currency Reserve by the Indian Government, the prices of silver during the year remained comparatively stable, the highest price recorded in London being 27*d.* and the lowest 24½*d.* per standard ounce. The highest and lowest prices realised between April and July were 26½*d.* and 25½*d.*, both recorded in April. Early in August the announcement made by the Government of India to the effect that they had sold the entire stock of fine silver held in the Paper Currency Reserve amounting to 9,200,000 fine ounces approximately, caused a temporary weakness in the market and prices fell to 24½*d.* This weakness was however of short duration. In October 26½*d.* was recorded and the market gained further strength in succeeding months, the price rising to 27*d.* in December. In March the highest quotation was 26½*d.* per standard ounce. Chart No. 6 shows the course of silver prices in London, the telegraphic transfer rates of exchange in Calcutta and the price of gold in Bombay.

Imports of currency notes on private account advanced from R15½ lakhs to R24 lakhs, while the exports were valued at R4,000 only as against R98,000 in 1926-27. Imports on Government account, however, receded from R11 lakhs to R4½ lakhs, while exports on Government account rose from R20½ lakhs to R46½ lakhs.

Currency  
notes.

CALCUTTA,  
August 6, 1928.

D. B. MEEK,  
Director General of Commercial Intelligence and  
*Statistics*

## PART II--TABLES.

**NOTE—(1)** The figures given in these tables are subject to revision as subsequent corrections are likely to be received from Custom Houses. The final figures will appear in the Annual Statement of the Sea-borne Trade of British India which will issue towards the close of the year.

**(2)** Throughout these tables "pre-war average" means the average of the five years 1909-10 to 1913-14, "war average" the average of the five years 1914-15 to 1918-19, and "post-war average" the average of the five years 1919-20 to 1923-24.

No. 1.—VALUE OF TOTAL FOREIGN SEA-BORNE TRADE.

				(In lakhs of Rupees)				
				Pre-war average	War average	Post-war average	1926-27	1927-28
<b>IMPORTS.</b>								
Private merchandise				1,45,85	1,47,80	254,05	2,81,22	2,49,85
Government Stores				5,82	11,45	18,00	9,00	11,09
<b>TOTAL MERCHANDISE</b>				1,51,67	1,59,25	2,67,05	2,40,82	2,61,54
<b>Treasure—</b>								
Private			{ Gold	32,79	10,60	21,57	19,50	18,14
			{ Silver	10,88	4,50	14,18	21,60	16,44
			{ Currency notes	—	—	1,09*	15	24
Government			{ Gold	—	1,54	9,07	—	—
			{ Silver	3,53	22,87	6,16	10	8
			{ Currency notes	—	—	49*	12	5
<b>TOTAL TREASURE</b>				32,79	12,14	31,24	19,50	18,14
			{ Gold	14,41	26,93	20,34	21,76	16,47
			{ Silver	—	—	1,58*	27	29
			{ Currency notes	—	—	58,16	41,53	34,90
			{ Total	47,20	39,07	—	—	—
<b>TOTAL IMPORTS</b>				1,98,87	1,98,32	3,20,21	2,82,35	2,90,44
<b>EXPORTS.</b>								
Private merchandise—								
Indian produce				2,19,50	2,15,97	2,86,38	3,01,44	3,19,15
Foreign goods (re-exports)				4,62	8,14	16,65	8,01	9,54
<b>TOTAL PRIVATE MERCHANDISE</b>				2,24,12	2,24,11	3,01,98	3,09,45	3,28,69
Government Stores				11	1,72	4,40	1,60	1,57
<b>TOTAL MERCHANDISE</b>				2,24,23	2,25,83	3,06,38	3,11,05	3,30,26
<b>Treasure—</b>								
Private			{ Gold	3,02	2,00	9,03	10	4
			{ Silver	3,67	1,77	2,66	1,89	2,59
			{ Currency notes	—	—	10*	1	—
Government			{ Gold	72	1,27	1,28	—	—
			{ Silver	1	1,27	10	21	5
			{ Currency notes	—	—	15*	—	—
<b>TOTAL TREASURE</b>				4,64	4,26	10,20	10	4
			{ Gold	3,68	3,04	2,76	1,89	2,64
			{ Silver	—	—	25*	22	46
			{ Currency notes	—	—	18,27	2,21	3,14
			{ Total	8,32	7,30	—	—	—
<b>TOTAL EXPORTS</b>				2,32,55	2,33,13	3,19,55	3,13,20	3,33,40
<b>TOTAL SEA-BORNE TRADE</b>				4,31,42	4,31,45	6,39,56	5,95,51	6,29,84

\* Average for two years, 1922-23 and 1923-24.

**No. 2.—VALUE OF MERCHANDISE AND TREASURE, AND GOLD SEPARATELY, DURING THE LAST FIVE YEARS WITH  
QUINQUENNIAL AVERAGES FOR THE PAST SIXTY YEARS**

(In lakhs of Rupees)

	MERCHANDISE			TREASURE			TOTAL OF MERCHAN- DISE AND TREASURE	GOLD		
	Imports	Exports	Total	Imports	Exports	Netimports		Imports	Exports	Netimports
<b>Quinquennial average—</b>										
1864-65 to 1868-69 . . . . .	31,70	55,88	87,58	17,62	1,80	15,82	1,06,98	6,15	32	5,83
1869-70 to 1873-74 . . . . .	33,04	56,25	89,29	8,26	1,59	6,67	99,14	3,26	19	3,07
1874-75 to 1878-79 . . . . .	38,36	60,32	98,68	9,86	2,81	7,05	1,11,35	1,68	1,04	64
1879-80 to 1883-84 . . . . .	50,16	79,08	1,29,24	11,66	1,83	10,83	1,42,23	4,23	10	4,13
1884-85 to 1888-89 . . . . .	61,51	83,64	1,50,15	13,62	1,64	11,98	1,65,41	3,41	38	3,03
1889-90 to 1893-94 . . . . .	70,78	1,04,99	1,75,77	17,92	3,63	14,24	1,97,37	4,12	2,02	2,10
1894-95 to 1898-99 . . . . .	78,67	1,07,53	1,81,20	14,89	6,40	8,49	2,02,49	5,48	3,23	2,25
1899-1900 to 1903-04 . . . . .	84,68	1,24,92	2,09,60	26,01	11,65	14,36	2,47,26	18,00	6,82	6,18
1904-05 to 1908-09 . . . . .	1,19,85	1,65,44	2,85,29	36,15	9,90	26,25	3,31,34	16,85	7,50	9,35
1909-1910 to 1913-14 . . . . .	1,51,67	2,24,23	3,75,90	47,20	8,82	38,38	4,31,42	32,79	4,64	28,15
1914-15 to 1918-19 . . . . .	1,59,25	2,25,83	3,85,08	39,07	7,30	31,77	4,31,45	12,14	4,26	7,88
1919-20 to 1923-24 . . . . .	2,67,05	3,06,38	5,73,43	53,16	13,27	39,89	6,39,86	31,24	10,25	20,99
<b>In the year—</b>										
1923-24 . . . . .	2,37,13	3,63,39	6,00,56	53,20	3,67	49,53	6,57,43	29,25	6	29,19
1924-25 . . . . .	2,58,37	4,00,24	6,58,61	99,20	5,17	94,03	7,57,98	74,29	36	73,93
1925-26 . . . . .	2,36,00	3,86,82	6,22,82	55,49	3,84	51,65	6,82,15	35,23	38	34,85
1926-27 . . . . .	2,40,82	3,11,05	5,51,87	41,58	2,21	39,32	5,95,61	19,50	10	19,40
1927-28 . . . . .	2,61,54	3,30,26	5,91,80	34,90	3,14	31,76	6,29,84	18,14	4	18,10

NOTE.—Government transactions are included in Table No. 2.

No. 3.—MONTHLY SEA-BORNE TRADE (PRIVATE MERCHANDISE) IMPORTS AND EXPORTS IN 1927-28, AS COMPARED WITH THE PRECEDING YEAR 1926-27, AND THE PRE-WAR, WAR AND POST-WAR AVERAGES, AND EXCESS OF EXPORTS OVER IMPORTS DURING THE SAME PERIOD

(In lakhs of Rupees)

Months	IMPORTS					EXPORTS (INCLUDING RE-EXPORTS)					EXCESS OF EXPORTS OVER IMPORTS				
	Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war Average	War average	Post-war average	1926-27	1927-28.
April . .	11,77	11,77	20,16	20,05	22,60	19,84	17,22	24,70	27,57	25,93	8,07	5,45	4,54	7,52	3,33
May . .	10,95	11,33	19,29	19,90	20,69	18,70	20,01	25,25	25,01	24,91	7,75	8,68	5,96	5,11	4,22
June . .	9,76	11,81	18,80	16,32	18,84	17,51	19,13	21,89	24,86	22,78	7,75	7,32	3,59	8,54	3,94
July . .	10,38	13,45	19,09	20,63	18,65	17,77	17,88	23,26	23,15	26,38	6,89	4,43	4,17	2,52	7,78
August . .	12,05	13,03	21,21	19,79	21,27	15,90	17,56	23,16	26,14	27,14	3,85	4,53	1,95	6,35	5,87
September . .	12,92	12,11	20,49	19,05	21,17	16,27	17,02	23,62	23,45	27,93	3,85	4,91	3,13	4,40	6,76
October . .	13,79	13,20	23,04	19,98	21,10	18,00	18,92	23,12	23,90	25,87	4,21	5,72	8	3,92	4,77
November . .	13,74	13,33	23,48	18,40	21,63	17,71	18,21	25,21	21,76	29,10	3,97	4,88	1,73	3,36	7,42
December . .	11,60	10,71	21,33	16,58	20,15	16,67	17,09	25,55	24,99	27,84	5,07	6,33	4,17	8,41	7,69
January . .	14,47	13,87	25,59	20,89	22,21	21,04	19,15	27,36	27,99	29,94	6,57	5,29	2,27	7,10	7,73
February . .	11,39	11,36	20,52	17,40	19,73	22,06	19,96	26,95	26,01	28,89	10,67	8,60	6,43	3,01	9,16
March . .	12,53	11,33	21,50	22,23	21,76	22,65	21,95	30,39	34,62	31,93	10,12	10,12	8,89	12,39	10,22
TOTAL . .	1,45,85	1,47,80	2,54,05	2,31,22	2,49,85	2,24,12	2,24,11	3,00,95	3,09,45	3,28,69	78,27	76,81	46,91	78,23	78,84

No. 4.—VALUE OF IMPORTS, PRIVATE MERCHANDISE ACCORDING TO FIVE MAIN CLASSES AND SUB-DIVISIONS THEREOF

(In thousands of Rupees)

	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>I.—FOOD, DRINK AND TOBACCO—</b>					
A. Fish (excluding canned fish)	30.98	20.14	22.47	38.66	36.98
B. Fruits and Vegetables	1,07.72	1,10.30	1,75.96	1,61.76	2,01.94
C. Grain, Pulse and Flour	19.68	53.29	2,89.56	91.69	2,30.70
D. Liquor	1,72.04	2,04.04	3,24.45	2,93.00	3,02.11
E. Provisions and Oilman's stores	2,05.10	2,14.82	2,95.95	5,77.64	6,40.60
F. Spices	1,54.72	1,96.94	2,22.86	3,29.15	2,57.85
G. Sugar	18,17.68	14,70.48	19,98.76	18,89.06	14,90.55
H. Tea	22.29	47.39	55.48	66.72	69.00
I. Other Food and Drink	83.52	1,39.12	1,93.87	1,49.19	2,00.44
J. Tobacco	71.07	1,32.42	2,22.94	2,56.11	2,91.38
<b>TOTAL, CLASS I</b>	<b>21,84,65</b>	<b>26,33,94</b>	<b>37,82,25</b>	<b>38,52,98</b>	<b>37,21,50</b>
<b>II.—RAW MATERIALS AND PRODUCE AND ARTICLES MAINLY UN-MANUFACTURED—</b>					
A. Coal	76.08	27.68	2,18.79	31.39	58.48
B. Other Non-metallic mining and quarry products and the like	99.54	81.91	1,57.72	1,63.91	1,88.49
C. Fodder, Bran and Pollards	2.27	3.41	1.01	1.57	1.25
D. Gums, Resins and Lac	25.52	22.90	53.35	88.70	60.45
E. Hides and Skins, raw or undressed	13.86	15.67	13.10	21.96	27.53
F. Metallic ores and scrap iron or steel for re-manufacture	3.51	3.48	8.61	5.83	2.67
G. Oils—Vegetable, mineral and animal	3,94.88	4,23.95	8,28.33	9,18.70	11,08.68
H. Oilcakes of all kinds	5	32	47	7	13
I. Paper making materials	11.31	18.13	30.88	34.99	40.28
J. Rubber, raw or crude	1	11	10	42	86
K. Seeds, including nuts for oil	7.72	58.19	40.88	9.52	18.63
L. Tallow, Stearins and Wax	16.79	17.71	29.64	33.63	28.01
M. Cotton, raw and waste	1,02.83	44.90	2,01.19	5,03.29	6,74.48
N. Jute, raw	11	68	28	6	3
O. Silk, raw and waste	1,18.49	1,11.12	1,52.43	1,14.61	1,45.41
P. Wool, raw	16.21	18.28	15.34	31.98	44.95
Q. Other textile materials	5.26	14.32	6.83	9.48	9.77
R. Wood and timber	71.10	85.31	81.42	58.91	84.74
S. Miscellaneous	42.43	39.67	60.27	71.53	83.62
<b>TOTAL, CLASS II</b>	<b>10,08,02</b>	<b>9,87,70</b>	<b>19,00,67</b>	<b>20,50,64</b>	<b>25,58,46</b>

**III.—ARTICLES WHOLLY OR MAINLY MANUFACTURED—**

- A. Apparel . . . . .
- B. Arms, Ammunition and Military Stores . . . . .
- C. Chemicals, Drugs and Medicines . . . . .
- D. Cutlery, hardware, implements and instruments (*excluding* electrical instruments and apparatus) . . . . .
- E. Dyes and Colours . . . . .
- F. Electrical Goods and Apparatus (other than Machinery) . . . . .
- G. Furniture, Cabinetware and Manufactures of Wood and Timber . . . . .
- H. Glassware and Earthenware . . . . .
- I. Hides and skins, tanned or dressed and Leather . . . . .
- J. Machinery of all kinds including belting for Machinery . . . . .
- K. Metals—Iron and Steel and manufactures thereof . . . . .
- L. Metals, other than Iron and Steel and manufactures thereof . . . . .
- M. Paper, Pasteboard and Stationery . . . . .
- N. Railway plant and rolling stock . . . . .
- O. Rubber manufactures . . . . .
- P. Vehicles (*excluding* Locomotives, etc., for Railways) . . . . .
- Q. Cotton yarns and manufactures . . . . .
- R. Jute yarns and manufactures . . . . .
- S. Silk yarns and manufactures . . . . .
- T. Woolen yarns and manufactures . . . . .
- U. Other yarns and textile fabrics . . . . .
- V. Miscellaneous . . . . .

	2,08,40	1,84,77	2,10,12	2,35,00	2,31,43
	38,78	32,85	59,73	08,87	70,65
	2,12,73	3,42,67	4,13,85	4,71,10	5,02,65
	4,36,09	3,77,57	7,61,76	7,38,70	7,63,02
	2,06,53	2,09,01	4,39,54	3,67,13	4,32,17
	70,26	1,09,31	2,84,29	2,51,98	2,83,49
	29,82	31,73	55,41	44,77	47,35
	2,15,69	1,75,90	3,31,51	3,20,20	3,29,89
	45,40	36,13	70,70	59,73	64,29
	5,80,04	5,76,52	22,75,97	14,59,58	16,99,49
	11,15,63	9,59,32	20,96,32	16,73,94	21,42,92
	4,58,90	2,77,89	6,82,26	7,06,35	6,96,17
	1,84,88	2,66,64	4,56,25	3,90,17	3,92,29
	6,11,21	1,41,84	12,08,22	8,25,19	4,76,87
	23,16	97,14	1,84,23	2,10,54	2,70,80
	1,74,02	1,62,13	6,20,32	6,39,03	7,69,37
	52,18,03	52,38,10	71,15,04	65,04,74	65,15,68
	19,37	35,03	22,14	40,31	24,08
	2,76,79	2,82,03	4,21,44	3,45,10	3,60,38
	3,08,38	1,81,70	2,46,28	4,14,39	4,91,87
	1,67,21	1,72,14	2,45,51	5,71,15	7,15,99
	5,86,68	9,38,48	10,50,07	9,54,71	9,88,37
<b>TOTAL, CLASS III</b>	<b>1,11,78,79</b>	<b>1,08,23,85</b>	<b>1,92,55,46</b>	<b>1,68,04,57</b>	<b>1,82,64,23</b>
<b>IV.—LIVING ANIMALS—</b>					
A. Horses . . . . .	39,73	50,43	23,14	39,06	36,37
B. Other living animals . . . . .	3,94	1,45	1,36	2,79	2,06
<b>TOTAL, CLASS IV</b>	<b>43,67</b>	<b>51,88</b>	<b>24,50</b>	<b>41,85</b>	<b>38,43</b>
<b>V.—POSTAL ARTICLES NOT SPECIFIED.</b>	<b>1,69,59</b>	<b>2,77,82</b>	<b>4,41,55</b>	<b>3,72,04</b>	<b>4,02,04</b>
<b>GRAND TOTAL</b>	<b>1,45,84,72</b>	<b>1,47,80,19</b>	<b>2,54,04,73</b>	<b>2,31,22,08</b>	<b>2,49,84,66</b>



**No. 5.—VALUE OF EXPORTS PRIVATE MERCHANDISE, ACCORDING TO FIVE MAIN CLASSES AND SUB-DIVISIONS THEREOF**

(In thousands of Rupees)

	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>I.—FOOD, DRINK, AND TOBACCO—</b>					
A. Fish (excluding canned fish)	38.63	42.66	56.80	75.38	87.13
B. Fruits and Vegetables	46.03	57.20	64.24	89.38	1,05.42
C. Grain, Pulse and Flour	45,81.11	37,41.80	32,82.65	39,24.90	42,92.03
D. Liquors	61	13	25	4	8
E. Provisions and Oilman's stores	45.68	60.27	65.57	60.56	61.21
F. Spices	85.88	1,08.35	1,12.30	1,55.97	2,89.06
G. Sugar	18.01	21.91	56.85	5.78	7.82
H. Tea	13,06.78	17,54.57	20,92.42	29,03.78	32,48.49
I. Other Food and Drink	1,38.35	1,18.83	1,47.51	1,35.68	2,34.78
J. Tobacco	86.91	56.23	84.90	1,04.15	1,06.14
<b>TOTAL, CLASS I</b>	<b>62,96.53</b>	<b>59,56.95</b>	<b>59,62.99</b>	<b>74,56.47</b>	<b>83,82.96</b>
<b>II.—RAW MATERIALS AND PRODUCE AND ARTICLES MAINLY UN-MANUFACTURED—</b>					
A. Coal	75.63	48.24	56.80	80.62	76.77
B. Other Non-metallic mining and quarry products and the like	37.07	58.98	86.46	1,11.00	94.79
C. Fodder, Bran and Pollards	89.78	41.86	1,20.27	1,06.25	1,36.74
D. Gums, Resins and Lac	2,28.85	2,65.68	8,52.05	5,61.51	7,18.90
E. Hides and Skins, raw or undressed	10,31.60	9,88.21	9,45.49	7,17.97	8,80.95
F. Metallic ores and scrap iron or steel for re-manufacture	1,14.82	1,90.83	2,05.43	2,46.70	3,30.17
G. Oils—Vegetable, mineral and animal	91.90	1,87.22	3,78.80	95.71	70.98
H. Oil-cakes of all kinds	1,06.37	94.96	1,60.61	2,62.76	3,14.19
I. Paper making materials	8	5	6	1.13	1.33
J. Rubber raw, or crude	38.69	1,58.13	1,17.61	2,60.14	2,67.09
K. Seeds, including nuts for oils	24,36.97	12,17.42	23,53.63	19,08.77	26,69.30
L. Tallow, Stearine and Wax	9.48	7.93	12.06	14.90	11.15
M. Cotton, raw and waste	33,27.83	33,68.07	65,62.31	59,14.19	48,19.53
N. Jute, raw	22,20.24	12,80.24	19,62.77	26,78.04	30,66.26
O. Silk, raw and waste	42.73	39.68	37.88	32.39	36.38
P. Wool, raw	2,88.39	3,89.61	3,38.07	3,93.14	4,36.03
Q. Other textile materials	78.36	1,17.97	90.68	82.77	81.31
R. Wood and Timber	93.14	69.42	1,08.61	1,60.13	1,63.71
S. Miscellaneous	1,69.60	1,16.78	2,21.77	2,50.63	2,69.22
<b>TOTAL, CLASS II</b>	<b>1,04,66.33</b>	<b>86,41.03</b>	<b>1,45,90.86</b>	<b>1,33,68.15</b>	<b>1,44,32.60</b>

**III.—ARTICLES WHOLLY OR MAINLY MANUFACTURED—**

A. Apparel	17,70	12,30	31,31	25,50	28,72
B. Arms, Ammunition and Military Stores		1	8	1	1
C. Chemicals, Drugs and Medicines	10,52,59	3,37,50	3,20,14	2,65,82	2,51,36
D. Cutlery, hardware, implements and instruments (excluding electrical instruments and apparatus)	5,86	3,78	10,20	22,71	23,44
E. Dyes and Colours	1,17,55	2,42,18	1,53,27	1,24,15	1,69,04
F. Electrical Goods and Apparatus (other than Machinery)					
G. Furniture, Cabinetware and Manufactures of Wood and Timber	6,59	4,32	9,97	6,38	6,39
H. Glassware and Earthenware	1,80	1,21	2,30	2,49	2,92
I. Hides and Skins, tanned or dressed and Leather	4,20,58	7,19,24	6,24,25	7,50,02	9,19,36
J. Machinery of all kinds including belting for Machinery	24	55	85	95	62
K. Metals—Iron and Steel and manufactures thereof	22,41	34,99	77,50	1,41,23	1,80,17
L. Metals, other than Iron and Steel and manufactures thereof	31,80	47,42	1,39,60	3,32,83	3,86,75
M. Paper, Pasteboard, and Stationery	64	2,43	2,04	1,26	1,46
N. Railway Plant and Rolling Stock	1,02	1,73	5,16	1,49	4,81
O. Rubber manufactures	68	22	25	1,04	55
P. Vehicles (excluding Locomotives, etc., for Railways)	89	37	59	28	32
Q. Cotton yarns and manufactures	11,40,54	11,72,71	17,07,05	10,74,86	8,07,23
R. Jute yarns and manufactures	20,24,87	40,19,32	43,15,65	53,18,09	53,56,43
S. Silk yarns and manufactures	7,09	5,37	4,69	2,68	6,31
T. Woolen yarns and manufactures	23,99	21,20	80,85	75,14	97,34
U. Other yarns and textile fabrics	1,11	1,90	4,75	9,86	9,88
V. Miscellaneous	1,72,56	2,15,23	3,09,15	3,74,00	4,45,43

**TOTAL, CLASS III**

50,61,01      68,44,39      77,95,48      85,30,95      87,57,55

**IV.—LIVING ANIMALS—**

A. Horses	57	40	1,10	36	42
B. Cattle	17,15	8,20	14,60	12,34	14,61
C. Sheep and Goats	15,15	12,56	12,16	22,26	26,92
D. Other living animals	2,18	1,02	2,38	3,36	4,91

**TOTAL, CLASS IV**

35,05      22,18      30,42      38,32      46,86

**V.—POSTAL ARTICLES**

90,76      1,32,15      2,52,04      2,49,60      2,94,18

**GRAND TOTAL**

2,19,49,73      2,15,06,70      2,86,33,89      3,01,43,58      3,19,15,36

**No. 6.—QUANTITY AND VALUE OF THE PRINCIPAL ARTICLES OF IMPORTS, ARRANGED IN THE ORDER OF THEIR IMPORTANCE**

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		QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
		Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
Cotton, raw	Tons	12	58	12	46	66	1,02,22	44,44	2,01,10	5,08,89	6,74,37
waste	Cwt.	8 <sup>a</sup>	2	—	—	—	60 <sup>a</sup>	46	9	6	12
Manufactures—											
Piecegoods, grey	Yds.	1,381,017	904,870	676,828	748,411	876,588	21,08,56	19,65,42	25,02,60	19,61,70	21,24,82
" white		654,255	618,890	373,569	570,952	556,462	11,20,33	12,33,42	16,10,06	17,52,82	15,41,09
" coloured		681,552	896,277	285,423	447,442	504,841	12,94,80	12,41,46	17,08,95	17,22,25	17,52,41
Twist and yarn	lb.	41,794	84,068	44,681	49,425	52,345	3,77,18	4,94,79	9,32,92	6,62,44	6,78,99
Hosiery		—	—	—	—	—	92,80	94,88	1,14,72	1,47,12	1,37,68
Handkerchiefs and shawls	No.	24,014	8,970	5,618	7,882	8,310	52,20	22,92	22,58	19,01	16,85
Fents	Yds.	37,127 <sup>a</sup>	30,913	16,058	21,140	34,538	21,69 <sup>a</sup>	69,78	55,02	64,75	94,81
Thread, sewing	lb.	1,598	1,722	1,208	—	—	86,10	49,65	70,93	78,86	77,48
Other sorts		—	—	—	—	—	1,13,97	65,83	92,66	1,00,79	91,49
<b>TOTAL</b>		—	—	—	—	—	<b>58,20,51</b>	<b>52,88,00</b>	<b>78,16,23</b>	<b>70,08,13</b>	<b>71,90,16</b>
<b>Metals—</b>											
<b>Iron and steel—</b>											
Sheets and plates—											
Galvanised	Tons	175	46	100	275	332	3,36,93	1,08,98	3,47,06	7,17,01	8,05,94
Tinned		81	41	41	22	25	73,31	1,54,95	2,03,72	76,72	81,81
Not galvanised or tinned		92	31	86	62	80	1,28,29	90,00	2,31,08	84,51	1,03,84
Bars (steel)		140	40	139	151	181	1,33,29	87,99	2,92,46	1,48,54	1,83,08
Bars and channel (iron)		26	11	16	10	5	31,20	30,84	45,17	14,05	9,77
Beams, channels, pillars, girders, and bridgework		71	18	65	72	144	82,01	20,88	1,63,29	90,45	1,84,29
Pipes and fittings, cast		35†	16	19	9	16	53,23†	32,34	67,08	22,79	32,96
Tubes, pipes, and fittings, wrought		12†	22	34	30	47	20,85†	79,59	2,02,78	91,06	1,30,85
Hoops and strips		25	27	25	35	38	34,94	90,02	79,77	53,39	47,71
Angle and spring		31	14	25	52	68	31,69	35,46	59,46	55,44	70,71
Nails, rivets, and washers		2 <sup>a</sup>	18	10	17	19	41,48	89,92	56,27	51,90	61,91
Screws		—	1	1	2	3	10,65 <sup>a</sup>	13,74	16,05	15,75	16,10
Rice-bowls		6	2	1	1	—	11,63	3,98	2,94	2,84	1,84
Steel (cast)		8	2	4	3	2	8,44	8,19	23,88	14,14	11,81
Other sorts		138	133	95	105	242	2,41,57	1,03,78	3,47,43	2,37,61	4,06,70
<b>TOTAL</b>		<b>808</b>	<b>422</b>	<b>661</b>	<b>846</b>	<b>1,197</b>	<b>12,48,51</b>	<b>10,11,04</b>	<b>21,38,94</b>	<b>16,76,26</b>	<b>21,43,82</b>

<b>Metals—contd.</b>													
Tin	Cwt.	38	30	40	52	66	51.87	44.51	69.08	107.80	122.40		
Brass	"	20	118	444	529	508	11.65	78.68	2,75.67	2,56.46	2,38.75		
<b>Copper, wrought</b>													
unwrought	"	532	63	191	258	317	2,75.37	52.44	1,49.84	1,27.11	1,10.08		
"	"	61	27	69	59	44	31.68	18.27	41.66	25.92	19.16		
<b>TOTAL COPPER</b>	"	593	90	260	317	261	3,07.00	70.71	1,91.50	1,53.03	1,29.24		
<b>Lead</b>	"	123	102	67	47	49	18.41	80.18	19.30	18.80	12.05		
<b>Zinc</b>	"	106	51	101	177	169	22.11	22.89	30.16	46.26	36.25		
<b>Aluminium</b>	"	31	9	58	97	135	23.45	10.77	67.96	95.09	1,18.51		
<b>German silver</b>	"	22	5	5	15	17	17.67	3.03	9.42	14.36	15.00		
<b>Others</b>	Tons	41	1	1	2	2	6.74	17.11	19.23	29.54	28.88		
<b>TOTAL OF METALS</b>	"	896	443	711	910	1,259	17,07.41	12,83.92	23,21.21	23,82.60	23,39.94		
<b>TOTAL OF ORES</b>	"	1	..	6	4	..	1.69	1.77	4.35	3.52	1.77		
<b>Machinery and millwork—</b>													
Metal working machinery (including Machine tools)		—	—	—	—	—	1.49	89	85.08	37.48	40.79		
Textiles, Cotton		—	—	—	—	—	1,46.16	1,36.32	5,84.29	1,70.55	1,97.41		
"    Jute		—	—	—	—	—	1,16.08	85.05	2,34.71	64.67	94.11		
"    Other sorts		—	—	—	—	—	3.95	8.78	37.96	16.33	17.16		
Prime-movers		—	—	—	—	—	79.20	45.94	1,99.59	1,98.25	2,08.04		
Electrical		—	—	—	—	—	89.89	39.60	2,48.07	2,29.34	2,00.05		
Paper mill machinery		—	—	—	—	—	3.08	4.29	19.15	6.69	9.48		
Sewing and knitting machines and parts		—	—	—	—	—	26.35	40.20	51.40	87.65	91.54		
Bollers		—	—	—	—	—	—	20.34	1,37.99	62.76	1,08.98		
Tea		—	—	—	—	—	—	—	—	26.28	36.08		
Mining		—	—	—	—	—	19.57	16.05	30.55	97.67	1,50.67		
Typewriters	No.	5	6	10	14	17	11.51	13.26	53.27	22.06	25.05		
Rice and flour mill machinery		—	—	—	—	—	2.75	10.92	18.97	27.70	22.75		
Sugar		—	—	—	—	—	6.28	6.27	89.18	6.21	9.13		
Other kinds		—	—	—	—	—	3.35	2.46	28.00	3,00.20	3,82.60		
<b>TOTAL</b>		—	—	—	—	—	5,61.14	5,13.87	21,64.84	18,63.14	16,93.75		
<b>Sugar—</b>													
Sugar, 16 D. S. and above (including beet)	Tons	624	469	443	824	719	12,33.90	14,07.55	19,03.05	18,28.09	14,33.56		
"    15 D. S. and below	"	10	3	1	3	7	17.07	7.47	1.69	8.40	16.64		
Molasses	"	93	81	78	96	97	41.53	41.40	66.26	52.57	40.85		
<b>TOTAL</b>	"	727	553	517	923	823	12,92.50	14,56.42	19,71.00	18,89.06	14,90.56		

\* Average for two years 1912-13 and 1913-14.  
 † Average—of four years 1910-11 to 1913-14.

No. 6—continued

	QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
	Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>Oils—</b>										
Minoral, kerosene . . . . . Gals.	60,000	48,533	63,418	64,050	64,408	2,71.16	2,37.57	4,43.76	4,20.69	5,39.32
" other kinds . . . . . "	24,056	34,298	75,515	119,513	138,031	1,00.87	1,04.73	3,59.10	4,59.51	5,04.78
Animal . . . . . "	712	475	28	102	357	8.42	8.40	81	1.83	5.49
Vegetable . . . . . "	471	367	386	440	1,838	10.00	8.37	15.16	10.00	48.70
Essential . . . . . "	14	20	31	89	41	4.43	4.86	9.50	11.75	10.89
<b>TOTAL</b> . . . . .	<b>92,162</b>	<b>83,603</b>	<b>139,378</b>	<b>184,149</b>	<b>234,673</b>	<b>3,94.88</b>	<b>4,23.93</b>	<b>8,28.33</b>	<b>9,18.78</b>	<b>11,08.68</b>
<b>Vehicles—</b>										
Aircraft . . . . .	—	—	—	—	—	—	—	6	23	76
Carriages and carts . . . . .	—	—	—	—	—	24.29	9.81	45.28	19.49	16.64
Cycles . . . . .	—	—	—	—	—	31.35	20.58	47.89	1,07.07	1,17.62
<b>Mechanically propelled vehicles—</b>										
Motor cars . . . . . No.	(a)3	2	8	13	15	(a)1,13.45	74.91	3,12.28	2,94.18	3,53.92
Motor cycles . . . . . "	(a)1	1	2	2	2	(a)10.08	6.36	19.48	10.47	11.96
Motor omnibuses, etc. . . . . "	—	—	1	6	9	(a)5.71	6.39	69.61	1,19.98	1,49.49
Tram cars . . . . .	—	—	—	—	—	—	—	5	—	—
Parts and accessories . . . . .	—	—	—	—	—	31.30	23.70	77.32	84.54	1,01.40
Ships and parts . . . . .	—	—	—	—	—	18.64	20.29	54.02	8.97	17.59
<b>TOTAL VEHICLES</b> . . . . .	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,74.92</b>	<b>1,62.13</b>	<b>6,26.39</b>	<b>6,30.93</b>	<b>7,09.37</b>
<b>Provisions and oilman's stores—</b>										
Canned and bottled provisions . . . . . Cwt.	86	100	109	537	667	40.16	55.99	83.11	2,53.09	3,01.29
Biscuits and cakes . . . . . "	73	46	30	51	60	37.08	27.72	81.79	49.18	56.64
Confectionery . . . . . "	60	20	20	30	29	24.04	13.14	28.55	27.15	27.57
Farinaceous and patent foods . . . . . "	256	248	273	451	418	36.10	46.40	68.84	1,01.30	1,02.95
Milk, condensed and preserved . . . . . "	103	74	69	183	224	32.57	34.00	48.05	75.75	33.00
Other sorts . . . . . "	—	—	—	—	—	67.19	50.70	64.16	70.26	69.16
<b>TOTAL</b> . . . . .	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,229.14</b>	<b>2,27.05</b>	<b>3,19.50</b>	<b>5,77.64</b>	<b>6,40.60</b>

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Wool, raw	lb.	3,202	3,678	2,086	4,956	5,782	16,21	18,28	15,34	31,08	44,05
" manufactures—											
Piecgoods	Yds.	22,420	8,200	5,451	15,425	18,777	2,06,79	1,37,68	1,88,71	2,77,44	3,28,48
Shawls	No.	1,668	189	80	979	1,089	41,45	5,50	3,86	36,08	39,20
Carpets and rugs	lb.	1,400	636	307	1,894	3,121	16,30	0,57	13,56	35,62	50,87
Hosiery	"	440	257	158	360	431	11,98	11,38	12,68	18,47	20,51
Yarn and knitting wool	"	877	280	410	1,040	1,229	19,32	10,94	19,59	28,24	33,06
Other sorts	"	1,315	540	486	1,658	1,769	12,68	6,74	7,89	14,68	18,96
<b>TOTAL</b>							<b>3,24,58</b>	<b>1,99,99</b>	<b>2,61,61</b>	<b>4,46,36</b>	<b>5,86,82</b>
Hardware—											
Implements and tools							28,47	38,76	79,98	78,78	76,70
Lamps and parts							49,42	31,28	63,01	92,10	91,53
Builders' hardware							23,36	18,57	35,09	33,04	34,17
Agricultural implements							12,18	15,44	26,54	16,80	18,59
Enamelled ironware							22,81	13,05	29,43	39,69	36,79
Domestic hardware							18,63	7,59	18,50	10,39	12,20
Other sorts							1,02,22	1,56,18	3,30,06	2,34,07	2,54,35
<b>TOTAL</b>							<b>3,17,04</b>	<b>2,79,45</b>	<b>5,78,81</b>	<b>5,06,62</b>	<b>5,24,33</b>
Milk, raw	lb.	2,567	1,953	1,816	1,788	2,356	1,17,25	1,10,01	1,49,90	1,13,71	1,45,32
" waste	"	92	78	105	60	7	1,24	1,11	2,58	90	8
" manufactures—											
Piecgoods	Yds.	28,030	10,719	18,788	18,912	21,201	1,82,22	2,01,59	3,24,58	2,42,07	2,58,07
Yarn, rolls and warps	lb.	1,011	787	734	1,217	1,358	41,20	42,28	58,29	63,14	59,45
Mixed goods	Yds.	6,476	3,158	1,419	2,186	2,449	51,50	33,30	28,18	30,90	35,21
Other sorts	lb.	55	65	60	97	83	1,18	4,91	10,42	8,09	7,65
<b>TOTAL</b>							<b>3,94,54</b>	<b>3,93,12</b>	<b>5,78,92</b>	<b>4,50,71</b>	<b>5,05,78</b>
Railway plant and rolling stock—											
Carriages and wagons and parts							2,44,97	1,54,92	5,93,67	1,51,24	2,40,38
Locomotives							1,04,46	89,37	3,11,71	68,32	98,72
Materials for construction—											
Sleepers and keys of steel or iron	Tons	50	21	37	30	68	49,25	24,00	77,87	44,71	91,63
Sleepers of wood	"	59	12	17	8	11	40,02	8,97	27,14	38,23	12,81
Other kinds	"	222	8	11	31	7	41,45	21,81	44,76	24,69	38,83
<b>TOTAL</b>							<b>4,80,16</b>	<b>2,98,17</b>	<b>10,54,65</b>	<b>3,25,15</b>	<b>4,76,87</b>
Instruments, apparatus and appliances—											
Electrical							70,37	1,09,31	2,84,29	2,51,68	2,83,49
Musical							22,73	12,11	20,16	26,63	22,87
Scientific and philosophical							14,93	12,58	30,97	22,19	22,00
Photographic							9,98	13,43	25,92	45,96	43,63
Other kinds							17,91	17,93	81,32	54,43	69,34
<b>TOTAL</b>							<b>1,36,82</b>	<b>1,65,66</b>	<b>3,91,76</b>	<b>4,01,10</b>	<b>4,46,53</b>

\* Average for two years 1912-13 and 1913-14.  
(a) Figures for 1913-14.

No. 6—continued

	QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
	Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
Liquors—										
Spirit . . . . . Gals.	1,644	1,637	1,747	2,135	2,315	1,14.60	1,56.70	2,43.02	2,29.28	2,30.16
Ale, beer and portier . . . . . "	4,405	2,546	2,784	3,320	4,487	59.43	53.06	57.71	52.10	1,04.37
Wines . . . . . "	337	266	262	296	304	27.95	20.23	40.76	30.90	31.71
Cider . . . . . "	15	13	12	10	12	49	56	79	58	75
TOTAL . . . . .	6,401	4,362	4,825	6,261	7,118	2,02.47	2,86.54	3,72.28	3,52.86	3,66.99
Paper and pasteboard . . . . . Cwt.	—	—	1,299	2,008	2,089	1,27.07	2,02.47	3,49.73	3,08.20	3,00.62
Tobacco—										
Cigarettes . . . . . lb.	1,731	2,623	4,129	4,175	5,596	52.74	1,12.79	1,70.68	1,94.61	2,39.96
Others . . . . . "	1,498	1,017	2,171	6,030	4,332	18.33	19.63	43.26	61.50	51.36
TOTAL . . . . .	3,229	3,640	6,300	10,205	9,928	71.07	1,32.42	2,22.94	2,56.11	2,91.32
Rubber, raw and manufactured . . . . .	—	—	—	—	—	28.16	97.25	1,84.83	2,10.96	2,71.07
Chemicals—										
Soda compounds . . . . . Cwt.	581	826	903	1,399	1,400	28.30	74.44	85.71	1,05.75	1,12.35
Other sorts . . . . . "	—	—	—	—	—	62.19	1,17.07	1,19.19	1,38.60	1,52.60
TOTAL . . . . .	—	—	—	—	—	90.49	1,91.51	2,04.90	2,44.35	2,64.95
Dyes—										
Aniline . . . . . lb.	8,793	1,919	7,252	9,957	13,150	67.84	56.36	2,00.35	1,38.03	1,79.04
Alizarino . . . . . "	6,007	1,202	4,546	5,045	5,173	32.35	12.46	52.13	32.21	32.91
Others . . . . . "	—	—	—	—	—	32.92	37.60	36.06	42.99	52.60
TOTAL . . . . .	—	—	—	—	—	1,33.01	1,06.42	2,91.14	2,13.23	2,64.55

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Spices—												
Betelnuts	Owt.	1,156	1,175	1,107	1,185	965	1,08,24	1,36,85	1,60,48	2,50,13	1,92,55	
Cloves	"	76	90	74	72	83	27,78	39,15	48,46	34,27	39,00	
Others	"	97	109	84	134	71	28,26	30,53	28,05	44,75	26,30	
TOTAL		1,329	1,365	1,265	1,391	1,119	1,64,28	2,06,08	2,36,99	3,29,15	2,57,85	
Glass and glassware—												
Bangles		—	—	—	—	—	91,55	91,50	74,88	84,86	89,52	
Bottles and phials	Gross	166	345	333	579	516	12,56	25,14	37,80	39,04	33,01	
Beads and false pearls	Owt.	29	18	22	35	31	24,67	17,05	37,12	30,95	26,62	
Sheets and plates	Sq. ft.	16,187	8,820	—	25,301	23,425	17,46	20,09	42,98	31,66	29,66	
Funnel, globes, etc.		—	—	—	—	—	12,44	14,21	18,75	19,87	22,20	
Other glassware		—	—	—	—	—	3,24	19,94	41,52	47,00	47,20	
TOTAL		—	—	—	—	—	1,61,92	1,28,02	2,53,05	2,52,88	2,48,41	
Grain, pulse and flour		Tons	15	34	186	54	161	19,68	53,29	2,69,56	91,69	2,30,70
Fruits and Vegetables—												
Dried, snitted, or preserved—												
Dates	Tons	46	47	55	39	65	58,03	67,52	1,06,61	73,12	1,08,72	
Almonds	"	3	3	5	5	6	23,78	25,61	46,96	42,59	49,15	
Others	"	4	3	3	6	8	10,27	8,72	13,33	16,32	19,00	
Fresh fruits and vegetables							16,64	8,45	9,01	29,23	25,07	
TOTAL		—	—	—	—	—	1,07,72	1,10,30	1,75,96	1,61,76	2,01,94	
Drugs and Medicines—												
Camphor	lb.	1,417	1,632	707	1,402	1,374	15,65	24,37	24,71	27,97	25,93	
Proprietary and patent medicines		—	—	—	—	—	24,74	21,87	24,70	27,29	29,27	
Quinine salts	lb.	119	76	81	120	114	11,51	17,89	27,58	26,55	23,42	
Other sorts		—	—	—	—	—	42,11	55,71	93,02	1,03,51	1,19,66	
TOTAL		—	—	—	—	—	94,11	1,20,84	1,70,01	1,90,02	1,93,23	
Salt		Tons	545	444	511	542	596	79,16	1,81,65	1,73,68	1,26,20	1,74,84
Apparel—												
Apparel		—	—	—	—	—	74,64	77,31	95,66	82,42	79,05	
Gold and silver thread		—	—	—	—	—	43,49	36,66	32,91	28,78	25,54	
Hats, caps and bonnets		—	—	—	—	—	14,46	15,05	21,10	32,72	30,23	
Second-hand clothing		—	—	—	—	—	12,75	7,12	9,72	24,93	13,39	
Other kinds		—	—	—	—	—	1,32	7,30	10,24	9,02	13,24	
TOTAL		—	—	—	—	—	1,46,67	1,43,44	1,69,63	1,77,87	1,64,45	
Soap		Owt.	314	342	289	402	422	61,87	96,45	1,71,16	1,52,41	1,61,37
Paints and painter's materials—												
Paints and colours	Owt.	296	255	299	359	439	54,19	83,08	1,18,59	1,11,40	1,19,33	
Painter's materials		—	—	—	—	—	16,81	15,91	30,11	32,83	34,96	
TOTAL		—	—	—	—	—	71,00	98,99	1,43,70	1,44,23	1,54,79	

\* Average for two years 1912-13 and 1913-14.



No. 6—continued

		QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
		Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
Precious stones and pearls, unset		—	—	—	—	—	92,81	46,83	1,18,73	1,06,99	1,34,45
Building and Engineering materials—											
Cement	Tons	180	95	119	101	112	52,77	38,22	1,10,22	58,26	64,48
Bricks and tiles	No.	17,833	16,584	20,260	19,788	17,865	15,13	20,35	36,64	28,78	25,98
Others		—	—	—	—	—	10,12	45,23	20,10	86,87	88,80
<b>TOTAL</b>		—	—	—	—	—	78,02	98,80	1,56,96	1,23,91	1,28,80
146 Haberdashery and millinery	No.	—	—	—	—	—	1,86,54	1,02,30	1,30,71	1,13,50	1,26,55
Stationery		—	—	—	—	—	57,81	64,15	1,06,52	81,96	91,67
Belting for machinery		—	—	—	—	—	89,53	60,37	84,48	81,29	87,30
Matches	Gross	14,560	14,045	12,725	6,102	3,520	88,21	1,58,81	1,76,68	65,60	39,37
Wood and Timber—											
Teak wood	C. tons	92	70	26	7	10	69,32	82,67	46,07	11,57	16,12
Others		—	—	—	—	—	10,07	19,62	68,05	62,42	65,85
<b>TOTAL</b>		—	—	—	—	—	79,39	1,02,29	1,09,12	78,99	81,47
Barthenware and porcelain		—	—	—	—	—	52,19	45,97	78,17	82,82	80,71
Tea chests		—	—	—	—	—	43,61	79,89	71,64	62,85	71,30
Arms, ammunition and military stores		—	—	—	—	—	33,78	32,85	59,72	68,87	70,55
Tea	lb.	4,842	7,412	7,668	7,684	7,994	22,29	47,88	55,48	66,72	69,06
Boots and shoes	pairs	3,323	1,170	—	1,915	2,773	56,78	41,31	40,50	57,13	66,99
Toys and requisites for games		—	—	—	—	—	40,05	30,30	52,41	62,11	62,49
Coal and coke	Tons	455	133	630	155	274	80,89	30,41	2,25,39	35,99	62,38
Umbrellas and fittings		—	—	—	—	—	41,95	28,96	52,57	57,02	62,35
Toilet requisites		—	—	—	—	—	20,48	24,96	41,95	56,00	61,98
Books, printed, etc.		—	—	—	—	—	43,08	46,12	53,04	36,40	47,05
Mannres	Cwt.	31	23	23	81	35	5,17	5,23	9,75	34,99	40,28
Paper-making materials	Tons	5	3	6	30	41	11,31	18,18	30,83	34,99	40,28
Gums and resins	Cwt.	171	135	165	303	399	23,86	17,35	32,77	30,58	39,33
Bobbins		150	87	163	165	189	—	—	—	—	—
Cutlery		—	—	—	—	—	—	—	—	—	—
Animals, living	No.	14	13	6	10	7	21,72	15,22	30,14	41,38	38,50
							43,67	51,38	24,50	41,35	38,48

Flax, raw	15.	7	..	1	1	--	6	3	1	3	--
"    manufactures—	Yds.	2,835	2,037	974	1,452	1,090	15,74	26,64	21,84	17,56	21,62
Canvas	"	2,347	1,972	300	575	648	8,35	5,46	3,72	8,83	3,63
Piece-goods							6,52	10,00	12,98	10,07	11,94
Other sorts											
<b>TOTAL</b>		--	--	--	--	--	30,67	42,19	38,55	31,49	37,09
Fish (excluding canned fish)	Cwt.	205	120	119	160	153	30,98	20,14	22,47	38,06	36,98
Furniture and cabinetware	Tons	—	—	—	—	—	21,53	14,75	25,71	29,08	30,62
Hides and skins, raw	Tons	1	1	1	2	2	18,60	15,67	13,10	21,90	27,53
Clocks and watches and parts	Cwt.	—	—	—	—	—	22,78	18,10	24,08	25,60	27,22
Tallow and stearine	Cwt.	57	40	64	143	94	16,00	15,93	28,18	31,64	28,25
Jute, raw	Tons	..	..	..	..	..	12	06	20	0	3
"    manufactures							19,37	35,08	22,14	40,31	24,08
<b>TOTAL</b>		--	--	--	--	--	10,49	35,74	22,40	40,37	24,11
Pollashes		—	—	—	—	—	10,27*	13,06	24,27	20,78	23,25
Ivory		—	—	—	—	—	25,02	23,55	34,05	18,06	21,10
Jewellery also plate of gold and silver		—	—	—	—	—	23,82	6,65	17,23	38,52	17,24
Cordage and rope	Cwt.	28	25	15	19	16	9,90	15,07	11,04	12,80	9,54
Oil-cloth and floor-cloth	sq. yds.	1,444	1,121	634	853	1,040	9,23	9,83	11,08	0,07	9,25
Hides and skins, tanned	Tons	—	—	—	—	—	12,83	15,40	10,59	6,12	7,27
Pitch and tar	Cwt.	290	219	103	47	91	11,80	12,40	8,16	3,07	6,08
Articles imported by post		—	—	—	—	—	1,09,59	2,77,81	4,41,86	3,72,04	4,02,04
All other articles		—	—	—	—	—	1,55,09	2,58,18	6,14,75	8,19,24	9,96,75
<b>TOTAL VALUE OF IMPORTS</b>		--	--	--	--	--	1,45,84,72	1,47,80,19	2,54,04,73	2,31,22,08	2,49,84,66
<b>Government Stores</b>											
Railway plant and rolling stock—		—	—	—	—	—	1,10,86	58,01	1,81,08	2,07,50	2,29,87
Carriages and wagons		—	—	—	—	—	68,93	41,56	90,44	28,85	76,07
Locomotive engines and tenders	Tons	56	10	—	—	—	55,72	11,20	—	—	—
Rails and sleepers (a)	"	—	—	6	23	140	44,03	14,12	8,77	46,66	1,52,09
Materials for construction		—	—	—	—	—	—	—	—	—	—
<b>TOTAL</b>		--	--	--	--	--	2,79,59	1,24,98	2,80,84	2,83,27	4,58,08

\* Average for two years, 1912-13 and 1913-14.  
(a) Transferred to "Iron or Steel" from 1925-26.

No. 6—concluded  
Government Stores—contd.

		QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
		Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>Metals and ores—</b>											
Iron and steel	Tons	25	19	22	27	85	35,10	46,50	76,30	64,71	1,33,08
Copper	Cwt.	81	79	43	40	49	15,40	56,82	33,37	21,98	20,97
Others	Tons	2	3	2	3	2	10,60	38,74	26,82	15,88	20,59
	<b>TOTAL</b>	<b>28</b>	<b>26</b>	<b>26</b>	<b>32</b>	<b>89</b>	<b>62,10</b>	<b>1,41,86</b>	<b>1,36,49</b>	<b>1,02,57</b>	<b>1,75,54</b>
<b>148</b>	<b>Machinery and millwork</b>	—	—	—	—	—	28,15	27,37	1,11,38	1,20,14	1,24,08
	<b>Textiles—</b>										
Cotton manufactures		—	—	—	—	—	4,78	51,34	23,93	17,78	12,80
Flax		—	—	—	—	—	4,09	48,64	11,91	9,25	8,20
Wool manufactures		—	—	—	—	—	6,56	1,12,63	24,57	30,13	38,09
	<b>TOTAL</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>15,43</b>	<b>2,07,61</b>	<b>60,41</b>	<b>57,16</b>	<b>54,09</b>
Instruments, apparatus and appliances		—	—	—	—	—	18,16	37,75	68,06	46,51	53,48
Arms, ammunition and military stores		—	—	—	—	—	24,22	1,05,58	54,36	23,71	35,08
Hardware and cutlery		—	—	—	—	—	29,59	64,48	92,08	29,84	24,22
Stationery		—	—	—	—	—	9,69	22,22	40,00	20,56	28,90
Chemicals		—	—	—	—	—	5,39	22,39	10,33	8,45	6,44
Drugs and medicines		—	—	—	—	—	7,08	15,13	23,95	4,32	5,45
Ships, parts of (including launches and boats)		—	—	—	—	—	1,95	27,77	12,37	3,57	2,71
Carriages and carts		—	—	—	—	—	2,16	11,69	96,09	37	1,49
Telegraphs, materials for construction of		—	—	—	—	—	11,82	17,85	43,51	44	53
Coal and coke	Tons	71	10	141	—	—	15,17	4,08	53,92	2	—
All other articles		—	—	—	—	—	71,79	3,14,27	2,30,53	2,49,83	1,98,10
	<b>TOTAL VALUE OF GOVERNMENT STORES</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,82,23</b>	<b>11,45,13</b>	<b>18,00,27</b>	<b>9,59,76</b>	<b>11,68,74</b>

**No. 7.—QUANTITY AND VALUE OF THE PRINCIPAL ARTICLES OF EXPORTS, ARRANGED IN THE ORDER OF THEIR IMPORTANCE**

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	QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
	Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>Jute, raw</b> . . . . . Tons	764	464	554	708	892	22,20,24	12,30,28	19,52,77	26,78,04	30,66,26
" <b>manufactures—</b>										
Gunny bags . . . . . No.	839,122	412,681 302,896	98,105 306,154	89,105 359,985	83,196 379,944	9,89,10	6,79,99 14,24,99	8,18,81 14,91,81	8,10,45 21,27,27	2,82,15 20,45,30
Hessian (a)										
Sacking (a)	969,971	1,146,609 30,299	1,230,834 39,471	1,422,547 80,581	1,477,783 74,068	10,75,75	23,68,14 60,68	23,82,48 89,93	26,48,87 1,96,71	28,34,88 1,60,60
Gunny cloth—										
Hessian (a)	64	76	62	101	95	9,62 40	19,65 8,93	16,05 17,56	26,32 8,47	20,22 14,93
Sacking (a)										
Rope and twine . . . . . Cwt.										
Other kinds . . . . .										
<b>TOTAL</b> . . . . .	—	—	—	—	—	42,45,11	52,99,59*	62,68,44	79,96,13	84,22,69
<b>Cotton, raw</b> . . . . . Ton	430	391	521	569	480	33,27,33	33,63,19	64,78,89	58,60,31	47,72,18
" <b>manufactures—</b>										
Piecegoods, Grey . . . . . Yds.	47,414	74,576	42,515	19,949	17,089	78,84	1,48,11	1,69,32	60,90	53,05
"  Coloured . . . . . Yds.	42,384	80,377	121,243	175,903	149,280	1,83,37	2,70,41	5,72,18	6,60,01	5,60,07
Twist and yarn . . . . . lb.	192,844	129,685	82,106	41,514	24,697	9,13,45	7,18,93	9,05,70	3,08,54	1,87,91
Other sorts . . . . .	—	—	—	—	—	19,87	29,26	60,85	89,41	60,20
<b>TOTAL (EXCLUDING WASTE)</b> . . . . .	—	—	—	—	—	44,68,36	45,85,90	81,80,94	69,35,17	56,39,41
<b>Grain, pulse and flour—</b>										
Rice (in the husk) . . . . . Tons	42	32	35	23	34	27,18	20,09	31,36	23,76	35,09
Rice (not in the husk)	2,398	1,685	1,462	2,035	2,162	25,66,55	18,88,25	24,33,06	32,95,92	33,64,25
Wheat . . . . . "	1,308	807	237	176	300	13,96,86	10,33,41	3,06,61	2,71,07	4,40,57
Wheat flour . . . . . "	55	57	56	59	60	26,99	1,18,20	1,50,26	1,32,38	1,29,33
Pulse . . . . . "	159	129	141	118	133	1,29,81	1,88,52	2,02,78	1,75,24	1,87,47
Barley . . . . . "	227	198	40	2	72	1,03,16	2,21,73	46,56	2,65	85,36
Jowar and bajra . . . . . "	41	41	11	15	21	37,60	44,15	17,39	20,51	34,8*
Other sorts . . . . . "	181	192	27	1	12	1,42,96	2,32,46	34,63	8,37	15,10
<b>TOTAL</b> . . . . .	4,411	3,141	2,009	2,429	2,784	45,81,11	37,41,80	32,82,65	39,24,90	42,92,08

(a) Separately recorded from 1916-17 and war average represents the average for three years 1916-17 to 1918-19.

No. 7—continued

		QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
		Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
Tea	lb.	265,497	322,691	321,169	349,264	361,614	13,06,78	17,54,57	20,92,42	29,03,77	32,48,49
Seeds, essential	Tons	10	8	9	7	7	20,57	24,16	35,88	23,61	30,02
Non-essential—											
Linseed	"	379	270	251	192	222	7,98,90	4,94,94	7,57,72	4,02,09	4,52,11
Groundnut	"	212	119	195	368	618	3,52,57	1,91,17	5,61,07	9,58,27	15,63,48
Rapeseed	"	278	91	206	94	66	4,14,69	1,48,01	6,07,87	2,16,77	1,47,20
Sesamum (til or jinji)	"	119	33	28	2	11	2,48,15	67,35	1,02,73	4,83	32,52
Castor	"	114	89	48	102	122	1,05,43	1,57,55	1,14,54	2,03,73	2,53,33
Copra	"	31	16	7	2	2	1,10,43	60,73	23,84	8,30	1,42
Cotton	"	240	69	155	51	153	1,79,98	50,25	1,88,05	45,27	1,44,70
Mustard	"	4	3	2	1	2	10,08	9,16	9,75	3,29	6,14
Moya	"	29	3	8	14	4	42,53	3,04	12,79	23,18	6,81
Poppy	"	33	5	6	2	2	69,41	9,58	20,97	5,45	7,97
Other sorts	"	9	2	8	3	8	23,23	6,48	13,08	13,98	18,11
<b>TOTAL</b>	"	<b>1,453</b>	<b>708</b>	<b>923</b>	<b>838</b>	<b>1,210</b>	<b>24,36,97</b>	<b>12,17,42</b>	<b>23,53,64</b>	<b>19,09,77</b>	<b>26,69,30</b>
Leather—											
Cow hides	Tons	(a)	16	10	10	13	(a)	4,15,98	2,84,00	2,33,66	3,40,20
Buffalo hides	"		1	1	1	1		21,43	16,02	9,79	22,37
Goat skins	"		3	1	4	4		1,42,53	1,03,59	2,44,77	2,62,10
Sheep skins	"		—	3	—	3		1,20,69	1,35,47	2,10,22	2,14,78
Other kinds	"		—	2	—	—		18,61	35,16	61,58	79,91
<b>TOTAL</b>	"	—	—	—	—	—	<b>4,20,58</b>	<b>7,19,24</b>	<b>6,24,24</b>	<b>7,60,02</b>	<b>9,19,86</b>

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Hides and skins, raw—	Tons										
Cow hides	"	24	24	22	31	(a)	3,70.78	2,78.69	2,17.07	3,08.05	
Buffalo hides	"	8	5	6	9		1,11.07	46.72	35.67	62.45	
Goat skins	"	21	21	19	19		4,39.66	5,79.19	4,23.41	4,39.33	
Calf skins	"	1	1	..	1		22.68	16.51	4.97	14.05	
Other kinds	"	3	2	5	4		44.07	24.36	36.85	57.06	
<b>TOTAL</b>	"	<b>78</b>	<b>57</b>	<b>58</b>	<b>64</b>	<b>10,31.60</b>	<b>9,88.21</b>	<b>9,45.49</b>	<b>7,17.97</b>	<b>8,80.94</b>	
Lac	Cwt.	484	346	416	592	544	2,20.15	2,57.06	3,41.80	5,47.24	6,98.86
Metals and manufactures—	Tons										
Iron or steel	"	42	61	95	353	453	22.41	34.96	79.04	1,60.31	2,09.86
Other metals	"	10	11	38	115	164	31.81	47.42	1,86.41	3,32.88	3,66.74
<b>TOTAL OF METALS</b>	"	<b>52</b>	<b>72</b>	<b>133</b>	<b>468</b>	<b>617</b>	<b>54.22</b>	<b>82.38</b>	<b>2,15.45</b>	<b>4,93.19</b>	<b>5,87.62</b>
Wool, raw	lb.	54,573	49,038	36,203	44,792	50,166	2,68.39	3,89.61	3,28.07	3,03.14	4,36.03
" manufactures—	"										
Carpets and rugs	"	1,775	1,254	3,233	3,846	5,129	23.16	19.09	77.98	71.59	91.84
Other sorts	"						2.84	2.12	2.86	3.55	5.51
<b>TOTAL</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,94.39</b>	<b>4,10.82</b>	<b>4,06.91</b>	<b>4,66.28</b>	<b>5,33.38</b>

(a) Detailed figures not available.

No. 7—continued

	QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
	Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
Oilcakes . . . . . Tons	140	117	186	235	276	1,06,37	94,95	1,60,61	2,52,76	3,14,19
<b>Ores—</b>										
Manganese ore . . . . . Tons	607	474	648	586	704	98,64	88,94	1,45,19	1,49,14	1,95,44
Others . . . . . "	12	21	37	48	56	16,18	1,00,69	58,89	78,58	1,14,02
<b>TOTAL OF ORES</b> . . . . . "	<b>619</b>	<b>495</b>	<b>685</b>	<b>584</b>	<b>760</b>	<b>1,14,82</b>	<b>1,89,63</b>	<b>2,04,08</b>	<b>2,27,67</b>	<b>3,09,46</b>
Rubber, raw . . . . . lb.	1,120	7,723	13,111	23,006	25,403	38,70	1,58,13	1,17,60	2,80,14	2,57,00
Paraffin wax . . . . . Tons	12	22	26	39	51	54,99	97,62	1,19,06	1,84,60	2,42,46
<b>Spices—</b>										
Pepper . . . . . Cwt.	117	123	96	104	190	38,53	58,52	35,91	64,15	1,53,50
Chillies . . . . . "	124	126	151	159	180	20,48	27,23	42,20	46,21	43,10
Ginger . . . . . "	75	55	59	45	47	19,95	12,61	18,88	17,78	17,32
Others . . . . . "	9	11	12	13	15	6,97	9,99	15,31	27,83	26,04
<b>TOTAL</b> . . . . . "	<b>325</b>	<b>315</b>	<b>318</b>	<b>321</b>	<b>438</b>	<b>85,93</b>	<b>1,03,35</b>	<b>1,12,30</b>	<b>1,55,97</b>	<b>2,39,96</b>
Coffee . . . . . "	255	216	226	150	277	1,37,52	1,18,09	1,46,90	1,32,63	2,31,92

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Opium . . . . .	Owt.	51	14	9	8	6	9,06,17	2,17,85	2,83,05	2,11,85	1,99,05
Wood and timber—											
Teakwood . . . . .	O. Tons	50	29	85	54	51	77,64	56,91	93,72	1,40,45	1,41,83
Sandal . . . . .		—	—	—	—	—	13,73	9,90	8,10	14,88	10,21
Other kinds . . . . .		—	—	—	—	—	9,05	4,44	10,18	6,71	7,89
TOTAL . . . . .		—	—	—	—	—	1,00,42	71,34	1,12,00	1,62,04	1,65,73
Dyeing and tanning substances—											
Indigo . . . . .	Owt.	15	31	13	2	2	29,02	1,57,35	52,46	4,24	5,13
Myrobalans . . . . .		1,399	1,058	1,331	1,378	1,927	59,78	56,51	69,48	81,54	1,22,04
Turmeric . . . . .		92	78	53	70	61	11,03	12,31	11,38	12,96	11,65
Others . . . . .		107	94	106	109	153	14,13	14,90	18,39	18,98	21,88
TOTAL . . . . .		1,613	1,261	1,603	1,559	2,143	1,14,91	2,41,07	1,51,71	1,17,72	1,60,70
Fodder, bran and pollards . . . . .	Tons	223	129	211	237	278	89,73	41,80	1,20,27	1,06,25	1,36,74
Manures—											
Bones . . . . .	Tons	95	30	90	100	98	65,41	28,96	94,61	97,76	97,64
Other kinds . . . . .		22	18	28	19	22	13,76	24,30	40,47	27,64	30,37
TOTAL . . . . .		117	57	118	119	120	79,17	53,26	1,35,08	1,25,40	1,28,01
Coal . . . . .	Tons	86	23	32	28	34	80,25	54,03	1,02,01	99,85	1,13,76
Tobacco—											
Unmanufactured . . . . .	lb.	20,427	24,046	25,934	28,883	28,088	23,27	41,56	78,47	97,99	98,58
Cigars . . . . .		1,535	1,260	1,480	291	281	13,01	11,23	6,09	3,50	3,01
Others . . . . .		384	611	952	620	377	63	3,44	5,34	8,76	4,54
TOTAL . . . . .		22,346	25,917	27,366	29,794	29,246	36,91	56,23	84,90	1,04,15	1,06,13
Fruits and Vegetables—											
Fresh . . . . .		—	—	—	—	—	24,81	34,63	41,03	57,51	55,41
Dried, salted or preserved . . . . .	Tons	11	10	10	11	15	21,82	22,57	23,21	32,37	50,01
TOTAL . . . . .		—	—	—	—	—	46,63	57,20	64,24	89,88	1,05,42
Mica . . . . .	Owt.	49	50	60	33	33	85,37	57,45	79,56	1,03,41	92,34
Fish (excluding canned fish)—											
Dry, salted . . . . .	Owt.	185	166	148	162	237	20,97	24,61	28,14	40,58	56,09
Fishmaws and sharkfins . . . . .		10	8	10	11	10	12,38	10,65	16,44	16,50	14,48
Others . . . . .		54	65	75	92	89	5,27	7,40	12,22	16,21	16,56
TOTAL . . . . .		249	239	233	265	336	38,62	42,66	56,80	75,38	87,13
Hemp, raw . . . . .	Owt.	509	561	455	440	434	78,27	1,17,87	90,44	82,76	80,83



No. 7—concluded

		QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
		Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
Coal and coke	Tons	825	526	484	645	685	75,77	48,46	57,24	81,88	76,48
Oils—											
Essential	Gals.	46	51	77	98	108	11,88	22,84	47,09	38,79	40,07
Mineral	"	13,172	24,680	23,403	2,351	153	13,93	24,72	2,36,24	25,57	1,43
Vegetable—											
Castor	"	1,114	1,564	396	647	474	15,22	23,22	10,39	13,98	10,13
Coconut	"	1,737	3,259	1,720	194	79	31,15	65,83	50,93	4,71	2,10
Others	"	1,176	2,045	1,405	479	647	19,72	46,06	34,64	12,66	17,25
TOTAL	"	17,244	31,558	27,001	3,764	1,456	91,90	1,87,22	3,78,29	95,71	70,98
Provisions and oilman's stores—											
Ghi	Owt.	47	46	41	37	37	29,43	33,25	41,23	37,43	39,29
Other sorts	"	—	—	—	—	—	16,15	27,02	24,34	23,52	24,92
TOTAL	"	—	—	—	—	—	45,58	60,27	65,57	60,95	61,21
Animals, living	No.	451	274	233	396	571	23,04	22,13	30,41	33,32	46,37
Apparel		—	—	—	—	—	15,44	10,67	20,31	22,30	23,32
Silk, raw	lb.	1,711	1,017	1,325	1,295	1,333	42,73	39,63	37,33	32,40	36,33
" manufactures	"	—	—	—	—	—	7,09	5,87	4,09	2,68	6,31
TOTAL	"	—	—	—	—	—	49,82	45,55	41,97	35,08	42,69
Drugs and medicines		—	—	—	—	—	19,24	30,07	36,16	37,10	34,53
Fibre for brushes and brooms	Tons	—	4	5	6	8	—	15,36	21,08	25,34	29,33
Cordage and rope	Owt.	53	56	55	64	70	8,43	10,33	13,40	13,44	13,52
Bristles	"	94(a)	4	3	3	4	16,20(a)	14,20	15,11	13,55	16,13
Candles	lb.	6,089	3,014	6,592	2,997	4,393	17,10	23,34	20,09	3,31	12,55
Saltpetre	Owt.	305	440	273	93	99	34,99	79,35	46,13	12,12	12,13
Tallow, Stearine and wax	"	17	13	29	33	23	9,43	7,33	12,05	14,00	11,16
Horns, tips, etc.	"	33	30	70	33	43	21,00	7,26	11,37	7,91	9,13
Sugar	Tons	11	3	13	2	3	16,01	21,91	55,34	5,73	7,31
Articles exported by post		—	—	—	—	—	90,73	1,32,15	2,52,64	2,49,69	2,94,13
All other articles		—	—	—	—	—	1,06,33	1,00,37	2,49,63	3,74,23	3,23,31
<b>TOTAL VALUE OF EXPORTS</b>		—	—	—	—	—	<b>2,19,49,73</b>	<b>2,16,96,70</b>	<b>2,36,33,39</b>	<b>3,01,43,53</b>	<b>3,19,15,35</b>

(a) Includes figures for "Fibre for brushes and brooms."

No. 8.—QUANTITY AND VALUE OF THE PRINCIPAL ARTICLES RE-EXPORTED, ARRANGED IN THE ORDER OF THEIR IMPORTANCE

	QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
	Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
Hides and Skins, raw . . . . . Tons	..	..	..	..	..	—	2,87	50,65	1,18,56	1,92,38
Cotton, raw . . . . . Tons	..	..	8	2	3	14	66	66,54	86,89	44,15
Cotton manufactures—										
Piece goods { Grey . . . . . Yds.	4,768	22,048	42,979	11,781	15,851	8,40	79,27	1,95,39	36,79	45,74
{ White . . . . . „	9,871	14,672	9,709	5,380	4,942	17,14	46,88	49,58	10,59	17,06
{ Coloured . . . . . „	50,796	37,888	19,066	11,926	12,957	1,16,79	1,36,19	1,12,29	50,53	52,69
Twist and yarn . . . . . lb.	926	1,045	1,365	611	1,384	8,05	12,77	20,47	11,48	14,57
Other sorts . . . . .	—	—	—	—	—	7,13	16,19	21,60	6,28	5,85
TOTAL . . . . .	—	—	—	—	—	1,57,65	2,98,96	4,65,87	1,61,00	1,79,56
Wool, raw . . . . . lb.	6,580	13,673	12,008	12,694	12,700	42,50	1,02,06	98,08	93,67	89,40
„ manufactures . . . . .	—	—	—	—	—	4,16	8,87	57,68	88,60	86,42
TOTAL . . . . .	—	—	—	—	—	46,66	1,10,93	1,55,66	1,82,27	1,75,82
Sugar . . . . . Tons	27	32	55	12	20	52,95	1,12,57	3,16,23	33,68	55,82
Metals and ores—										
Iron or steel . . . . . Tons	19	5	7	23	36	10,20	10,02	14,23	12,36	17,95
Others . . . . . „	1	..	2	1	1	9,85	8,18	17,33	10,44	7,75
TOTAL . . . . .	20	5	9	24	37	20,05	18,20	31,56	22,80	25,70
Hardware . . . . .	—	—	—	—	—	13,89	11,88	27,08	23,94	25,61

No. 8—continued

	QUANTITY (FIGURES IN THOUSANDS)					VALUE (IN THOUSANDS OF RUPEES)				
	Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
Gums and resins . . . . . owt.	53	48	51	47	60	10,54	18,50	28,04	17,26	25,45
Fruits and vegetables . . . . .	—	—	—	—	—	13,11	42,13	53,65	13,74	20,10
Apparel (excluding boots and shoes) . . . . .	—	—	—	—	—	15,80	18,89	48,22	16,99	18,42
Haberdashery and mill. wery . . . . .	—	—	—	—	—	—	8,95	8,12	6,30	8,58
Silk, raw . . . . . lb.	47	49	79	45	15	1,23	2,00	4,98	1,24	95
„ manufactures—										
Piece good . . . . . Yds.	776	997	823	127	135	6,37	11,67	14,08	1,63	1,68
Other sorts . . . . .	—	—	—	—	—	66	2,41	3,94	1,75	2,26
<b>TOTAL</b> . . . . .	—	—	—	—	—	8,26	16,08	23,90	4,62	4,39
Articles re-exported by post . . . . .	—	—	—	—	—	16,24	23,85	45,16	25,32	32,40
All other articles . . . . .	—	—	—	—	—	1,06,64	1,51,03	3,15,00	1,74,41	1,94,60
<b>TOTAL VALUE OF RE-EXPORTS</b> . . . . .	—	—	—	—	—	4,61,68	8,14,38	15,64,74	8,00,98	9,53,78

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## No. 9.—VALUE OF TRADE IN MERCHANDISE ONLY WITH THE BRITISH EMPIRE AND FOREIGN COUNTRIES

(In lakhs of Rupees)

COUNTRIES	PRE-WAR AVERAGE			WAR AVERAGE			POST-WAR AVERAGE			1926-27			1927-28		
	Imports	Exports	Total	Imports	Exports	Total	Imports	Exports	Total	Imports	Exports	Total	Imports	Exports	Total
<b>British Empire—</b>															
United Kingdom . . . . .	91,58	56,80	1,47,88	88,56	69,62	1,53,18	1,46,43	78,04	2,19,47	1,10,54	66,28	1,76,82	1,19,21	81,76	2,00,97
Egypt (a) . . . . .	..	..	..	88	9,36	10,24	(b)85	(b)8,34	(b)4,19	—	—	—	—	—	—
Ceylon . . . . .	72	8,24	8,96	1,66	0,68	11,20	1,71	12,32	14,03	1,37	14,86	16,23	1,90	15,88	17,78
Straits Settlements . . . . .	8,08	7,78	10,81	4,37	6,28	10,60	4,85	8,20	13,05	5,82	9,50	15,32	5,84	9,28	15,12
Australia . . . . .	1,01	3,14	4,15	1,11	5,08	6,14	3,19	4,99	8,18	1,70	7,80	9,50	1,92	6,62	8,54
Hongkong . . . . .	98	9,26	10,24	1,80	4,48	5,78	1,80	6,93	8,79	90	3,03	3,93	1,16	2,20	3,36
Canada . . . . .	1	1,09	1,10	4	1,79	1,83	69	1,88	2,52	1,69	2,05	3,74	1,79	2,19	3,98
Aden and Dependencies . . . . .	41	1,25	1,66	77	2,15	2,92	80	2,79	3,59	58	1,63	2,16	66	1,91	2,57
Kenya Colony and Zanzibar and Pemba . . . . .	86	89	1,25	1,15	1,32	2,47	1,99	2,14	4,13	2,55	2,00	4,55	2,59	1,90	4,49
Other countries of the British Empire . . . . .	3,39	4,16	7,55	1,80	6,17	7,97	9,17	9,54	12,71	1,93	11,81	13,74	1,80	0,95	11,25
<b>TOTAL BRITISH EMPIRE</b> . . . . .	<b>1,01,54</b>	<b>92,06</b>	<b>1,93,60</b>	<b>96,64</b>	<b>1,15,78</b>	<b>2,12,42</b>	<b>1,65,54</b>	<b>1,25,12</b>	<b>2,90,66</b>	<b>1,27,03</b>	<b>1,18,96</b>	<b>2,45,99</b>	<b>1,36,87</b>	<b>1,31,69</b>	<b>2,68,06</b>

No. 9—continued

COUNTRIES	PRE-WAR AVERAGE			WAR AVERAGE			POST-WAR AVERAGE			1926-27			1927-28		
	Imports	Exports	Total	Imports	Exports	Total	Imports	Exports	Total	Imports	Exports	Total	Imports	Exports	Total
<b>Foreign Countries—</b>															
United States of America	4,49	16,00	21,39	10,29	26,76	37,04	21,64	36,26	57,90	18,24	34,41	52,65	20,48	36,70	57,18
Japan	3,64	16,86	20,50	15,41	26,20	40,61	17,48	40,31	57,79	16,47	41,27	57,74	17,00	29,19	47,09
France	2,21	14,82	17,03	1,85	10,02	11,87	2,37	14,37	16,74	3,56	13,97	17,53	4,30	16,10	20,40
Italy	1,45	7,08	8,63	1,73	8,77	10,50	2,47	9,63	12,10	6,16	11,57	17,73	6,76	13,05	19,81
Persia	63	1,22	1,85	86	3,00	4,46	1,76	3,88	5,64	1,98	3,14	5,12	2,05	2,50	5,45
China	1,58	8,74	10,32	1,98	4,56	6,49	3,14	10,98	14,12	3,31	11,31	14,62	4,41	4,58	8,99
Turkey, Asiatic	59	2,40	2,99	49	3,29	3,78	1	11	12	..	22	22	..	37	37
Java	9,35	2,01	12,26	11,56	2,55	14,11	17,18	3,18	20,36	14,42	2,99	17,41	14,71	2,40	17,11
Cuba	..	41	41	..	1,65	1,65	1	2,30	2,31	..	3,89	3,89	16	3,61	3,76
Argentine Republic	..	2,27	2,27	..	2,61	2,61	..	4,21	4,21	..	6,78	6,78	..	7,49	7,49
Indo-China	1	67	68	1	1,51	1,52	2	1,80	1,82	5	1,93	1,98	28	2,28	2,56
Chile	..	87	87	1	1,42	1,43	1	1,04	1,05	2	1,43	1,45	8	1,68	1,76
Spain	17	1,09	2,16	36	1,60	1,96	30	2,80	3,10	21	2,75	2,96	34	3,31	3,65
Russia	22	1,94	2,16	10	2,74	2,84	12	..	12	52	9	61	46	49	97
Netherlands	1,27	3,34	4,61	86	40	1,26	3,18	3,16	5,34	4,66	6,24	10,90	4,81	8,13	12,94
Belgium	2,76	11,97	14,73	38	1,10	1,48	4,64	11,25	15,89	6,80	8,83	15,63	7,43	10,97	18,45
Germany	9,35	22,36	31,71	1,04	2,04	3,08	7,16	14,86	22,02	16,91	21,48	38,39	15,34	32,46	47,80
Austria*	3,19	7,77	10,96	27	94	1,21	(c)42	(c)73	(c)115	1,11	26	1,37	1,26	28	1,54
Egypt (a)	20	1,00	2,16	—	—	—	(d)52	(d)2,98	(d)3,50	42	3,74	4,16	53	3,15	3,65
Other countries	3,14	6,64	8,78	4,01	7,58	11,59	7,03	13,01	20,09	9,35	14,18	23,53	11,27	18,26	29,53
<b>TOTAL FOREIGN COUNTRIES</b>	<b>44,31</b>	<b>1,32,06</b>	<b>1,76,37</b>	<b>51,16</b>	<b>1,08,33</b>	<b>1,59,49</b>	<b>88,51</b>	<b>1,76,86</b>	<b>2,65,37</b>	<b>1,04,19</b>	<b>1,90,48</b>	<b>2,94,67</b>	<b>1,13,48</b>	<b>1,97,00</b>	<b>3,10,48</b>
<b>GRAND TOTAL</b>	<b>1,45,85</b>	<b>2,24,12</b>	<b>3,69,97</b>	<b>1,47,80</b>	<b>2,24,11</b>	<b>3,71,91</b>	<b>2,54,05</b>	<b>3,01,98</b>	<b>5,56,03</b>	<b>2,31,22</b>	<b>3,09,44</b>	<b>5,40,76</b>	<b>2,40,85</b>	<b>3,28,69</b>	<b>5,78,54</b>

NOTE.—Exports include re-exports.  
 \* Figures prior to 1921-22 relate to Austria-Hungary.  
 (a) Egypt included in British Empire from 1915-16 to 1922-23.

(b) Average for 4 years.  
 (c) Average for 3 years.  
 (d) One year's figure.

No. 10.—PERCENTAGE SHARE OF THE PRINCIPAL COUNTRIES IN THE TOTAL TRADE IN MERCHANDISE ONLY

COUNTRIES	PRE-WAR AVERAGE			WAR AVERAGE			POST-WAR AVERAGE			1926-27			1927-28		
	Imports	Exports, including Re-exports	TOTAL	Imports	Exports, including Re-exports	TOTAL	Imports	Exports, including Re-exports	TOTAL	Imports	Exports, including Re-exports	TOTAL	Imports	Exports, including Re-exports	TOTAL
British Empire— United Kingdom . . . . .	62.8	25.1	40.0	56.5	31.1	41.2	57.6	24.2	39.5	47.8	21.4	32.7	47.7	25.0	34.9
Ceylon . . . . .	.5	3.7	2.4	1.1	4.8	3.0	.7	4.8	2.5	.6	4.8	3.0	.8	4.8	3.1
Straits Settlements . . . . .	2.1	3.4	2.9	3.0	2.7	2.8	1.9	2.7	2.3	2.5	3.1	2.8	2.3	2.8	2.6
Australia . . . . .	.7	1.4	1.1	.8	2.2	1.7	1.3	1.7	1.5	.7	2.5	1.8	.8	2.0	1.5
Hongkong . . . . .	.7	4.1	2.7	.9	2.0	1.6	.7	2.3	1.6	.4	1.0	.7	.5	.7	.6
Mauritius and Dependencies . . . . .	1.8	.6	1.1	1.1	.6	.8	2.2	3.1	2.7	..	.5	.8	..	.6	.3
TOTAL (INCLUDING OTHER BRITISH POSSESSIONS)	69.7	41.1	52.3	65.4	31.7	57.1	65.2	41.4	52.3	54.9	33.4	45.5	54.6	40.1	46.3
Foreign Countries—															
Japan . . . . .	2.5	7.5	5.5	10.4	11.2	10.9	6.9	13.3	10.4	7.1	13.3	10.7	7.2	8.9	8.3
United States of America . . . . .	3.1	7.5	5.8	7.0	11.9	9.9	8.5	12.0	10.4	7.9	11.1	9.7	8.2	11.1	9.1
Java . . . . .	6.4	1.3	3.3	7.3	1.1	3.3	6.3	1.0	3.7	6.2	1.0	3.2	5.9	.7	2.9
Franco . . . . .	1.5	6.6	4.6	1.3	4.5	3.2	.9	4.8	3.0	1.5	4.5	3.2	1.7	4.9	3.5
Italy . . . . .	1.0	3.2	2.3	1.2	3.9	2.8	1.0	3.2	2.2	2.7	3.7	3.3	2.7	3.9	3.4
China (exclusive of Hongkong and Macao) . . . . .	1.1	3.9	2.8	1.3	2.0	1.7	1.2	3.6	2.5	1.4	3.7	2.7	1.3	1.4	1.6
Persia . . . . .	.4	.5	.5	.6	1.6	1.2	.7	1.3	1.0	.9	1.0	.9	1.2	.8	.9
Russia . . . . .	.1	.9	.6	.1	1.2	.8	.05	..	.05	.2	.03	.1	.2	.1	.2
Netherlands . . . . .	.9	1.5	1.3	.6	.2	.3	.9	1.5	.9	2.0	2.0	2.0	1.9	2.4	2.2
Belgium . . . . .	1.9	5.3	3.9	.3	.5	.4	1.3	3.7	2.9	2.9	2.9	2.9	3.0	3.3	3.2
Germany . . . . .	6.4	9.3	8.5	.7	.9	.8	2.3	4.9	4.0	7.3	6.9	7.1	6.1	9.9	8.3
Austria (a) . . . . .	2.2	3.5	2.9	.2	.4	.3	.2	.2	.2	.5	.1	.3	.5	.1	.3
TOTAL (INCLUDING OTHER FOREIGN COUNTRIES)	30.3	53.9	47.7	34.6	48.3	42.9	34.3	53.6	47.7	45.1	61.6	54.5	45.4	59.9	53.7

(a) Figures prior to 1921-22 represent Austria-Hungary.

No. 11.—TOTAL IMPORTS AND EXPORTS OF MERCHANDISE OF CERTAIN PRINCIPAL COUNTRIES AND BRITISH INDIA DURING THE CALENDAR YEARS 1925, 1926 AND 1927, WITH RESPECTIVE PRE-WAR AVERAGES\*

(In millions of £ sterling)

Countries	IMPORTS				EXPORTS (DOMESTIC)			
	Pre-war average	1925	1926	1927	Pre-war average	1925	1926	1927
United Kingdom (a)	599	1,167	1,116	1,096	465	773	653	709
France.	305	430	300	427	253	446	390	446
Egypt (a)	26	59	53	49	31	61	42	49
Canada	106	184 (d)	203 (d)	224 (d)	66	233 (e)	261 (e)	251 (e)
United States of America	341	375	912	861	433	998	970	979
Netherlands	(b)	204	201	210	(b)	150	144	157
Germany	477	609	490	692	405	434	479	523 (g)
Switzerland	71	100	94	99	63	81	73	79
Italy (d)	137	216	206	214	88	151	148	164
Czechoslovakia	..	107	93	109	..	116	108	123
Belgo-Luxemburg Economic Union	155†	175	148	166	144†	142	128	152
Denmark	(b)	89	87	91	(b)	77	76	79
Sweden	(b)	80	82	87	(b)	76	78	89
Australia	73†	149	153	161	67†	155 (f)	143 (f)	144 (f)
British India	103	177	183	193	148	299	242	238

\* Compiled from the "Accounts relating to the Trade and Commerce of certain Foreign Countries and British Possessions" published quarterly by the Board of Trade, London.  
† Triennial average.

(a) From 1st April 1923, the particulars shown include the trade of Great Britain and Northern Ireland with the Irish Free State. From the same date the direct foreign trade of the Irish Free State has been excluded.

(b) Value not available.  
(c) Including silver bullion and gold bullion obtained direct from mining operation.  
(d) Including silver bullion.  
(e) Excluding trade with Sudan.  
(f) Including bullion and specie.  
(g) Including the value of deliveries on account of reparation in the year.

NOTE.—In the cases of Germany, the Netherlands, the Belgo-Luxemburg Economic Union, France, Switzerland, Italy, Czechoslovakia, the Dominion of Canada and United Kingdom the import figures given in the above summary represent imports for home consumption. In all cases the export figures are intended to represent exports of domestic produce. In most cases, however, they include a certain amount of "nationalised" goods, i.e., goods originally imported which, if dutiable, have been charged the duty but which are subsequently re-exported.

**NO. 12.—VALUE OF TRADE WITH PRINCIPAL COUNTRIES, DISTINGUISHING  
PRINCIPAL ARTICLES.**

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>UNITED KINGDOM.</b>				
<b>Imports therefrom—</b>				
Animals, living . . . . .	5,02	18,20	18,88	18,67
Apparel . . . . .	59,29	83,16	86,29	68,36
Arms, ammunition, etc. . . . .	30,60	55,58	63,68	55,39
Artificial silk yarn . . . . .	—	28,80	14,07	46,84
Asbestos . . . . .	—	14,05	19,43	29,89
Belting for machinery . . . . .	36,26	62,82	62,17	68,45
Bobbins . . . . .	—	83,40	30,71	34,30
Books and printed matter . . . . .	41,05	48,68	47,45	53,01
Boots and shoes . . . . .	51,33	26,51	29,22	29,85
Building materials . . . . .	59,89	76,75	64,29	74,72
Carrriages and carts . . . . .	19,11	9,03	9,07	9,05
Chemicals . . . . .	69,55	1,24,91	1,41,55	1,46,72
China clay . . . . .	—	13,53	16,56	16,07
Coal and coke . . . . .	41,33	30,87	6,98	16,45
Cordage and rope . . . . .	4,39	2,87	6,92	4,37
Cotton—				
Raw . . . . .	56,67	2,78	44,64	7,58
Twist and yarn . . . . .	3,35,18	3,13,80	3,08,08	3,09,49
Piecegoods—				
Grey . . . . .	20,73,55	17,08,36	15,24,09	15,54,39
White . . . . .	10,87,38	15,08,86	16,57,15	14,19,94
Coloured . . . . .	11,29,72	11,90,90	12,57,96	12,59,06
Other manufactures . . . . .	1,40,25	1,76,53	1,68,45	1,65,08
Cutlery . . . . .	10,58	9,19	9,03	9,86
Cycles and parts . . . . .	29,40	87,97	91,70	1,00,61
Drugs and medicines . . . . .	54,03	84,60	86,26	84,23
Dyeing and tanning substances . . . . .	6,90	12,18	11,30	15,06
Earthenware and porcelain . . . . .	30,50	29,05	29,95	30,30
Flax manufactures . . . . .	23,83	31,69	30,00	35,66
Furniture . . . . .	10,84	9,07	14,45	13,14
Glass and glassware . . . . .	22,26	26,23	25,47	23,16
Haberdaashery and millinery . . . . .	61,21	29,48	27,48	30,10
Hardware . . . . .	1,88,61	1,97,76	1,84,45	2,06,25
Instruments, apparatus, etc. . . . .	1,04,88	2,22,18	2,50,55	2,73,35
Ivory . . . . .	11,33	9,24	9,84	9,13
Jewellery, etc. . . . .	14,51	12,39	27,48	11,08
Jute manufactures . . . . .	10,09	12,84	9,85	4,84
Leather, including hides, tanned, etc. . . . .	38,59	31,80	43,17	44,57
Liquors—				
Ale, beer and porter . . . . .	45,64	51,09	54,43	63,40
Spirit . . . . .	69,47	1,34,62	1,35,64	1,36,07
Wines . . . . .	13,62	11,48	11,94	11,84
Machinery and millwork . . . . .	4,97,69	11,87,33	10,65,86	12,53,33
Metals—				
Aluminium . . . . .	5,38	22,84	23,08	47,57
Brass . . . . .	6,13	1,27,96	77,33	89,22
Copper . . . . .	1,67,45	39,67	28,27	45,84
Iron . . . . .	28,88	13,70	8,36	10,48
Iron or steel . . . . .	6,08,13	11,60,99	9,93,24	13,65,96
Lead . . . . .	13,90	8,88	7,70	7,33
Steel . . . . .	42,02	49,70	37,29	77,89
Zinc . . . . .	14,85	13,45	17,70	19,95
Others . . . . .	27,43	15,79	24,22	23,30
Motor cars and motor cycles, etc. . . . .	74,50	1,23,58	1,36,09	1,69,94
Oil, mineral . . . . .	22,31	21,38	19,56	25,69
vegetable, animal, etc. . . . .	17,76	14,43	15,80	16,92
Packing engine and boiler . . . . .	4,98	3,18	3,63	3,86
Paints and painters' materials . . . . .	66,00	99,89	1,04,52	1,12,19
Paper and pasteboard . . . . .	73,44	1,16,63	1,09,30	1,09,59
Piecegoods of cotton and artificial silk . . . . .	—	58,10	1,17,19	99,07
Pitch and tar . . . . .	8,72	4,03	3,19	3,77
Polishes . . . . .	9,48	19,89	15,85	21,42
Precious stones . . . . .	14	16,91	12,48	13,84
Printing materials . . . . .	14,70	20,50	20,79	24,47
Provisions . . . . .	1,34,15	1,71,50	2,03,23	2,34,06
Railway plant, etc. . . . .	5,54,48	4,24,58	2,00,84	3,71,44
Rubber manufactures, including tyres, etc. . . . .	16,45	99,01	88,71	95,59
Salt . . . . .	23,44	19,55	14,08	26,98



ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>UNITED KINGDOM—contd.</b>				
<b>Imports therefrom—contd.</b>				
Ships, parts of	18,00	8,70	2,86	15,84.
Silk manufactures, including yarn	19,07	9,70	8,67	8,37
Soap	56,52	1,35,87	1,37,10	1,47,30.
Stationery	41,44	51,80	45,13	52,02.
Sugar	25,37	35,51	41,74	1,54
Tallow and stearine	10,48	9,54	8,65	5,32.
Tea-chests	41,32	67,52	48,86	60,81
Tobacco	51,88	1,76,23	2,11,97	2,55,23.
Toilet requisite	10,35	21,43	23,57	24,32
Toys and requisites for games	16,75	12,97	14,11	15,34
Umbrellas	24,71	18,35	14,75	16,25
Woolen manufactures, including yarn	1,85,24	2,11,14	1,94,84	2,10,56
Other articles	1,52,67	8,97,00	3,51,16	3,63,61
<b>TOTAL</b>	<b>91,68,01</b>	<b>1,16,82,02</b>	<b>1,10,53,85</b>	<b>1,19,21,01</b>
<b>Exports of Indian produce—</b>				
Barley	1,06,54	26,76	0	40,03.
Fodder, Bran and Pollards	45,19	92,18	70,42	88,44
Bristles and fibres	12,74	18,58	13,16	14,02
Coffee	50,86	68,08	43,03	68,93
Colr and manufactures	22,95	28,80	20,82	19,04.
Cotton, raw	1,72,39	5,42,14	1,54,50	2,38,02.
" twist and yarn	2,81	2,45	1,50	2,24
" manufactures	11,13	37,73	15,65	35,77
Drugs, medicines, etc.	5,47	6,28	4,13	6,03.
<b>Dyeing and tanning substances—</b>				
Cutch and gambier	6,87	9,90	5,25	4,99.
Indigo	6,52	85	75	1,26.
Myrobalans	23,46	32,78	39,38	50,73.
Gram	34,94	27		13.
Hemp, raw (chiefly sann)	38,47	27,65	14,49	15,20.
<b>Hides and skins—</b>				
Raw	56,46	47,54	37,79	67,15.
Dressed or tanned	3,67,93	5,95,24	6,38,29	8,16,40.
Horn, tips and pieces of horn*	5,73	4,02	8,50	3,30.
Jute, raw	8,96,52	10,56,96	6,13,56	7,68,07
" gunny bags	79,25	2,42,19	1,84,14	2,00,69.
" cloth	55,57	1,41,39	1,02,13	63,48.
Lac	56,67	1,38,10	1,09,10	1,87,58.
Manures	10,39	3,70	3,13	3,97
Manganese ore	30,08	39,58	15,24	63,20.
Other metals and ores	24,78	1,41,95	1,13,35	1,34,40.
Mica	20,80	44,42	47,58	42,02.
Oils	18,34	82,34	51,37	19,33.
Paraffin wax	17,38	66,50	67,16	69,01
Provisions and oilman's stores	5,62	7,11	7,43	8,36.
<b>Pulse—</b>				
Beans		3,23	4,83	7,52.
Lentils		13,28	17,80	14,34
Other pulses	51,27	16,10	17,64	18,24
Rice (not in the husk)	1,56,99	1,18,76	88,82	72,58.
Rubber, raw	23,23	1,22,78	1,17,66	1,25,24.
Saltpetre	6,55	2,06	1,72	1,82.
<b>Seeds—</b>				
Castor	78,89	71,51	44,15	71,23.
Cotton	1,74,82	2,13,04	38,65	1,40,62.
Linseed	2,65,01	2,89,63	1,00,14	1,12,18.
Rape	35,17	61,56	21,25	26,51
Copr	3,82		3,25	
Others	10,52	32,48	50,20	70,19.
Silk, raw	5,93	10,03	5,35	5,03
Spices	10,68	26,70	20,65	39,16
Sugar	8,59	11	1	16
Tea	9,51,37	23,74,77	24,63,83	28,44,09.
Wheat	10,50,94	1,71,52	2,14,29	3,96,16
Wood (mainly teak)	53,71	95,83	85,50	73,77
Wool, raw	2,01,11	3,36,59	3,59,67	3,81,28
" manufactures	18,71	44,43	38,21	48,40
Other articles	1,51,59	2,61,69	2,62,47	2,87,98
<b>TOTAL</b>	<b>55,04,99</b>	<b>77,72,27</b>	<b>63,38,78</b>	<b>77,87,44</b>

\*Figures prior to 1924-25 represent Hornmeal.

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>UNITED KINGDOM—<i>contd.</i></b>				
<b>Exports of Foreign merchandise—</b>				
Apparel (excluding boots and shoes)	5.68	4.62	5.44	3.77
Sugar, 10 D. S. and above	32.58	7.43		40
Wool, raw	37.55	23.44	67.75	54.58
Other articles	48.75	2,30.11	2,15.95	2,29.84
<b>TOTAL</b>	<b>1,24.52</b>	<b>3,24.60</b>	<b>2,89.14</b>	<b>3,88.59</b>
<b>AUSTRIA.*</b>				
<b>Imports therefrom—</b>				
Apparel	6.91	3.60	51	1.75
Boots and shoes	2.50	2.02	3.75	5.82
Cotton manufactures	22.15	6.00	5.56	11.09
" twist and yarn	3.08	3.55	3.72	5.2
Glass and glassware	68.98	3.11	3.72	4.11
Haberdashery and millinery	21.89	2.28	2.80	4.72
Hardware	27.28	13.44	12.32	18.21
Instruments	1.88	2.28	2.16	4.53
Matches	0.07	1.07	.88	.21
Metals	12.13	9.01	11.73	16.75
Paper and pasteboard	10.89	17.62	23.85	19.40
Sugar	85.12	4.30	19.80	66
Woolen manufactures	8.96	55	23	1.24
Other articles	38.81	11.92	22.79	41.76
<b>TOTAL</b>	<b>3,18.75</b>	<b>80.75</b>	<b>1,10.83</b>	<b>1,36.08</b>
<b>Exports of Indian produce—</b>				
Coffee	6.25			
Cotton, raw	2,36.18	4.63	2.01	11
" twist and yarn	53	1.01		2
Hides and skins	1,30.42			
Indigo	4.19			
Jute, raw	1,30.68		24	
Lac	5.70		1	
Seeds	78.68	1.14		2.69
Rice (not in the husk)	1,69.06	19.74	23.06	24.16
Other articles	11.64	14	47	64
<b>TOTAL</b>	<b>7,73.18</b>	<b>26.66</b>	<b>25.79</b>	<b>27.62</b>
<b>Exports of Foreign merchandise—</b>				
Miscellaneous articles	3.69	1.04	37	27
<b>BELGIUM.</b>				
<b>Imports therefrom—</b>				
Artificial silk		6.25	9.01	8.68
Arms, etc.	20	3.98	4.23	2.15
Building materials	4.04	5.59	7.33	4.41
Cotton manufactures	42.12	17.02	30.10	25.31
Dyeing and tanning substances	10.82	5.57	9.41	3.90
Earthenware and porcelain	3.45	1.48	1.64	2.09
Glass and Glassware	16.92	22.76	36.69	24.42
Hardware	5.58	3.66	4.12	4.36
Liquors	1.50	1.76	1.59	1.61
Machinery and millwork	1.76	29.64	24.61	29.17
Manures	75	9.25	8.15	7.22
Metals—				
Brass	37	3.67	2.27	1.90
Copper	3.54	10.09	21.01	17.39
Iron	15.95	3.23	7.31	7.09
Iron or steel	45.46	1,77.41	1,93.24	2,51.18
Steel	63.54	1,01.60	1,12.00	1,31.43
Motor cars, etc.	4.15	1.88	1.10	1.85
Paints and painters' materials	2.08	2.34	5.38	5.83
Paper and pasteboard	5.00	9.12	11.20	9.66
Precious stones	1	47.19	37.13	62.43
Provisions	1.41	26.95	10.58	25.64
Railway plant, etc.	4.28	27.64	38.65	59.30
Sugar	29	15.92	30.74	1.14
Woolen manufactures	2.11	23.47	15.09	9.43
Other articles	40.61	55.61	66.60	56.00
<b>TOTAL</b>	<b>2,76.00</b>	<b>6,13.06</b>	<b>6,80.08</b>	<b>7,47.64</b>

\* Figures prior to 1921-22 represent Austria-Hungary;

No. 12—continued.

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>BELGIUM—contd.</b>				
Exports of Indian produce—				
Barley . . . . .	34.65	2.00		9.05
Cotton, raw . . . . .	3,68.24	5,61.59	2,83.38	4,17.92
Dyeing and tanning substances . . . . .	7.76	4.35	4.30	5.43
Hemp, raw . . . . .	13.73	72.24	47.79	39.79
Hides and skins, raw . . . . .	10.00	7.09	2.35	3.45
Jute manufactures . . . . .	13.69	21.05	23.38	14.01
" raw . . . . .	14.42	1,85.88	1,69.67	1,62.03
Lead . . . . .		4.32	22.32	36.89
Manganese ore . . . . .	25.84	43.15	52.30	51.63
Manures . . . . .	19.88	35.48	42.42	45.25
Rice (not in the husk) . . . . .	41.51	18.45		9.53
Seeds—				
Castor . . . . .	20.16	15.13	9.43	15.93
Copra or coconut kernel . . . . .	7.14		42	
Groundnut . . . . .	23.78	32.93	16.15	38.51
Linseed . . . . .	1,55.71	32.53	35.78	12.04
Mow . . . . .	7.97	70	2.59	5.49
Poppy . . . . .	15.11	23	23	5
Rape . . . . .	1,51.62	14.23	10.73	3.96
Sesamum (til or jinjil) . . . . .	56.40	3.15		45
Others . . . . .	2.29	3.97	56	1.47
Wheat . . . . .	1,46.22	16.40	11.20	28.54
Zinc . . . . .	53	24.92	44.92	72.01
Other articles . . . . .	53.55	81.70	89.64	1,18.74
<b>TOTAL</b>	<b>11,94.20</b>	<b>12,84.47</b>	<b>8,77.20</b>	<b>10,92.18</b>
Exports of Foreign merchandise—				
Miscellaneous articles . . . . .	2.61	6.04	5.53	4.64
<b>FRANCE.</b>				
Imports therefrom—				
Apparel . . . . .	40.03	20.67	24.05	27.80
Artificial silk . . . . .		1.84	3.33	12.77
Chemicals . . . . .	47	99	1.39	2.96
Clocks and watches . . . . .	4.65	43	1.10	1.19
Cotton manufactures . . . . .	2.83	5.55	8.59	7.32
Drugs and medicines . . . . .	2.65	7.14	6.51	6.70
Dyeing and tanning substances . . . . .	6.02	9.17	11.17	10.91
Fruits and vegetables . . . . .	3.96	5.23	9.23	12.61
Hardware . . . . .	2.13	4.73	3.75	4.12
Haberdashery . . . . .	3.25	3.33	3.33	4.47
Instruments . . . . .	4.20	4.34	5.30	5.63
Liquors . . . . .	33.04	61.44	66.01	62.60
Machinery . . . . .	31	3.02	2.78	4.23
Metals—				
Brass . . . . .	16	2.84	3.72	7.19
Copper . . . . .	12.93	11.95	7.19	13.80
Iron or steel . . . . .	2.34	30.12	13.23	30.43
Steel . . . . .	20	17.53	15.09	13.13
Motor cars, etc. . . . .	5.94	11.45	16.24	16.14
Oils . . . . .	32	1.90	1.31	1.90
Provisions . . . . .	3.07	3.45	4.31	5.43
Rubber manufactures . . . . .	1.73	29.41	41.84	37.04
Seeds . . . . .	51	33	61	4.31
Sugar . . . . .	43	50	79	3
Silk manufactures . . . . .	27.13	3.23	12.35	13.43
Wool manufactures . . . . .	12.64	37.65	41.20	65.95
Toilet requisites . . . . .	63	2.50	4.49	5.92
Umbrellas . . . . .	31	70	58	55
Other articles . . . . .	31.37	37.74	40.17	41.76
<b>TOTAL</b>	<b>2,20.50</b>	<b>3,23.88</b>	<b>3,55.66</b>	<b>4,30.15</b>

No. 12—continued.

(In thousands of Rupees.)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>FRANCE—contd.</b>				
<b>Exports of Indian produce—</b>				
Coffee . . . . .	50.64	89.67	18.87	52.68
Gram . . . . .	28.00	10.90	1.55	3.17
Cotton, raw . . . . .	1,51.89	4,25.40	2,24.98	3,85.76
Hides and skins, raw . . . . .	38.68	36.71	58.36	43.10
Horn, tips and pieces of horn* . . . . .	0.27	92	36	31
Jute raw . . . . .	2,25.21	5,29.95	3,48.26	3,70.00
" bags and cloth . . . . .	2.56	4.80	6.69	5.58
Lac . . . . .	11.55	25.86	18.12	14.00
Manganese ore . . . . .	17.24	36.77	46.37	42.29
Manures . . . . .	10.47	8.17	10.59	9.98
<b>Pulses—</b>				
Beans . . . . .			3	3
Lentils . . . . .	1.82	2.36	1.07	2.46
Other pulses . . . . .		12	72	16
Rice (not in the husk) . . . . .	13.80	8.07	23	58
<b>Seeds—</b>				
Castor . . . . .	23.18	42.98	35.40	38.93
Groundnut . . . . .	2,81.66	5,86.92	3,25.87	3,82.38
Linseed . . . . .	1,55.94	1,70.18	1,18.17	1,22.86
Mowra or mowra . . . . .	4.16	62	3.37	69
Poppy . . . . .	43.87	6.17	92	2.27
Rape . . . . .	96.17	30.88	82.40	23.08
Sesamum (oil or [in]oil) . . . . .	85.36	25.68	66	7.00
Others . . . . .	21.25	11.70	2.63	8.28
Silk, raw . . . . .	35.23	18.55	22.38	28.22
Wheat . . . . .	1,12.55	9.16	21.10	30.10
Other articles . . . . .	62.28	1,81.54	91.73	88.05
<b>TOTAL</b>	<b>14,77.26</b>	<b>21,10.98</b>	<b>18,81.27</b>	<b>15,96.24</b>
<b>Exports of Foreign merchandise—</b>				
Miscellaneous articles . . . . .	4.68	13.06	16.12	13.12
<b>GERMANY.</b>				
<b>Imports therefrom—</b>				
Apparel . . . . .	14.87	16.07	20.61	24.75
Bobbins . . . . .		2.50	2.48	1.56
Building materials . . . . .	6.72	2.59	6.98	8.66
Buttons . . . . .		5.05	6.49	7.28
Carriages . . . . .	2.81	1.08	2.50	1.21
Chemicals . . . . .	10.62	41.87	52.48	56.87
Cutlery . . . . .	7.95	22.25	30.29	26.40
Cycles . . . . .	1.75	12.75	12.96	14.54
Drugs and medicines . . . . .	6.19	20.63	33.36	45.71
Dyeing substances . . . . .	37.40	62.36	1,06.05	1,39.57
Glassware . . . . .	23.69	39.39	51.31	49.10
Hardware . . . . .	57.24	1,42.68	1,58.32	1,61.15
Instruments . . . . .	18.57	46.92	52.62	57.31
Liquors . . . . .	19.41	35.02	39.10	39.98
Machinery . . . . .	30.27	85.99	94.59	1,04.83
<b>Metals—</b>				
Aluminium . . . . .	12.16	21.75	18.02	5.15
Brass . . . . .	1.56	78.39	1,27.24	95.93
Copper . . . . .	93.41	97.08	86.64	37.05
Iron . . . . .	2.86	64	9	55
Iron or steel . . . . .	86.97	98.17	91.81	91.02
Steel . . . . .	65.19	17.01	33.14	33.25
Zinc . . . . .	3.24	2.93	18.70	4.47
Motor cars, etc. . . . .	5.64	2.84	4.05	5.47
Oils . . . . .	19.57	49.98	31.40	38.77
Paints and painter's materials . . . . .	5.58	8.48	10.36	10.90
Paper and pasteboard . . . . .	21.82	34.16	49.77	35.13
Paper-making materials . . . . .	1.61	7.09	6.72	1.61
Printing materials . . . . .	1.02	5.19	5.62	7.82
Railway plant . . . . .	12.19	18.11	27.81	17.86

\* Figures prior to 1924-25 represent Hornmeal.

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>GERMANY—contd.</b>				
<b>Imports therefrom—contd.</b>				
Rubber manufactures . . . . .	3.82	16.84	15.21	18.10
Salt . . . . .	9.45	9.07	15.13	16.87
Stationery . . . . .	5.04	24.35	24.93	22.95
Sugar . . . . .	3.84	3.68	1,10.88	3.50
<b>Textiles—</b>		14.07	33.63	56.83
Artificial silk . . . . .			47.29	36.37
Cotton manufactures . . . . .	83.71	30.93	36.21	30.51
Haberdaabery . . . . .	22.10	21.48	8.49	7.53
Silk manufacture . . . . .	16.81	5.74	67.34	81.09
Wool manufactures . . . . .	90.62	62.87	17.68	15.05
Toys . . . . .	11.10	15.13	21.45	27.38
Umbrellas . . . . .	7.66	17.65	1,15.98	1,18.30
Other articles . . . . .	66.09	1,08.80		
<b>TOTAL</b>	<b>9,35.56</b>	<b>13,30.79</b>	<b>16,90.72</b>	<b>15,34.35</b>
<b>Exports of Indian produce—</b>				
Barley . . . . .	40.09	15.53		28.65
Coffee . . . . .	4.72	13.09	13.94	27.97
Coir and manufactures . . . . .	22.66	20.21	21.88	27.47
Cotton, raw . . . . .	4,45.06	4,97.23	2,37.08	4,44.23
" waste . . . . .		14.33	15.29	12.12
Fodder, bran, etc. . . . .	22.84	10.08	5.44	20.43
Fruits and vegetables . . . . .	2.87	80	1.02	1.54
Hemp, raw . . . . .	8.48	20.98	6.08	8.38
Hides and skins, raw . . . . .	2,53.97	1,80.68	1,23.36	2,12.68
Jute, raw . . . . .	4,90.40	8,16.03	7,39.75	8,53.84
" gunny bags . . . . .	15.38	8.23	10.68	11.11
" cloth . . . . .	6.83	4.25	3.63	7.73
Lac . . . . .	37.67	62.99	52.01	1,06.59
Manures . . . . .	8.30	4.28	2.51	3.24
Oils . . . . .	12.29	6.47	3.75	2.63
Oilseeds . . . . .	17.58	13.98	29.50	60.81
Rice (not in the husk) . . . . .	3,41.37	5,75.96	3,96.79	5,11.82
Seeds, Rape . . . . .	1,04.92	18.66	23.11	21.34
" Copra or coconut kernel . . . . .	80.25		2.59	66
" Groundnut . . . . .	12.42	2,30.79	2,34.02	5,57.10
" Linseed . . . . .	70.14	25.07	26.12	36.27
" Mow . . . . .	29.01		30	
" Poppy . . . . .	8.43	2.53	1.64	1.39
" Sesamum (oil or jhajji) . . . . .	24.92	6.69	3	1
" Others . . . . .	27.34	8.59	4.51	5.17
Tea . . . . .	3.09	3.42	3.87	2.95
Wood (chiefly teak) . . . . .	15.08	5.51	6.96	14.81
Others articles . . . . .	1,23.76	1,52.00	1,72.77	2,44.07
<b>TOTAL</b>	<b>22,30.35</b>	<b>26,77.38</b>	<b>21,39.23</b>	<b>32,32.36</b>
<b>Exports of Foreign merchandise—</b>				
Miscellaneous articles . . . . .	5.98	16.80	8.52	22.97
<b>NETHERLANDS.</b>				
<b>Imports therefrom—</b>				
Building materials . . . . .	6	4.22	10.61	5.45
Cotton manufactures . . . . .	83.45	1,10.53	1,19.10	1,13.48
" twist and yarn . . . . .	11.14	8.34	8.78	9.02
Dyeing and tanning substances . . . . .	30	12.03	14.67	7.38
Instruments . . . . .	0	3.44	10.52	15.47
Liquors . . . . .	1.54	5.57	6.36	7.43
Metals . . . . .	44	14.11	12.80	10.50
Paper and pasteboard . . . . .	2.81	25.18	23.93	25.11
Precious stones, etc. . . . .		6.06	7.82	10.20
Provisions . . . . .	8.65	1,07.03	1,64.80	2,06.47
Sugar . . . . .	10	2.16	8.28	1.48
Other articles . . . . .	18.03	64.58	78.01	63.61
<b>TOTAL</b>	<b>1,26.61</b>	<b>3,69.25</b>	<b>4,66.26</b>	<b>4,80.60</b>

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>NETHERLANDS—contd.</b>				
<b>Exports of Indian and Foreign produce—</b>				
Cotton, raw	7,83	1,09,07	50,44	59,53
Hides and skins, raw	33,50	24,48	26,14	32,92
Jute, raw	1,53	77,72	35,42	69,53
Lac	6,06	7,08	4,37	4,29
Rice (not in the husk)	2,15,93	1,49,30	1,33,94	1,40,64
Seeds, groundnuts	26	2,01,44	1,95,21	2,39,86
" Linseed	20,98	44,42	9,62	9,69
" Rape	4,99	15,17	25,69	19,68
Wheat	2,02	1,67		
Other articles	41,13	1,85,08	1,42,22	1,36,64
<b>TOTAL</b>	<b>3,34,23</b>	<b>7,65,28</b>	<b>6,24,25</b>	<b>8,12,78</b>
<b>ITALY.</b>				
<b>Imports therefrom—</b>				
Apparel	6,98	12,78	16,40	13,00
Art. works of	46	1,45	1,08	1,01
Building materials	2,57	13,02	12,68	13,49
Buttons		6,91	12,12	5,44
Chemicals	4,72	6,32	14,34	17,67
Dyeing and tanning substances	1,49	2,20	4,60	12,81
Fruits and vegetables	8,48	15,45	37,23	30,50
Glassware	4,28	3,37	6,37	5,95
Instruments	1,70	3,66	8,13	9,09
Liquors	78	2,46	3,08	3,40
Machinery	1,44	8,22	6,38	12,79
Metals—				
Aluminium	9	3,31	6,30	5,95
Brass	1,09	46	1,16	20
German silver		4,46	1,90	1,16
Others	67	6,22	8,13	8,62
Motor cars, etc.	66	29,04	40,10	39,34
Paper and pasteboard	79	3,71	3,56	6,70
Rubber manufactures	13	18,11	5,15	10,53
Stone and marble	2,48	3,38	3,61	3,62
Sugar	23	3,10	7,88	34
Textiles—				
Artificial silk yarn		38,71	64,15	64,24
Cotton—twist and yarn	4,98	6,96	4,36	5,65
" manufactures	45,22	66,78	81,80	96,11
Haberdashery and millinery	4,32	6,67	5,97	6,28
Silk manufactures	19,63	11,85	24,72	23,46
Plecegoods of cotton and artificial silk		37,42	50,82	51,31
Wool manufactures	4,07	50,09	69,06	37,61
Other articles	27,41	53,06	84,68	96,04
<b>TOTAL</b>	<b>1,44,84</b>	<b>4,25,67</b>	<b>6,16,11</b>	<b>6,76,31</b>
<b>Exports of Indian produce—</b>				
Cotton, raw	3,18,38	10,25,21	5,17,72	5,86,75
Hides and skins, raw	35,93	71,37	56,64	49,01
Jute, raw	1,14,89	2,93,31	1,70,61	1,70,80
Spices, Pepper	6,81	12,17	7,32	19,26
Rice (not in the husk)	2,97	30,20	29,23	39,28
Seeds—				
Castor	16,05	18,82	15,40	22,63
Groundnuts	1,71	96,97	1,30,97	2,03,93
Linseed	54,86	1,03,25	60,99	88,22
Rape	11,40	1,19,26	99,30	46,22
Sesamum (til or jinjill)	27,80	34,35	13	3,17
Others	1,49	13	93	57
Wheat	37,14	16,49	1,52	
Other articles	22,68	76,18	44,00	56,77
<b>TOTAL</b>	<b>7,01,61</b>	<b>18,93,21</b>	<b>11,34,76</b>	<b>12,86,51</b>
<b>Exports of Foreign merchandise—</b>				
Miscellaneous articles	6,03	23,76	21,59	18,11

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>NORWAY.</b>				
Imports therefrom—				
Carbide of calcium . . . . .	68	3,54	3,96	6,52
Hardware . . . . .	64	67	94	81
Iron or steel—nails, screws, rivets and washers . . . . .	2,50	5,78	8,94	9,57
Matches . . . . .	9,84	1,11	1,77	82
Milk, condensed and preserved . . . . .	41	2,03	3,67	1,91
Paper and pasteboard . . . . .	4,49	25,32	31,11	34,30
Pulp of wood for making paper . . . . .	31	14,01	13,89	27,58
Toys . . . . .		95	1,49	1,69
Wood and timber . . . . .	1,85	22	61	42
Other articles . . . . .	68	4,97	8,25	4,42
<b>TOTAL</b>	<b>20,85</b>	<b>58,60</b>	<b>69,58</b>	<b>88,04</b>
Exports of Indian produce—				
Coffee . . . . .	3	8,94	7,19	12,12
Rice (not in the husk) . . . . .	94	2,51	1,26	
Hides and skins, raw . . . . .	20	5,11	3,95	3,57
Cotton, raw . . . . .	55	5	13	36
Jute, raw . . . . .		50	2,22	2,49
" gunny bags . . . . .	55	6,63	10,94	3,80
Other articles . . . . .	1,98	19,82	7,20	8,64
<b>TOTAL</b>	<b>4,26</b>	<b>42,96</b>	<b>31,90</b>	<b>30,98</b>
<b>ROUMANIA:</b>				
Imports therefrom—				
Miscellaneous articles . . . . .	3,44		5	3
Exports of Indian produce—				
Rice (not in the husk) . . . . .	18,31			7,42
Jute manufactures . . . . .	6,32	13	1,15	77
Other articles . . . . .	1,30	1,43	2,60	2,98
<b>TOTAL</b>	<b>24,93</b>	<b>1,56</b>	<b>3,75</b>	<b>11,17</b>
<b>RUSSIA.</b>				
Imports therefrom—				
Beet sugar . . . . .			51,05	23,83
Mineral oils . . . . .	19,86	5,85	16	22,59
Tea-chests . . . . .		12		88
Other articles . . . . .	2,42	7	36	1,22
<b>TOTAL</b>	<b>22,28</b>	<b>6,04</b>	<b>51,87</b>	<b>48,52</b>
Exports of Indian produce—				
Cotton, raw . . . . .	3,35			
Jute, raw . . . . .	25,03	6,23		
" goods . . . . .	1,43	17	7,74	13,88
Rice (not in the husk) . . . . .	4,98			60
Tea . . . . .	1,41,97	12,02	88	34,24
Other articles . . . . .	13,72	1,02	51	79
<b>TOTAL</b>	<b>1,90,48</b>	<b>19,44</b>	<b>9,13</b>	<b>49,51</b>
Exports of Foreign merchandise—				
Miscellaneous articles . . . . .	3,58			1
<b>SPAIN.</b>				
Imports therefrom—				
Salt . . . . .	12,02	9,14	14,09	23,56
Saffron . . . . .	3,88	5,03	3,76	7,13
Other articles . . . . .	1,55	2,61	2,74	3,34
<b>TOTAL</b>	<b>17,45</b>	<b>16,78</b>	<b>20,59</b>	<b>34,03</b>

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>SPAIN—contd.</b>				
<b>Exports of Indian and Foreign produce—</b>				
Cotton, raw . . . . .	72,68	1,68,48	90,40	1,05,46
Hides and skins, raw . . . . .	48,23	25,22	25,02	23,76
Oilseeds . . . . .	10,11	97,31	27,83	33,74
Jute, raw . . . . .	64,51	1,87,84	1,21,73	1,52,03
Other articles . . . . .	3,92	5,59	5,77	16,24
<b>TOTAL</b>	<b>1,99,40</b>	<b>4,84,94</b>	<b>2,74,75</b>	<b>3,31,23</b>
<b>SWEDEN.</b>				
<b>Imports therefrom—</b>				
Hardware . . . . .	2,57	16,64	15,35	15,62
Machinery and millwork . . . . .		8,93	6,98	10,84
Iron and steel . . . . .	9,58	17,50	14,34	14,19
Matches . . . . .	23,08	60,65	57,45	32,48
Paper and pasteboard . . . . .	3,99	20,19	21,82	22,05
Paper-making materials . . . . .	4,21	4,15	5,54	5,03
Wood and timber . . . . .		5,34	5,05	9,22
Other articles . . . . .	2,98	8,98	9,78	10,18
<b>TOTAL</b>	<b>51,31</b>	<b>1,48,38</b>	<b>1,36,32</b>	<b>1,25,67</b>
<b>Exports of Indian and Foreign produce—</b>				
Cotton, raw . . . . .	7,97	4,19	3,10	68
Hides, raw . . . . .		9,20	6,11	8,99
Rice (not in the husk) . . . . .	12,00	4,10	4,64	6,84
Wheat . . . . .	3,66			
Other articles . . . . .	4,23	17,27	11,71	18,67
<b>TOTAL</b>	<b>32,56</b>	<b>34,76</b>	<b>25,56</b>	<b>29,68</b>
<b>TURKEY IN EUROPE.</b>				
<b>Exports of Indian and Foreign produce—</b>				
Jute manufactures . . . . .	7,53	8,94	7,58	12,99
Wool manufactures . . . . .	8	17,42	8,75	5,90
Other articles . . . . .	8,33	27,25	14,99	14,21
<b>TOTAL</b>	<b>15,94</b>	<b>53,61</b>	<b>31,32</b>	<b>33,10</b>
<b>KENYA COLONY AND ZANZIBAR AND PEMBA.</b>				
<b>Imports therefrom—</b>				
Cotton, raw . . . . .	13	3,37,08	2,12,68	2,00,82
Hides and skins, raw . . . . .	7	85	63	6,55
Ivory, unmanufactured . . . . .	4,96	2,08	2,02	4,10
Soda compounds . . . . .		2,91	3,45	4,80
Spices (mainly cloves) . . . . .	26,06	59,19	82,37	37,99
Other articles . . . . .	4,75	4,33	4,17	4,52
<b>TOTAL</b>	<b>35,97</b>	<b>4,06,94</b>	<b>2,55,32</b>	<b>2,58,78</b>
<b>Exports of Indian produce—</b>				
Cotton manufactures . . . . .	10,91	39,74	42,69	42,44
Grain, pulse, and flour—				
Rice (not in the husk) . . . . .	32,72	44,09	43,30	41,21
Other sorts . . . . .	8,38	19,30	21,33	19,41
Other articles . . . . .	16,47	70,01	65,75	62,23
<b>TOTAL</b>	<b>69,08</b>	<b>1,73,64</b>	<b>1,74,57</b>	<b>1,65,29</b>



(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>KENYA COLONY AND ZANZIBAR AND PEMBA—contd.</b>				
Exports of Foreign merchandise—				
Cotton manufactures . . . . .	8,84	14,80	8,48	7,76
Other articles . . . . .	11,67	20,40	16,57	16,67
<b>TOTAL</b>	<b>19,81</b>	<b>35,20</b>	<b>25,00</b>	<b>24,43</b>
<b>EGYPT.</b>				
Imports therefrom—				
Cigarettes . . . . .	4,69	92	88	80
Cotton, raw . . . . .	4,45	2,17	3,46	5,86
Salt . . . . .	9,17	23,10	30,02	34,74
Sugar . . . . .	7	55		
Other articles . . . . .	7,79	14,18	7,75	8,96
<b>TOTAL</b>	<b>26,17</b>	<b>40,92</b>	<b>42,11</b>	<b>52,86</b>
Exports of Indian produce—				
Cotton, twist and yarn . . . . .	10,12	47,93	40,13	38,60
Indigo . . . . .	3,96	1,27	53	40
Grain, pulse and flour—				
Rice (not in the husk) . . . . .	53,81	1,12,39	92,82	38,76
Wheat . . . . .	3,23	41,67	5,11	29
Other . . . . .	27,56	65,88	46,53	33,94
Jute, raw . . . . .	86	25,88	24,59	44,59
Jute, Gunny bags . . . . .	48,40	79,89	75,63	77,11
Seeds . . . . .	11,91	19,87	6,28	10,75
Other articles . . . . .	25,25	80,30	72,71	61,83
<b>TOTAL</b>	<b>1,85,70</b>	<b>4,74,58</b>	<b>3,64,83</b>	<b>3,06,27</b>
Exports of Foreign merchandise—				
Miscellaneous articles . . . . .	4,84	9,77	9,88	8,89
<b>TANGANYIKA TERRITORY.</b>				
Imports therefrom—				
Miscellaneous articles . . . . .	41	6,83	15,06	7,09
Exports of Indian produce—				
Cotton manufactures . . . . .	12,45	24,63	26,79	30,45
Grain, pulse and flour . . . . .	19,96	3,76	3,46	2,85
Other articles . . . . .	5,10	7,62	7,18	10,81
<b>TOTAL</b>	<b>37,52</b>	<b>35,91</b>	<b>37,43</b>	<b>48,61</b>
Exports of Foreign merchandise—				
Cotton manufactures . . . . .	6,27	3,62	2,18	1,66
Other articles . . . . .	3,95	3,35	3,81	4,74
<b>TOTAL</b>	<b>10,22</b>	<b>6,97</b>	<b>5,99</b>	<b>6,40</b>

No. 12—continued.

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>ITALIAN EAST AFRICA (SOMALILAND AND ERITREA).</b>				
Imports therefrom—				
Salt . . . . .	3,88	8,56	11,54	15,17
Other articles . . . . .	3,02	97	53	47
<b>TOTAL</b>	<b>6,90</b>	<b>9,53</b>	<b>12,07</b>	<b>15,64</b>
Exports of Indian produce—				
Cotton manufactures . . . . .	2,44	5,89	6,08	8,13
Grain, pulse and flour . . . . .	7,93	7,52	2,71	13,46
Other articles . . . . .	2,20	4,61	3,04	8,18
<b>TOTAL</b>	<b>12,57</b>	<b>18,02</b>	<b>11,83</b>	<b>19,72</b>
Exports of Foreign merchandise—				
Miscellaneous articles . . . . .	1,79	1,16	1,36	3,35
<b>MAURITIUS.</b>				
Imports therefrom—				
Sugar . . . . .	2,63,24	48,85	21	..
Other articles . . . . .	98	2,16	24	57
<b>TOTAL</b>	<b>2,64,22</b>	<b>51,01</b>	<b>45</b>	<b>57</b>
Exports of Indian produce—				
Grain, pulse and flour—				
Rice (not in the husk) . . . . .	74,20	1,01,50	95,53	1,15,25
Wheat flour . . . . .	8,73	10,40	7,07	8,24
Other sorts . . . . .	9,22	13,64	9,89	13,49
Jute manufactures . . . . .	8,13	19,84	22,78	12,69
Oils, vegetable . . . . .	6,03	11,65	4,88	6,98
Other articles . . . . .	18,95	23,91	22,09	28,11
<b>TOTAL</b>	<b>1,25,29</b>	<b>1,80,94</b>	<b>1,62,24</b>	<b>1,84,76</b>
Exports of Foreign merchandise—				
Miscellaneous articles . . . . .	4,77	3,88	2,49	5,35
<b>UNION OF SOUTH AFRICA.</b>				
Imports therefrom—				
Coal and coke . . . . .	11,67	30,60	19,82	33,22
Other articles . . . . .	1,48	11,34	12,52	20,89
<b>TOTAL</b>	<b>13,15</b>	<b>41,94</b>	<b>31,84</b>	<b>54,11</b>
Exports of Indian and Foreign produce—				
Rice (not in the husk) . . . . .	32,08	50,13	44,18	52,36
Jute, gunny bags . . . . .	39,33	1,37,32	1,04,07	1,68,37
Oils, vegetable . . . . .	3,54	4,82	2,74	3,08
Provisions . . . . .	3,27	1,95	1,44	2,01
Other articles . . . . .	26,69	90,55	87,89	89,09
<b>TOTAL</b>	<b>1,04,91</b>	<b>2,84,78</b>	<b>2,40,32</b>	<b>2,54,89</b>

No. 12—continued.

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>PORTUGUESE EAST AFRICA.</b>				
Imports therefrom—				
Coal . . . . .	4,86	27,95	4,92	7,93
Other articles . . . . .	1,11	5,23	4,45	7,16
<b>TOTAL</b>	<b>5,97</b>	<b>33,18</b>	<b>9,37</b>	<b>15,09</b>
Exports of Indian produce—				
Cotton manufactures . . . . .	9,08	27,84	28,82	32,02
Grain, pulse and flour . . . . .	14,85	11,76	14,50	17,90
Jute, gunny bags . . . . .	14,31	61,35	46,31	47,34
Oils . . . . .	36	16	4	6
Other articles . . . . .	9,17	34,53	34,68	55,72
<b>TOTAL</b>	<b>47,77</b>	<b>1,25,69</b>	<b>1,24,35</b>	<b>1,53,04</b>
Exports of Foreign merchandise—				
Cotton manufactures, including twist and yarn . . . . .	8,62	7,84	7,43	5,91
Other articles . . . . .	3,57	3,34	3,25	4,14
<b>TOTAL</b>	<b>12,19</b>	<b>11,18</b>	<b>10,68</b>	<b>10,05</b>
<b>REUNION.</b>				
Imports therefrom—				
Miscellaneous articles . . . . .	5	..	..	..
Exports of Indian and Foreign produce—				
Rice (not in the husk) . . . . .	7,71	1,45	..	..
Other articles . . . . .	59	1,92	30	1,43
<b>TOTAL</b>	<b>8,30</b>	<b>3,37</b>	<b>30</b>	<b>1,43</b>
<b>CANADA.</b>				
Imports therefrom—				
Motor vehicles and parts . . . . .	..	1,11,01	1,23,68	1,23,74
Paper and pasteboard . . . . .	..	80	35	22
Railway plant . . . . .	79	..	50	..
Rubber manufactures . . . . .	..	14,50	20,94	45,16
Sugar . . . . .	..	1	12,79	89
Other articles . . . . .	30	4,09	5,57	8,49
<b>TOTAL</b>	<b>1,09</b>	<b>1,30,41</b>	<b>1,63,38</b>	<b>1,78,50</b>
Exports of Indian and Foreign produce—				
Jute, gunny cloth . . . . .	40,29	1,39,05	1,10,65	1,32,34
Tee . . . . .	54,91	56,37	83,14	69,49
Other articles . . . . .	14,09	17,27	11,40	17,39
<b>TOTAL</b>	<b>1,09,29</b>	<b>2,12,69</b>	<b>2,05,19</b>	<b>2,19,22</b>
<b>UNITED STATES.</b>				
Imports therefrom—				
Aluminium . . . . .	4,26	25,33	35,13	37,32
Apparel . . . . .	33	10,95	11,30	6,95
Arms . . . . .	80	5,05	4,02	5,32
Belting for machinery . . . . .	1,11	9,08	11,42	11,86
Boots and shoes . . . . .	54	5,08	14,41	15,84
Building materials . . . . .	88	10,91	13,93	16,71

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>UNITED STATES—contd.</b>				
<b>Imports therefrom—contd.</b>				
Carriages	72	56	110	114
Chemicals	22	5,82	6,61	8,77
Clocks and watches	3,83	7,23	6,57	7,08
Copper		18,98	2,47	7,59
Cotton, raw	27,72	1,56	2,11,19	4,34,59
"    piecegoods	26,44	41,92	45,01	71,45
Drugs and medicines	4,18	13,30	17,63	20,23
Dyeing substances		16,77	19,88	14,32
Furniture	1,44	2,18	2,78	3,98
Glassware	1,17	3,86	4,77	5,38
Hardware	24,72	80,88	71,21	62,22
Instruments	5,86	44,31	59,24	63,66
Iron and steel	48,56	81,24	96,49	57,02
Leather		5,76	10,11	12,47
Machinery	24,56	1,40,98	1,39,27	1,57,31
Motor cars, etc.	8,49	1,64,45	1,77,90	2,54,83
Oils, mineral	2,19,66	5,56,62	5,40,57	4,61,10
Paper and pasteboard	1,21	18,23	14,76	13,36
Provisions	3,80	83,76	44,09	47,87
Railway plant	54	14,70	20,82	10,86
Rubber	16	37,53	34,74	65,08
Ships	24	3	29	16
Spirit	5,34	18,19	14,11	15,64
Stationery	2,05	4,31	3,60	4,47
Sugar	18	5,00	35,94	1,08
Tobacco	5,90	32,56	39,87	23,31
Toilet requisites	2,22	14,44	15,11	17,33
Wood and Timber	6,56	3,76	6,60	8,03
Other articles	15,35	81,63	91,34	92,06
<b>TOTAL</b>	<b>4,49,03</b>	<b>15,07,35</b>	<b>18,23,31</b>	<b>20,43,16</b>
<b>Exports of Indian produce—</b>				
Coir manufactures	5,29	7,06	5,12	2,16
Cotton, raw	8,19	64,35	34,57	51,16
Grain, pulse and flour	1,99	3,81	2,56	2,55
<b>Hides and skins—</b>				
Raw	3,43,76	3,11,93	3,33,45	3,76,10
Dressed or tanned	29,59	32,65	33,40	37,08
Indigo	2,25	..	..	..
<b>Jute—</b>				
Raw	2,32,98	3,36,97	3,21,10	3,05,99
Gunny bags	91,73	75,27	89,94	54,99
"    cloth	6,92,16	21,32,92	17,72,82	18,81,58
Lac	93,77	3,67,65	3,07,52	3,12,55
Manganese ore	18,75	15,13	21,04	27,36
Iron and steel	44	72,21	13,34	29,23
Manures	4,35	4,42	5,43	8,99
Mica	6,99	38,46	48,44	28,42
Myrobalans	9,78	18,79	13,63	32,25
Oils, vegetable	9,10	19	43	21
Paraffin wax	3,48	3,32	5,21	3,56
Saltpetre	7,61	..	11	..
<b>Seeds—</b>				
Castor	17,63	1,09,20	90,68	1,03,24
Linseed	49,29	1,05	1	..
Spices	8,31	36,23	37,04	53,35
Tea	11,70	38,11	61,91	73,09
Wool, raw	4,52	35,50	29,36	46,04
"    manufactures	2,38	28,27	37,18	37,98
Other articles	23,01	1,67,26	1,18,03	1,17,72
<b>TOTAL</b>	<b>16,83,60</b>	<b>39,49,34</b>	<b>33,68,37</b>	<b>35,97,77</b>

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>UNITED STATES—conold.</b>				
Exports of Foreign merchandise—				
Miscellaneous articles . . . . .	6,67	72,66	72,80	72,65
<b>WEST INDIES.</b>				
Exports of Indian and Foreign produce—				
Jute, gunny bags . . . . .	44,32	4,02,44	2,42,48	2,41,78
Rice (not in the husk) . . . . .	18,56	1,75,38	2,39,63	2,01,02
Other articles . . . . .	3,71	7,56	6,02	7,82
<b>TOTAL</b> . . . . .	<b>66,59</b>	<b>5,85,38</b>	<b>4,88,13</b>	<b>4,50,57</b>
<b>ARGENTINE REPUBLIC.</b>				
Exports of Indian produce—				
Rice (not in the husk) . . . . .	11,52	6,27	8,45	68
Jute, raw . . . . .	1,08	23,06	20,44	22,23
" gunny bags . . . . .	4,99	29,68	15,36	21,99
" gunny cloth . . . . .	2,08,57	4,92,08	6,22,42	6,82,20
Other articles . . . . .	1,02	11,21	11,08	21,38
<b>TOTAL</b> . . . . .	<b>2,27,13</b>	<b>5,62,48</b>	<b>6,77,75</b>	<b>7,48,46</b>
<b>BRAZIL.</b>				
Exports of Indian produce—				
Miscellaneous articles . . . . .	8,94	1,81,74	53,48	74,67
<b>BRITISH GUIANA.</b>				
Exports of Indian and Foreign produce—				
Miscellaneous articles . . . . .	5,72	9,64	5,45	7,09
<b>CHILE.</b>				
Exports of Indian produce—				
Jute, gunny bags . . . . .	80,34	2,08,26	1,23,71	1,46,92
Rice (not in the husk) . . . . .	5,35	39	33	
Other articles . . . . .	1,36	18,45	19,37	19,09
<b>TOTAL</b> . . . . .	<b>87,05</b>	<b>2,27,10</b>	<b>1,43,41</b>	<b>1,66,00</b>
<b>ADEN.</b>				
Imports therefrom—				
Cotton manufactures . . . . .	32	15	33	49
Salt . . . . .	12,94	32,58	39,56	53,24
Other articles . . . . .	28,19	10,01	13,08	12,31
<b>TOTAL</b> . . . . .	<b>41,45</b>	<b>42,74</b>	<b>52,92</b>	<b>66,02</b>
Exports of Indian produce—				
Cotton, twist and yarn . . . . .	9,88	26,85	32,44	30,58
" manufactures . . . . .	18,38	16,34	22,02	18,19
Grain, pulse and flour—				
Jowar and bajra . . . . .	10,77	3,07	42	9,91
Rice (not in the husk) . . . . .	24,88	21,69	15,67	29,17
Wheat flour . . . . .	12,25	19,36	16,51	19,31
Spices . . . . .	4,79	12,19	12,08	10,61
Tobacco . . . . .	9,39	21,99	23,80	33,93
Other articles . . . . .	16,01	23,82	25,97	23,00
<b>TOTAL</b> . . . . .	<b>1,06,88</b>	<b>1,45,31</b>	<b>1,48,91</b>	<b>1,74,64</b>

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>ADEN—contd.</b>				
<b>Exports of Foreign merchandise—</b>				
Cotton manufactures . . . . .	13,07	13,21	7,90	6,56
Other articles . . . . .	5,73	9,15	6,44	9,77
<b>TOTAL</b>	<b>18,80</b>	<b>22,36</b>	<b>14,34</b>	<b>16,33</b>
<b>MASKAT TERRITORY AND TRUCIAL OMAN.</b>				
<b>Imports therefrom—</b>				
Fruits and vegetables . . . . .	18,84	21,33	17,81	19,15
Precious stones, etc. . . . .	18,72	16,87	9,54	11,28
Other articles . . . . .	9,19	10,28	9,86	10,15
<b>TOTAL</b>	<b>46,75</b>	<b>47,48</b>	<b>37,21</b>	<b>40,58</b>
<b>Exports of Indian produce—</b>				
Grain, pulse and flour—				
Jowar and bajra . . . . .	2,20	1,68	84	73
Rice (not in the husk) . . . . .	30,01	48,17	46,02	62,13
Other articles . . . . .	16,76	40,06	36,35	33,43
<b>TOTAL</b>	<b>48,97</b>	<b>89,91</b>	<b>81,21</b>	<b>96,29</b>
<b>Exports of Foreign merchandise—</b>				
Cotton manufactures . . . . .	21,23	20,17	17,11	17,46
Other articles . . . . .	10,93	14,55	11,37	13,26
<b>TOTAL</b>	<b>32,16</b>	<b>34,72</b>	<b>28,48</b>	<b>30,72</b>
<b>ARABIA, OTHER STATES.</b>				
<b>Imports therefrom—</b>				
Miscellaneous articles . . . . .	3,51	6,77	7,51	10,89
<b>Exports of Indian produce—</b>				
Grain, pulse and flour . . . . .	21,74	65,44	62,18	91,90
Other articles . . . . .	14,69	22,69	37,49	44,94
<b>TOTAL</b>	<b>36,43</b>	<b>88,13</b>	<b>99,67</b>	<b>1,36,84</b>
<b>Exports of Foreign merchandise—</b>				
Miscellaneous articles . . . . .	13,84	11,65	16,76	31,46
<b>BAHRAIN ISLANDS.</b>				
<b>Imports therefrom—</b>				
Precious stones, etc. . . . .	50,47	23,00	20,92	19,87
Other articles . . . . .	2,52	3,10	6,03	3,71
<b>TOTAL</b>	<b>52,99</b>	<b>26,10</b>	<b>26,95</b>	<b>23,58</b>

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>BAHREIN ISLANDS—contd.</b>				
Exports of Indian produce—				
Cotton manufactures . . . . .	4,48	16,94	24,51	22,26
Rice (not in the husk) . . . . .	25,42	49,29	30,21	60,45
Other articles . . . . .	12,34	31,14	33,18	30,69
<b>TOTAL</b>	<b>42,24</b>	<b>97,37</b>	<b>87,90</b>	<b>1,18,99</b>
Exports of Foreign merchandise—				
Cotton manufactures . . . . .	18,18	11,89	12,12	15,91
Other articles . . . . .	9,07	11,57	15,98	18,17
<b>TOTAL</b>	<b>27,25</b>	<b>22,96</b>	<b>28,10</b>	<b>34,08</b>
<b>BORNEO.</b>				
Imports therefrom—				
Oil, mineral . . . . .	53,76	1,47,48	1,26,78	1,64,08
Other articles . . . . .	2	23	93	37
<b>TOTAL</b>	<b>53,78</b>	<b>1,47,71</b>	<b>1,27,71</b>	<b>1,64,45</b>
<b>CYLON.</b>				
Imports therefrom—				
Coffee . . . . .	1	3,90	7,18	9,04
Grain, pulse and flour . . . . .	12	1,32	1,29	1,47
Hides and skins, raw . . . . .	3,43	3,57	4,55	6,85
Jute, gunny bags . . . . .	7,62	17,04	14,51	16,60
Machinery . . . . .	1,36	1,87	2,02	2,48
Metals . . . . .	1,41	4,81	2,79	2,92
Oils . . . . .	45	30,00	1,86	36,03
Rubber . . . . .	10	1,53	65	54
Seeds . . . . .	91	8,48	2,23	9,92
Spices . . . . .	29,91	43,41	36,46	32,90
Tea . . . . .	7,10	9,71	9,16	11,56
Other articles . . . . .	20,11	43,57	54,44	59,76
<b>TOTAL</b>	<b>72,58</b>	<b>1,69,11</b>	<b>1,37,14</b>	<b>1,90,07</b>
Exports of Indian produce—				
Animals, living . . . . .	18,40	22,17	24,26	30,78
Coal and coke . . . . .	43,39	28,77	33,15	49,40
Coffee . . . . .	5,76	36	42	39
Cotton manufactures . . . . .	36,03	97,22	1,11,25	89,11
Fish (excluding canned fish) . . . . .	24,39	56,08	57,42	68,24
Fodder, bran, etc. . . . .	1,78	4,61	4,90	6,19
Fruits and vegetables . . . . .	13,55	33,34	41,24	34,52
Grain, pulse and flour—				
Rice (not in the husk) . . . . .	4,26,72	7,05,99	6,97,09	7,47,78
Other sorts . . . . .	43,30	88,68	62,63	78,29
Jute manufactures . . . . .	5,41	19,59	16,51	15,42
Manures . . . . .	10,37	30,60	36,46	32,27
Oilcakes . . . . .	38,54	68,29	69,24	58,68
Provisions and oilman's stores . . . . .	5,45	9,52	9,09	9,28
Seeds . . . . .	12,21	14,25	8,84	16,17
Spices . . . . .	15,31	36,21	36,68	36,36
Tea . . . . .	26,90	28,58	31,24	33,58
Wood and timber . . . . .	2,32	9,32	9,08	6,87
Other articles . . . . .	64,52	2,14,57	1,94,90	2,10,44
<b>TOTAL</b>	<b>8,02,35</b>	<b>14,53,58</b>	<b>14,44,05</b>	<b>15,22,46</b>
Exports of Foreign merchandise—				
Cotton manufactures . . . . .	3,26	10,71	6,42	7,19
Other articles . . . . .	13,32	42,93	36,72	53,23
<b>TOTAL</b>	<b>22,08</b>	<b>53,64</b>	<b>42,14</b>	<b>60,41</b>

No. 12—continued.

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>HONGKONG.</b>				
<b>Imports therefrom—</b>				
Apparel	1,21	1,19	62	97
Building materials	83	4	87	81
Cotton manufactures	1,04	19,53	9,52	15,97
Cordage	3,19	5,18	1,46	78
Drugs and medicines	6,48	5,08	4,49	3,04
Fire works	5,00	6,82	9,56	7,53
Grain, pulse and flour	4,58	52	1,82	93
Provisions	3,85	11,09	11,69	17,51
Silk, raw	23,69	4,66	4,82	17,25
„ manufactures including yarn, etc.	21,61	8,72	8,60	13,79
Sugar, refined	10,34	6,88	7,09	7,22
Other articles	15,69	25,89	29,75	30,51
<b>TOTAL</b>	<b>98,31</b>	<b>84,40</b>	<b>89,79</b>	<b>1,15,81</b>
<b>Exports of Indian produce—</b>				
Chemicals	11,14	5,91	1,31	7
Cotton—				
Raw	32,85	19,09	87	4,36
Twist and yarn	3,86,49	82,14	1,02,49	8,42
Grain, pulse and flour	12,70	45,18	11,99	2,53
Jadestone	5,65	1,43	3,14	1,28,27
Jute manufactures	7,42	54,83	1,00,61	63,84
Opium	4,15,52			
Other articles	41,09	76,67	73,88	
<b>TOTAL</b>	<b>9,12,36</b>	<b>2,35,30</b>	<b>2,93,79</b>	<b>2,07,49</b>
<b>Exports of Foreign merchandise—</b>				
Fish—				
Fishmaws and sharkfins	4,67	5,27	4,22	3,30
Fruits and vegetables—				
Dried, salted, or preserved	2,13	1,89	1,74	4,43
Other articles	6,62	3,65	3,47	4,53
<b>TOTAL</b>	<b>13,42</b>	<b>10,81</b>	<b>9,43</b>	<b>12,26</b>
<b>CHINA (EXCLUSIVE OF HONGKONG AND MACAO).</b>				
<b>Imports therefrom—</b>				
Cotton yarn	5	59	8,19	1,15,14
Silk, raw	83,44	85,81	1,05,27	1,23,78
„ manufactures, including yarn	35,67	94,68	1,23,98	1,17,03
Tea	10,70	38,90	41,90	29,77
Other articles	23,12	40,69	51,66	55,55
<b>TOTAL</b>	<b>1,57,98</b>	<b>2,60,67</b>	<b>3,31,00</b>	<b>4,41,27</b>
<b>Exports of Indian produce—</b>				
Cotton—				
Raw	42,79	12,12,62	7,68,61	1,99,30
Twist and yarn	4,10,64	1,25	1,20	1,14
Piecegoods	2,70	41	10	51
Grain, pulse and flour	12,32	2,21,38	3,67,01	1,51,33
Jute manufactures	49,50	40,31	37,21	25,54
Tea	35,95	11,83	4,21	25,33
Other articles	3,18,49	56,87	43,49	43,82
<b>TOTAL</b>	<b>8,72,39</b>	<b>15,43,97</b>	<b>11,21,83</b>	<b>4,46,97</b>



No. 12—continued.

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>CHINA (EXCLUSIVE OF HONGKONG AND MACAO)—contd.</b>				
Exports of Foreign merchandise— Miscellaneous articles . . . . .	1,30	4,49	0,83	10,88
<b>INDO-CHINA.</b>				
Imports therefrom— Miscellaneous articles . . . . .	1,01	7,12	5,17	28,23
Exports of Indian and foreign produce— Cotton raw . . . . . Jute manufactures . . . . . Opium . . . . . Other articles . . . . .	1,68 32,57 29,07 3,48	93,73 58,14 70,16 4,79	85,98 55,46 94,40 6,98	66,27 67,09 85,68 8,52
<b>TOTAL</b>	<b>66,75</b>	<b>2,81,82</b>	<b>1,92,77</b>	<b>2,27,56</b>
<b>JAPAN.</b>				
Imports therefrom— Ale, beer and porter . . . . . Apparel . . . . . Bobbins . . . . . Brass, bronze, etc. . . . . Brushes and brooms . . . . . Buttons of all sorts . . . . . Camphor . . . . . Carriages . . . . . Cement . . . . . Chemicals . . . . . Coal and coke . . . . . Copper . . . . . Cotton, raw . . . . . "  hosiery . . . . . "  piecegoods . . . . . "  yarn . . . . . "  other manufactures . . . . . Cutlery . . . . . Drugs and medicines (other than camphor) . . . . . Earthenware and porcelain . . . . . Furniture and cabinetware . . . . . Glass and glassware— Bangles . . . . . Beads and false pearls . . . . . Bottles and phials . . . . . Funnels, globes, etc. . . . . Table ware . . . . . Others . . . . . Haberdashery and millinery . . . . . Hardware . . . . . Instruments . . . . . Iron or steel . . . . . Leather . . . . . Machinery and millwork . . . . . Matches . . . . . Paints and painters' materials . . . . . Paper and pasteboard . . . . . Provisions and oilman's stores . . . . . Rubber manufactures . . . . . Silk, raw . . . . . Silk manufactures . . . . . Spices, ginger . . . . . Starch and farina . . . . . Stationery (excluding paper) . . . . . Tea-chests . . . . . Toilet requisites . . . . . Toys and requisites for games . . . . . Umbrella fittings . . . . . Wood—timber . . . . . "  manufactures . . . . . Woolen manufactures . . . . . Other articles . . . . .	3 9,17 7 48 11,48 11 1 93 7,02 27,99 9 65,23 6,10 6,16 2,12 1,72 4,23 71 5 7,61 1,00 68 1,41 3,35 10,88 3,59 85 38 63 28,40 55 1,57 1,15 1,81,45 3,40 7 2,17 87 1,81 3,16 4,91 32 71 8 10,25	1,74 11,11 1,68 36,91 70 9,68 16,62 3,45 2,30 2,72 2,73 5 56 1,11,38 6,98,15 4,24,80 24,06 31 8,59 34,84 1,23 23,67 11,06 10,46 2,62 6,07 13,61 23,30 37,09 5,37 15 24 2,95 24,63 3,90 4,60 2,44 1,14 1,25 2,41 26 5,25 26 3,59 11,77 13,11 13,36 2,87 20,57 67,64	2,72 13,15 1,03 33,36 78 11,62 18,19 5,34 3,88 3,35 16 6 56 1,17,06 6,57,55 3,20,21 20,74 10 7,86 33,12 1,56 20,64 9,69 11,80 2,27 5,05 16,96 14,71 28,95 3,91 8 34 3,02 10,58 3,82 4,79 3,18 1,20 1,28 59 3 4,43 30 3,06 11,18 14,33 18,94 4,04 11,01 46,16	3,38 14,35 1,53 30,56 1,30 8,97 17,17 3,85 4,21 3,39 1,66 5 4,12 1,13,54 8,24,75 2,23,60 19,00 8 5,38 32,59 2,26 25,64 7,77 10,89 2,42 5,30 16,74 21,97 27,40 5,82 2,50 43 2,30 3,47 3,40 7,37 4,64 86 3,24 1,57,61 45 22 5,88 37 4,02 13,55 10,27 11,42 3,75 12,01 97,39
<b>TOTAL</b>	<b>3,64,35</b>	<b>18,16,00</b>	<b>16,47,24</b>	<b>17,80,19</b>

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>JAPAN—contd.</b>				
Exports of Indian produce—				
Cotton, raw	14,50,70	47,47,41	34,50,68	21,93,59
Hides and skins, tanned or dressed	12,70	39,67	36,81	28,92
Jute, raw	10,84	61,15	30,34	34,75
" manufactures	10,93	1,06,46	1,36,03	97,95
Manures	5,59	22,56	15,61	11,62
Rice (not in the husk)	1,83,89	4,17,68	1,79,73	2,25,62
Pulse	4,19	30,36	18,12	26,48
Iron and steel	15,24	76,57	1,19,69	1,38,58
Oilcakes	15,19	40,01	30,40	31,36
Opium	9,79	5,69	..	..
Paraffin wax	6,90	1,00	..	12,10
Other articles	8,61	1,17,24	88,75	94,79
<b>TOTAL</b>	<b>16,84,66</b>	<b>56,65,80</b>	<b>41,00,75</b>	<b>29,00,66</b>
Exports of Foreign merchandise—				
Miscellaneous articles	1,66	1,29,46	26,27	18,75
<b>JAVA.</b>				
Imports therefrom—				
Liquors	2,59	8,49	10,87	18,94
Sugar	9,23,33	13,79,47	14,08,49	14,15,02
Tea	81	5,78	11,37	21,85
Other articles	8,30	10,10	11,55	19,94
<b>TOTAL</b>	<b>9,35,03</b>	<b>14,08,79</b>	<b>14,42,28</b>	<b>14,70,75</b>
Exports of Indian produce—				
Jute, gunny bags	45,29	2,31,63	1,71,55	1,46,31
Opium	52,28	56,00	60,00	48,20
Rice (not in the husk)	1,76,58	1,61,47	84,92	7,91
Other articles	15,59	27,05	28,27	31,53
<b>TOTAL</b>	<b>2,89,74</b>	<b>4,76,15</b>	<b>2,94,74</b>	<b>2,38,95</b>
Exports of Foreign merchandise—				
Miscellaneous articles	1,12	5,02	4,52	6,45
<b>PERSIA.</b>				
Imports therefrom—				
Fruits and vegetables, dried, salted, etc.	18,68	22,01	23,11	27,62
Mineral oils	4,09	1,45,96	1,31,63	2,16,08
Precious stones, etc.	8,23	1,41	34	1,14
Wool, raw	9,81	15,50	9,05	9,88
Other articles	22,68	30,02	33,51	40,09
<b>TOTAL</b>	<b>63,49</b>	<b>2,14,92</b>	<b>1,98,14</b>	<b>2,04,81</b>
Exports of Indian produce—				
Cotton twist and yarn	12,05	37,05	42,28	26,00
" manufactures	13,78	82,77	1,12,30	81,52
Grain, pulse and flour—				
Rice (not in the husk)	10,35	24,75	15,02	18,12
Others	3,38	36,27	9,81	5,98
Indigo	1,99	95	21	18
Tea, black	1,67	23,10	38,75	26,50
Other articles	11,51	30,76	31,26	34,29
<b>TOTAL</b>	<b>55,13</b>	<b>2,35,65</b>	<b>2,40,58</b>	<b>1,87,59</b>

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>PERSIA—contd.</b>				
Exports of Foreign merchandise—				
Cotton twist and yarn . . . . .	5,82	8,82	6,67	11,26
" manufactures . . . . .	37,80	31,96	24,29	22,29
Metals and ores . . . . .	3,68	4,51	5,86	2,47
Sugar . . . . .	5,65	18,61	5,98	5,71
Other articles . . . . .	13,81	29,46	21,49	20,91
<b>TOTAL</b>	<b>66,76</b>	<b>87,86</b>	<b>64,24</b>	<b>62,64</b>
<b>SIAM.</b>				
Imports therefrom—				
Wood, teak . . . . .	31,41	6,40	8,38	11,50
Other articles . . . . .	3,39	4,48	4,27	11,62
<b>TOTAL</b>	<b>34,80</b>	<b>10,88</b>	<b>12,65</b>	<b>23,12</b>
Exports of Indian produce—				
Cotton manufactures . . . . .	10,75	29,08	23,33	22,80
Jute, gunny bags . . . . .	27,14	56,93	58,86	74,00
Opium . . . . .	18,84	60,00	56,00	62,60
Other articles . . . . .	6,21	29,77	25,62	29,01
<b>TOTAL</b>	<b>62,94</b>	<b>1,75,73</b>	<b>1,63,81</b>	<b>1,98,41</b>
Exports of Foreign merchandise—				
Miscellaneous articles . . . . .	2,47	2,06	1,89	1,74
<b>STRAITS SETTLEMENTS.</b>				
Imports therefrom—				
Canes and rattans . . . . .	4,61	4,76	5,50	5,28
Cotton manufactures . . . . .	8,01	25,23	21,37	19,59
Drugs and medicines . . . . .	2,75	4,74	7,46	4,81
Dyeing and tanning substances . . . . .	7,98	10,98	11,13	9,06
Fish . . . . .	22,53	31,16	31,37	29,21
Fruits and vegetables . . . . .	6,27	9,94	9,83	12,00
Gums and resins . . . . .	5,45	11,75	12,39	15,76
Lac . . . . .	1,51	1,03	7,34	20,46
Matches . . . . .	7,84	43	87	1,08
Metals, tin . . . . .	44,54	94,15	93,25	1,19,22
Oils, mineral . . . . .	16,52	43,24	34,24	29,04
Provisions and oilman's stores . . . . .	23,72	46,64	54,80	42,46
Rice (not in the husk) . . . . .	7,44	3	4	32,31
Silk, raw . . . . .	6,75		1	
Spices, betelnuts . . . . .	85,73	2,09,73	2,14,30	1,59,11
" others . . . . .	12,63	9,22	22,14	16,75
Sugar . . . . .	3,74	6,52	3,06	3,58
Other articles . . . . .	41,76	57,44	51,98	65,53
<b>TOTAL</b>	<b>3,08,48</b>	<b>5,65,98</b>	<b>5,82,13</b>	<b>5,84,22</b>
Exports of Indian produce—				
Animals, living . . . . .	6,93	7,74	9,53	10,60
Coal . . . . .	17,08	5,02	16,15	17,37
Cordage and rope . . . . .	3,35	11,16	11,44	11,43
Cotton, twist and yarn . . . . .	24,41	10,75	11,29	11,15
" manufactures . . . . .	67,69	1,63,46	1,56,22	1,35,89
Fodder, bran, etc. . . . .	16,93	14,57	16,94	12,96
Grain, pulse and flour—				
Rice (not in the husk) . . . . .	3,24,33	3,26,40	3,11,66	2,78,25
Others . . . . .	18,60	25,61	28,70	30,31

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>STRAITS SETTLEMENTS—contd.</b>				
<b>Exports of Indian produce—contd.]</b>				
Hides and skins, raw . . . . .	25	74	37	12
Jute manufactures . . . . .	34,40	1,12,96	99,70	89,06
Opium . . . . .	1,48,73	—	—	—
Provisions and oilman's stores . . . . .	14,92	17,69	20,75	20,61
Seeds . . . . .	8,23	15,32	14,66	17,50
Tobacco . . . . .	13,12	18,79	16,40	15,61
Other articles . . . . .	67,76	2,51,20	2,18,28	2,05,33
<b>TOTAL</b> . . . . .	<b>7,54,93</b>	<b>9,81,41</b>	<b>9,82,09</b>	<b>9,11,20</b>
<b>Exports of Foreign merchandise—</b>				
Cotton manufactures . . . . .	4,90	2,83	3,21	2,60
Spices, cloves . . . . .	1,91	17,87	3,32	31
Other articles . . . . .	11,44	15,63	11,39	13,62
<b>TOTAL</b> . . . . .	<b>18,25</b>	<b>36,33</b>	<b>17,92</b>	<b>16,53</b>
<b>SUMATRA.</b>				
<b>Imports therefrom—</b>				
Oils, mineral . . . . .	11,78	11,43	4,76	10,04
Other articles . . . . .	5	78	69	14
<b>TOTAL</b> . . . . .	<b>11,83</b>	<b>12,21</b>	<b>5,45</b>	<b>10,18</b>
<b>Exports of Indian and Foreign produce—</b>				
Coal and coke . . . . .	9,13	8	72	1,33
Rice (not in the husk) . . . . .	10,67	1,24,19	1,28,58	1,69,12
Other articles . . . . .	4,75	11,06	15,43	13,69
<b>TOTAL</b> . . . . .	<b>24,55</b>	<b>1,35,33</b>	<b>1,44,73</b>	<b>1,84,14</b>
<b>IRAQ (a)</b>				
<b>Imports therefrom—</b>				
Apparel . . . . .	—	15	15	1
Arms, Ammunition, etc. . . . .	—	8	10	6
Drugs and medicines . . . . .	—	45	68	39
Dyeing and tanning substances . . . . .	—	44	1,24	1,07
Fruits and vegetables . . . . .	—	66,21	44,67	78,74
Grain, pulse and flour . . . . .	—	30	3,39	2,87
Hardware . . . . .	—	32	29	46
Hides and skins, raw . . . . .	—	1,50	2,22	1,39
Metals—Brass . . . . .	—	1,22	1,11	1,31
Motor cars, etc. . . . .	—	10	2	6
Provisions . . . . .	—	8	90	2,25
Seeds . . . . .	—	51	34	9
Ships, parts of . . . . .	—	8	—	12
Silk, raw . . . . .	—	19	—	—
Wool, raw . . . . .	—	14	2,57	82
Manufactures . . . . .	—	29	32	23
Other articles . . . . .	—	4,65	6,55	5,29
<b>TOTAL</b> . . . . .	<b>—</b>	<b>76,71</b>	<b>70,05</b>	<b>95,16</b>

(a) Included in Turkey in Asia prior to 1921-22.

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>IRAQ (a)—contd.</b>				
<b>Exports of Indian produce—</b>				
Cotton manufactures . . . . .	—	84,46	1,15,42	79,65
Indigo . . . . .	—	1,14	1,22	1,47
Grain, pulse and flour—	—	—	—	—
Rice (not in the husk) . . . . .	—	26,51	8,26	5,50
Wheat flour . . . . .	—	17,05	4,54	2,35
Others . . . . .	—	58,95	1,06	82
Tea . . . . .	—	24,19	29,40	14,73
Other articles . . . . .	—	64,17	53,03	61,08
<b>TOTAL</b> . . . . .	<b>—</b>	<b>2,76,47</b>	<b>2,18,53</b>	<b>1,65,60</b>
<b>Exports of Foreign merchandise—</b>				
Cotton manufactures . . . . .	—	21,31	12,28	18,05
Provisions . . . . .	—	37	8	33
Sugar . . . . .	—	6,00	4,32	5,62
Other articles . . . . .	—	27,20	20,41	15,34
<b>TOTAL</b> . . . . .	<b>—</b>	<b>64,68</b>	<b>37,09</b>	<b>39,34</b>
<b>TURKEY IN ASIA (b)</b>				
<b>Imports therefrom—</b>				
Animals, living . . . . .	4,20	..	..	..
Fruits and vegetables : dried, salted, etc. . . . .	83,27	..	2	1
Grain, pulse and flour . . . . .	2,13	..	..	..
Other articles . . . . .	19,26	11	7	1
<b>TOTAL</b> . . . . .	<b>58,86</b>	<b>11</b>	<b>9</b>	<b>2</b>
<b>Exports of Indian produce—</b>				
Cotton manufactures . . . . .	59,50	20	2,96	9,92
Indigo . . . . .	6,59	3	2	3
Grain, pulse and flour—	—	—	—	—
Rice (not in the husk) . . . . .	71,40	4,76	1,07	9,76
Wheat flour . . . . .	7,54	..	..	..
Others . . . . .	6,05	..	..	..
Jute manufactures . . . . .	17,39	6,15	11,89	12,87
Tea . . . . .	16,19	2,71	4,50	1,20
Other articles . . . . .	32,64	1,29	1,41	2,32
<b>TOTAL</b> . . . . .	<b>2,17,60</b>	<b>15,14</b>	<b>21,85</b>	<b>36,16</b>
<b>Exports of Foreign merchandise—</b>				
Cotton manufactures . . . . .	5,23	..	..	52
Provisions . . . . .	11	..	..	..
Sugar . . . . .	2,55	..	..	..
Other articles . . . . .	14,44	..	..	4
<b>TOTAL</b> . . . . .	<b>22,32</b>	<b>..</b>	<b>..</b>	<b>56</b>

(a) Included in Turkey in Asia prior to 1921-22.

(b) Includes Iraq prior to 1921-22.

No. 12—concluded.

(In thousands of Rupees)

ARTICLES	Pre-war average	1925-26	1926-27	1927-28
<b>AUSTRALIA.</b>				
Imports therefrom—				
Coal	7,89	3,52	3,31	2,19
Horses	30,00	11,37	24,71	19,76
Provisions and oilman's stores	2,96	21,84	12,20	9,16
Railway plant, etc.	36,74	7,76	23,66	11,71
Wheat		61,29	66,85	1,08,61
Other articles	23,57	38,41	37,98	40,24
<b>TOTAL</b>	<b>1,01,16</b>	<b>1,44,19</b>	<b>1,69,61</b>	<b>1,91,67</b>
Exports of Indian produce—				
Jute, bags and cloth	2,05,07	5,07,57	6,21,02	5,08,58
Oils	6,26	1,89	62	52
Rice (not in the husk)	20,93	38,62	17,06	29,04
Tea	40,81	40,86	56,32	21,95
Other articles	40,29	1,05,59	83,01	1,00,34
<b>TOTAL</b>	<b>3,18,36</b>	<b>7,54,03</b>	<b>7,78,03</b>	<b>6,60,86</b>
Exports of Foreign merchandise—				
Miscellaneous articles	53	1,59	1,76	92
<b>NEW ZEALAND.</b>				
Imports therefrom—				
Miscellaneous articles	26	93	56	1,46
Exports of Indian produce—				
Jute manufactures	36,67	82,49	82,23	64,36
Manures	3,97	1,79	1,79	77
Other articles	10,02	20,32	18,89	11,96
<b>TOTAL</b>	<b>50,66</b>	<b>1,05,10</b>	<b>97,91</b>	<b>77,11</b>
Exports of Foreign merchandise—				
Miscellaneous articles	7	37	9	7
<b>HAWAII.</b>				
Exports of Indian produce—				
Jute, gumy bags	18,51	30,10	27,90	34,45
Other articles	34	2,68	3,36	2,32
<b>TOTAL</b>	<b>18,85</b>	<b>32,78</b>	<b>31,26</b>	<b>36,77</b>

No. 13.—IMPORTS OF COTTON PIECEGOODS.

(In thousands of yards)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>GREY.</b>					
From United Kingdom	1,215,997	815,197	568,882	588,782	651,161
" Japan	2,559	81,171	96,727	154,865	214,774
" United States	10,405	7,356	7,694	2,690	2,241
" Other countries	2,036	1,150	3,235	2,074	7,362
<b>TOTAL</b>	<b>1,331,017</b>	<b>904,874</b>	<b>676,628</b>	<b>748,411</b>	<b>875,638</b>

(In thousands of yards)

COUNTRIES		Pre-war average	War average	Post-war average	1926-27	1927-28
<b>WHITE.</b>						
From	United Kingdom . . . . .	642,871	510,088	363,444	550,285	526,753
"	Netherlands . . . . .	7,606	3,824	4,404	5,956	7,506
"	Switzerland . . . . .	2,606	702	1,738	3,043	12,176
"	Japan . . . . .	48	3,323	2,623	2,882	5,699
"	Other countries . . . . .	1,124	945	1,362	3,186	4,423
	<b>TOTAL</b>	<b>654,256</b>	<b>518,890</b>	<b>373,569</b>	<b>570,952</b>	<b>556,462</b>
<b>COLOURED, ETC.</b>						
From	United Kingdom . . . . .	590,462	350,826	254,563	318,300	352,211
"	Netherlands . . . . .	15,219	8,788	6,997	13,697	12,070
"	Belgium . . . . .	4,082	548	812	2,171	1,745
"	Switzerland . . . . .	2,655	1,794	1,539	3,155	2,527
"	Italy . . . . .	10,320	9,111	4,183	15,551	24,563
"	Straits Settlements . . . . .	1,458	666	1,353	3,298	3,168
"	Japan . . . . .	521	18,095	14,049	85,822	102,663
"	Other countries . . . . .	6,835	1,509	1,927	5,448	5,889
	<b>TOTAL</b>	<b>681,552</b>	<b>386,277</b>	<b>286,423</b>	<b>447,442</b>	<b>504,841</b>
<b>TOTAL OF COTTON PIECE-GOODS INCLUDING FINES.</b>						
From	United Kingdom . . . . .	2,563,705	1,702,072	1,199,041	1,466,874	1,548,110
"	Aden and Dependencies . . . . .	118	123	1,168	119	247
"	Straits Settlements . . . . .	2,008	908	1,546	3,587	3,337
"	Netherlands . . . . .	23,777	12,764	11,462	19,713	19,580
"	Belgium . . . . .	4,122	551	821	2,312	1,903
"	Switzerland . . . . .	6,278	2,408	3,278	11,868	14,895
"	Italy . . . . .	10,579	9,177	4,303	17,256	26,338
"	Japan . . . . .	3,127	97,637	113,403	243,587	323,053
"	United States . . . . .	10,671	12,718	12,303	15,691	22,232
"	Other countries . . . . .	8,289	2,512	4,553	6,937	12,635
	<b>TOTAL</b>	<b>2,631,674</b>	<b>1,840,955</b>	<b>1,351,878</b>	<b>1,787,944</b>	<b>1,978,380</b>

No. 13A.—PRODUCTION, IMPORTS, MILL AND OTHER CONSUMPTION, EXPORTS AND RE-EXPORTS OF RAW COTTON.

(In lakhs of bales)

	Production	Imports	Mill consumption	Estimated other consumption	Exports	Re-exports
<b>Season Sept. to Aug.—</b>						
1913-14 . . . . .	51	..	18	4.5	37	..
1914-15 . . . . .	52	0.2	18	10.0	21	..
1915-16 . . . . .	37	..	19	7.5	25	..
1916-17 . . . . .	45	0.1	22*	7.5	21	..
1917-18 . . . . .	41	0.3	20*	7.5	17	..
1918-19 . . . . .	40	0.1	20*	7.5	18	..
1919-20 . . . . .	53	0.2	19*	7.5	27	..
1920-21 . . . . .	36	1.0	21*	7.5	22	..
1921-22 . . . . .	45	1.0	22*	7.5	32	0.3
1922-23 . . . . .	51	0.6	21*	7.5	35	0.4
1923-24 . . . . .	52	1.0	19*	7.6	34	0.3
1924-25 . . . . .	61	1.0	18†	7.5	40	0.5
1925-26 . . . . .	62	1.2	22†	7.5	37	0.2
1926-27 . . . . .	50	5.1	20†	7.5	28	0.1

\* The figures of mill consumption from 1913-14 to 1915-16 were calculated from yarn produced by mills and furnished under Cotton Duties Act. From 1916-17, the figures furnished by Bombay Mill owners Association were taken.

† Represents figures compiled by the Indian Central Cotton Committee.

No. 14.—PRODUCTION IN THE INDIAN MILLS OF COTTON PIECEGOODS.

(In thousands of yards)

ARTICLES	Pre-war average	War average	Post-war average	1926-27	1927-28
Grey and Bleached piecegoods . . . . .	854,141	1,055,855	1,209,684	1,577,238	1,675,008
Coloured piecegoods . . . . .	251,858	378,187	466,182	681,478	681,557
TOTAL . . . . .	1,105,994	1,444,042	1,675,866	2,258,716	2,356,565

No. 15-A.—IMPORTS OF COTTON TWIST AND YARN FROM PRINCIPAL COUNTRIES.

(In thousands of lbs.)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
From United Kingdom . . . . .	37,050	24,674	25,702	20,106	20,560
" Hongkong . . . . .	25	19	193	16	822
" Netherlands . . . . .	1,360	627	279	485	588
" Switzerland . . . . .	1,132	339	604	691	484
" China . . . . .	15	214	537	980	12,045
" Japan . . . . .	458	7,424	16,786	28,619	16,975
" Other countries . . . . .	1,754	766	580	578	871
TOTAL . . . . .	41,794	34,063	44,681	49,425	62,345

No. 15-B.—IMPORTS OF COTTON TWIST AND YARN BY COUNTS.

(In thousands of lbs.)

ARTICLES	Pre-war average	War average	Post-war average	1926-27	1927-28	Percentage of total in 1927-28
Nos. 1 to 20 . . . . .	1,375	2,191	6,987	1,068	2,465	4.7
" 21 to 30 . . . . .	4,374	3,198	3,526	953	855	1.6
" 31 to 40 . . . . .	23,218	17,530	20,580	24,405	27,305	52.2
Above No. 40 . . . . .	7,602	5,945	6,291	7,562	8,040	15.4
Two-folds (doubles) . . . . .	—	—	3,973	7,146	13,633	26.0
Unspecified descriptions . . . . .	5,230	5,199	3,324	3,291	47	.1
TOTAL . . . . .	41,794	34,063	44,681	49,425	62,345	100



No. 16.—PRODUCTION IN THE INDIAN MILLS OF COTTON TWIST AND YARN  
BY COUNTS.

(In thousands of lbs.)

ARTICLES	Pre-war average	War average	Post-war average	1926-27	1927-28	Percentage of total in 1927-28
Nos. 1 to 20 . . . . .	478,538	466,952	447,157	515,681	494,788	61.2
" 21 to 30 . . . . .	146,363	174,069	195,368	248,311	263,053	32.6
" 31 to 40 . . . . .	18,699	20,987	16,920	27,657	33,757	4.2
Above No. 40 . . . . .	2,656	3,834	2,690	11,581	11,142	1.4
Wastes . . . . .	502	385	375	3,936	6,171	.7
<b>TOTAL</b>	<b>646,757</b>	<b>666,227</b>	<b>662,510</b>	<b>807,116</b>	<b>808,911</b>	<b>100</b>

No. 17.—IMPORTS OF RAW SILK, SILK YARN AND SILK PIECEGOODS.

(In thousands of Rupees)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>IMPORTS OF SILK, RAW—</b>					
China . . . . .	63,44	82,92	1,19,57	1,05,27	1,23,78
Hongkong . . . . .	23,69	16,83	21,13	4,82	17,25
Straits Settlements . . . . .	6,75	1,29	2,02	1	..
Other countries . . . . .	3,37	8,97	7,18	3,61	4,29
<b>TOTAL</b>	<b>1,17,25</b>	<b>1,10,01</b>	<b>1,49,90</b>	<b>1,13,71</b>	<b>1,45,32</b>
<b>IMPORTS OF SILK YARN—</b>					
United Kingdom . . . . .	4,27	3,98	1,95	67	14
France . . . . .	65	20	1,08	4,39	2,22
Switzerland . . . . .	57	20	31	12,97	10,63
Italy . . . . .	14,22	3,55	14,56	21,32	20,13
China (including Hongkong) . . . . .	2,75	5,07	9,90	14,06	16,04
Japan . . . . .	17,38	29,11	30,29	7,41	9,95
Other countries . . . . .	1,35	8	20	1,22	44
<b>TOTAL</b>	<b>41,19</b>	<b>42,23</b>	<b>58,29</b>	<b>63,14</b>	<b>59,45</b>
<b>IMPORTS OF SILK PIECEGOODS—</b>					
United Kingdom . . . . .	3,86	4,13	5,19	2,96	2,53
France . . . . .	8,87	3,65	2,63	3,80	5,23
China (including Hongkong) . . . . .	53,54	73,94	1,34,98	1,15,59	1,12,50
Japan . . . . .	1,13,57	1,17,93	1,77,63	1,17,95	1,82,62
Other countries . . . . .	2,33	1,86	4,15	2,67	5,19
<b>TOTAL</b>	<b>1,82,22</b>	<b>2,01,51</b>	<b>3,24,58</b>	<b>2,42,97</b>	<b>2,53,07</b>

No. 18.—IMPORTS OF WOOLLEN PIECEGOODS.

(In thousands of Rupees)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
United Kingdom . . . . .	1,46,44	1,21,68	1,53,84	1,42,51	1,62,16
Germany . . . . .	39,83	3,02	7,13	29,92	35,94
Netherlands . . . . .	3,09	1,26	3,61	6,26	8,96
Belgium . . . . .	1,78	31	4,20	14,19	8,09
France . . . . .	10,85	3,85	7,80	36,85	60,60
Italy . . . . .	88	18	2,07	35,37	37,00
Japan . . . . .	2	6,30	8,16	9,98	10,32
Other countries . . . . .	3,94	1,64	1,90	2,36	4,91
<b>TOTAL</b>	<b>2,06,78</b>	<b>1,37,64</b>	<b>1,88,71</b>	<b>2,77,44</b>	<b>3,23,48</b>

## No. 19.—IMPORTS AND DECLARED VALUE OF IRON AND STEEL.

(Quantities in hundreds of tons)

ARTICLES	1913-14 (PRE-WAR YEAR)			1924-25			1926-27			1927-28		
	Quantity	Value	Value per ton	Quantity	Value	Value per ton	Quantity	Value	Value per ton	Quantity	Value	Value per ton
		₹ (lakhs)	₹		₹ (lakhs)	₹		₹ (lakhs)	₹		₹ (lakhs)	₹
Sheets and Plates— Galvanised . . . . .	277.6	5.38	104	209.1	6.03	274	274.8	7.17	261	331.5	8.06	243
Tinned . . . . .	52.8	1.25	237	30.5	1.44	305	22.2	77	345	24.0	32	323
Not Galvanised or Tinned . . . . .	100.6	1.23	123	118.1	1.00	161	62.0	84	136	79.7	1.08	136
Iron, Bars and channels . . . . .	26.7	35	130	0.2	16	175	10.4	14	134	4.9	10	197
Bars (Steel) . . . . .	204.6	2.07	101	183.5	2.32	126	151.1	1.49	98	181.1	1.33	101
Beams, channels, pillars, girders and bridgework. . . . .	39.6	1.15	129	30.0	1.24	153	72.1	90	125	144.4	1.34	123
Cast pipes and fittings . . . . .	56.2	91	161	12.6	31	244	9.1	28	251	15.7	38	210
Steel, angle and spring . . . . .	44.2	47	106	41.6	57	136	52.3	55	106	68.1	71	104
Wrought tubes, pipes and fittings . . . . .	18.4	46	253	33.8	1.14	337	29.9	91	304	47.0	1.31	279
Hoops and strips . . . . .	30.8	48	140	35.4	68	192	35.3	53	151	33.0	48	145
Nails, rivets and washers . . . . .	25.1	50	200	15.3	54	354	17.3	52	300	18.6	52	230
Rails, chairs and fishplates (includ- ing those for railways) (a) . . . . .	17.3	19	112	16.4	21	131	22.6	26	113	118.2	1.35	119
Wire . . . . .	9.3	24	245	6.6	17	260	5.7	11	200	8.0	16	203
Wire nails . . . . .	—	—	—	16.2	35	215	14.5	25	174	13.4	24	160
Wire rope . . . . .	—	—	—	2.3	21	760	3.0	20	645	4.2	26	606
Bolts and nuts . . . . .	7.4	23	303	3.0	29	362	11.3	32	233	10.3	31	301
Other sorts . . . . .	56.0	1.14	201	42.9	1.37	319	52.3	1.57	300	99.3	2.04	208
<b>TOTAL</b> . . . . .	<b>1,018.2</b>	<b>16.01</b>	<b>167</b>	<b>833.9</b>	<b>18.93</b>	<b>216</b>	<b>845.9</b>	<b>16.76</b>	<b>193</b>	<b>1,197.3</b>	<b>21.44</b>	<b>179</b>

(a) Figures prior to 1925-26 exclude rails, chairs and fishplates for railways.

## No. 20.—IMPORTS OF IRON AND STEEL.

(In tons)

ARTICLES	Pre-war average	War average	Post-war average	1926-27	1927-28
(6) Pig-Iron—					
United Kingdom . . . . .	12,471	2,754	6,576	900	4,068
Continent . . . . .	32	9	3,880	628	1,036
Other countries . . . . .	378	8	86		
TOTAL . . . . .	12,881	2,766	10,553	1,627	5,104

(In lakhs of Rupees)

(6) Manufactured Iron and Steel (excluding pig-iron and old for remanufacturing)—					
United Kingdom . . . . .	7,58	5,60	13,16	10,36	14,49
Continent . . . . .	2,91	56	4,14	5,36	6,28
United States of America . . . . .	39	2,83	3,43	90	57
Other countries . . . . .	20	68	11	2	3
TOTAL . . . . .	11,08	9,57	20,84	16,70	21,37

## No. 21.—IMPORTS OF MACHINERY AND MILLWORK.

(In thousands of Rupees)

United Kingdom . . . . .	4,97,69	4,20,36	17,60,27	10,65,86	12,53,38
United States of America . . . . .	24,56	60,81	3,10,76	1,39,27	1,57,31
Japan . . . . .	63	13,47	6,01	3,02	2,39
Italy . . . . .	1,44	2,37	4,27	6,38	12,79
Germany . . . . .	30,27	2,49	38,88	94,59	1,04,83
Other countries . . . . .	6,55	8,37	44,65	54,02	63,05
TOTAL . . . . .	5,61,14	5,13,87	21,04,84	13,68,14	15,93,75

## No. 22.—IMPORTS OF MOTOR CARS, CYCLES, WAGONS AND ACCESSORIES.

(In thousands of Rupees)

Motor cars—					
United Kingdom . . . . .	77,27	23,67	50,55	80,42	1,02,55
United States of America . . . . .	21,03	46,23	1,66,45	89,00	1,34,51
Canada . . . . .			35,20	70,20	63,18
Italy . . . . .	29	1,89	9,47	30,92	34,48
France . . . . .	4,89	2,22	6,07	14,07	18,73
Other countries . . . . .	9,37	90	13,94	3,57	6,47
TOTAL . . . . .	1,13,45†	74,91	3,12,28	2,94,18	3,53,92
Motor cycles—					
United Kingdom . . . . .	10,28	5,10	13,47	9,76	11,09
Other countries . . . . .	40	1,26	5,95	71	87
TOTAL . . . . .	10,68†	6,36	19,42	10,47	11,96
Motor omnibuses—					
United Kingdom . . . . .	3,55	2,70	22,87	19,24	22,74
United States of America . . . . .	66	2,70	29,66	49,39	67,48
Italy . . . . .		84	5,21	2,04	3,25
Canada . . . . .			6,18	47,90	54,72
Other countries . . . . .	1,50	15	5,69	1,41	1,80
TOTAL . . . . .	5,71†	6,39	69,61	1,10,98	1,48,49

† The figures represent those for 1913-14 only.

No. 22.—IMPORTS OF MOTOR CARS, CYCLES, WAGON AND ACCESSORIES—*contd.*

(In thousands of Rupees)

COUNTRIES	Pre-war average	War average	Post-war average	1925-27	1927-28
<b>Parts of Motor cars and Motor cycles, etc., and accessories—</b>					
United Kingdom . . . . .	22,74	13,20	30,05	26,54	32,82
United States of America . . . . .	1,08	9,45	37,73	39,07	52,40
France . . . . .	2,12	48	79	1,47	1,54
Other countries . . . . .	5,36	66	9,25	17,46	14,64
<b>TOTAL</b>	<b>31,304</b>	<b>23,79</b>	<b>77,82</b>	<b>84,54</b>	<b>1,01,40</b>
<b>Total Motor cars, etc., and parts—</b>					
United Kingdom . . . . .	74,50	44,70	1,46,96	1,36,09	1,69,94
United States of America . . . . .	8,49	59,48	2,38,93	1,77,90	2,54,83
Italy . . . . .	66	2,84	15,32	40,10	30,34
France . . . . .	5,94	2,73	9,39	16,24	16,14
Germany . . . . .	5,64	..	4,39	4,05	5,47
Belgium . . . . .	4,15	36	9,53	1,10	1,85
Canada . . . . .	..	..	46,30	1,23,70	1,23,74
Other countries . . . . .	1,26	1,39	7,81	5,22	6,21
<b>TOTAL</b>	<b>1,00,64</b>	<b>1,11,45</b>	<b>4,79,13</b>	<b>5,09,40</b>	<b>6,17,52</b>

‡ Average for two years, 1912-13 and 1913-14.

No. 23.—IMPORTS OF RAILWAY PLANT AND ROLLING STOCK.\*

(In thousands of Rupees)

	Pre-war average	War average	Post-war average	1925-27	1927-28
<b>Private—</b>					
United Kingdom . . . . .	5,54,48	5,28,98	11,28,98	2,00,29	3,71,44
Australia . . . . .	36,74	3,18	12,02	23,66	11,71
Germany . . . . .	12,19	5,22	3,60	27,81	17,85
United States of America . . . . .	54	7,59	21,56	20,82	10,36
Other countries . . . . .	7,26	3,24	20,95	52,61	65,51
<b>TOTAL</b>	<b>6,11,21</b>	<b>3,43,21</b>	<b>11,87,17</b>	<b>3,25,19</b>	<b>4,76,87</b>
<b>Government—</b>					
United Kingdom . . . . .	2,68,70	1,20,36	2,41,78	1,71,00	2,53,46
United States of America . . . . .	1,74	2,46	46,60	3,51	5,58
Australia . . . . .	7,78	1,50	76	5,71	6,54
Other countries . . . . .	1,37	66	7,03	1,03,05	1,97,46
<b>TOTAL</b>	<b>2,79,59</b>	<b>1,24,98</b>	<b>2,96,17</b>	<b>2,83,27</b>	<b>4,58,03</b>
<b>GRAND TOTAL</b>	<b>8,90,80</b>	<b>4,73,19</b>	<b>14,83,34</b>	<b>6,08,46</b>	<b>9,34,90</b>

\* Railway plant and rolling-stock includes carriages and wagons, locomotive engines and tenders, and materials for construction, viz., sleepers and keys of steel or iron and sleepers of wood, etc. The figures prior to 1925-26 include also the figures of rails, chain, fishplates, etc.

No. 24.—IMPORTS OF HARDWARE, EXCLUDING CUTLERY, ETC.

(In thousands of Rupees)

United Kingdom . . . . .	1,88,61	1,50,00	3,12,04	1,84,45	2,06,25
United States of America . . . . .	24,72	60,27	1,22,35	71,21	62,22
Japan . . . . .	3,59	46,68	40,00	28,95	27,40
Sweden . . . . .	2,57	4,58	13,03	15,36	15,62
Germany . . . . .	57,24	5,70	59,16	1,58,32	1,61,15
Austria . . . . .	27,28	2,25	4,51	12,82	13,21
Hungary . . . . .					
Belgium . . . . .	5,58	51	2,74	4,12	4,36
Other countries . . . . .	7,45	9,48	18,99	31,37	33,92
<b>TOTAL</b>	<b>3,17,04</b>	<b>2,79,45</b>	<b>5,78,82</b>	<b>5,06,62</b>	<b>5,24,33</b>

No. 25.—IMPORTS OF METALS (EXCLUDING IRON AND STEEL).

(In thousands of Rupee)

ARTICLES AND COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>COPPER (excluding ore)—</b>					
United Kingdom . . . . .	1,07,45	24,78	1,14,05	28,27	45,34
Japan . . . . .	27,99	30,21	8,31	6	5
France . . . . .	12,93	5,37	3,69	7,19	18,80
Germany . . . . .	93,41	4,44	20,20	86,64	37,05
Belgium . . . . .	3,54	66	1,52	21,91	17,30
Other countries . . . . .	1,68	5,25	43,72	8,96	10,60
<b>TOTAL</b>	<b>3,07,00</b>	<b>70,71</b>	<b>1,91,49</b>	<b>1,53,03</b>	<b>1,20,23</b>
<b>TIN—</b>					
Straits Settlements . . . . .	44,54	40,53	63,18	93,25	1,10,22
United Kingdom . . . . .	5,78	2,73	4,12	2,94	2,09
Other countries . . . . .	1,60	1,35	1,78	1,61	1,09
<b>TOTAL</b>	<b>51,87</b>	<b>44,61</b>	<b>69,08</b>	<b>97,80</b>	<b>1,22,40</b>
<b>ZINC—</b>					
United Kingdom . . . . .	14,85	5,34	21,60	17,70	10,05
Belgium . . . . .	3,75	24	4,81	10,99	10,43
Japan . . . . .		12,03	59	1,93	17
Germany . . . . .	3,23	24	1,38	13,70	4,47
Other countries . . . . .	28	5,04	1,78	1,94	2,82
<b>TOTAL</b>	<b>22,11</b>	<b>22,89</b>	<b>30,16</b>	<b>46,26</b>	<b>37,94</b>
<b>LEAD (excluding ore)—</b>					
United Kingdom . . . . .	18,99	19,59	14,56	7,70	7,32
Other countries . . . . .	4,42	10,59	4,74	6,10	4,73
<b>TOTAL</b>	<b>18,41</b>	<b>30,18</b>	<b>19,30</b>	<b>13,80</b>	<b>12,05</b>
<b>ALUMINIUM—</b>					
United Kingdom . . . . .	5,38	2,51	23,80	23,08	47,57
Germany . . . . .	12,18	1,15	14,45	18,02	5,15
Other countries . . . . .	5,91	7,11	27,71	53,99	65,79
<b>TOTAL</b>	<b>23,45</b>	<b>10,77</b>	<b>67,96</b>	<b>95,09</b>	<b>1,18,51</b>
<b>BRASS—</b>					
United Kingdom . . . . .	6,13	27,28	1,05,42	77,33	80,23
Germany . . . . .	1,56	11,74	35,41	1,27,24	95,93
Other countries . . . . .	3,94	39,56	44,34	51,89	48,60
<b>TOTAL</b>	<b>11,65</b>	<b>78,58</b>	<b>2,75,67</b>	<b>2,56,46</b>	<b>2,33,76</b>
<b>OTHER METALS—</b>					
United Kingdom . . . . .	20,54	14,27	18,27	21,28	21,19
Other countries . . . . .	3,87	5,87	10,38	22,03	22,79
<b>TOTAL</b>	<b>24,41</b>	<b>20,14</b>	<b>28,65</b>	<b>43,01</b>	<b>43,98</b>
<b>TOTAL METALS (excluding ores and Iron and Steel).</b>	<b>4,58,90</b>	<b>2,77,88</b>	<b>6,82,26</b>	<b>7,00,35</b>	<b>6,97,76</b>

No. 26.—IMPORTS OF SUGAR (EXCLUDING MOLASSES AND CONFECTIONERY).

(In hundreds of tons)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
Straits Settlements (including Labuan)	1.7	23.5	7.5	1.1	1.3
Hongkong	4.4	5.7	6.5	3.0	3.1
Egypt	..	1.6	1.9	..	..
Mauritius and Dependencies	128.8	56.7	25.9	..	..
Java	453.0	367.2	382.3	611.7	692.2
Japan	2	5.7	4	..	1
Netherlands	..	..	1.4	3.7	7
Belgium	1	..	4.4	13.8	4
Other countries	45.3	6.9	12.7	193.5	28.0
<b>TOTAL</b>	<b>633.5</b>	<b>472.3</b>	<b>443.5</b>	<b>820.9</b>	<b>725.8</b>

No. 27.—IMPORTS OF MINERAL OIL.

(In thousands of Rupees)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
United States of America	2,19,66	2,54,81	4,81,84	5,40,58	4,61,10
Borneo	53,76	62,84	1,24,31	1,26,78	1,04,08
Persia	4,09	31,11	1,08,48	1,31,63	2,16,08
Straits Settlements	15,52	18,84	29,15	34,24	29,04
United Kingdom	22,31	26,13	33,21	10,56	25,60
Sumatra	11,78	3,78	2,22	4,76	10,04
Germany	17,89	3,48	6,87	27,69	30,20
Russia	19,36	54	2,88	16	22,59
Georgia	—	—	11,92*	..	80,54
Other countries	7,16	1,77	1,98	3,80	4,75
<b>TOTAL</b>	<b>3,72,03</b>	<b>4,02,30</b>	<b>3,02,86</b>	<b>3,89,20</b>	<b>10,44,11</b>

\* Average of three years from 1921-22 to 1923-24.

No. 28.—IMPORTS OF CEMENT.

(In hundreds of tons)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
United Kingdom	108.0	69.7	94.2	71.5	90.6
Japan	..	14.8	6.6	9.3	9.4
Hongkong	2.2	7.3	3.6	2.5	2
Italy	1.3	7	9	4.5	2.0
Other countries	18.8	2.9	13.6	13.2	10.1
<b>TOTAL</b>	<b>130.3</b>	<b>95.4</b>	<b>118.9</b>	<b>101.0</b>	<b>112.8</b>

## No. 29.—EXPORTS OF RAW JUTE.

(In thousands of bales)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
United Kingdom . . . . .	1,691	1,295	952	968	1,244
Other parts of the British Empire . . . . .	4	8	5	4	4
Total British Empire . . . . .	1,695	1,303	957	972	1,248
United States of America . . . . .	535	523	483	489	472
France . . . . .	423	193	357	504	613
Italy . . . . .	213	215	180	253	275
Brazil . . . . .	15	65	79	84	109
Japan . . . . .	17	30	60	51	63
Belgium . . . . .	1	1	174	248	273
Spain . . . . .	122	172	132	137	253
Germany . . . . .	920	34	536	1,025	1,399
Austria . . . . .	250	13	2	1	1
Hungary . . . . .	86	44	92	171	237
Other countries . . . . .	86	44	92	171	237
Total Foreign Countries . . . . .	2,586	1,296	2,145	2,992	3,747
TOTAL . . . . .	4,281	2,599	3,102	3,964	4,995

## No. 30.—PRODUCTION, MILL CONSUMPTION AND EXPORTS OF RAW JUTE.

(In lakhs of bales)

Season July—June—	Production	MILL consumption July—June	Exports July—June
1912-13 . . . . .	93	46	50
1913-14 . . . . .	89	45	43
1914-15 . . . . .	104	49	30
1915-16 . . . . .	73	53	32
1916-17 . . . . .	83	57	23
1917-18 . . . . .	89	54	18
1918-19 . . . . .	70	51	22
1919-20 . . . . .	85	52	34
1920-21 . . . . .	59	56	23
1921-22 . . . . .	40	44	30
1922-23 . . . . .	54	47	29
1923-24 . . . . .	84	51	33
1924-25 . . . . .	81	57	39
1925-26 . . . . .	89	55	36
1926-27 . . . . .	121	55	45
1927-28 . . . . .	102*	53	49

\* Subject to revision.

## No. 31-A.—EXPORTS OF JUTE GUNNY BAGS AND CLOTH : BAGS—HESSIAN.

(In lakhs of bags)

COUNTRIES	Average of 3 war years 1916-17 to 1918-19	Post-war average	1926-27	1927-28
United Kingdom . . . . .	2,523	113	185	213
Australia . . . . .	77	163	105	107
United States of America . . . . .	323	314	253	184
Argentine Republic . . . . .	84	10	11	..
Other countries . . . . .	1,120	370	337	329
TOTAL (ALL COUNTRIES) . . . . .	4,127	981	891	833

## BAGS—SACKING

(In lakhs of bags)

COUNTRIES	Average of 3 war years 1916-17 to 1918-19	Post-war average	1926-27	1927-28
United Kingdom . . . . .	102	305	203	249
Australia . . . . .	633	470	753	859
Japan . . . . .	134	186	243	182
Indo-China . . . . .	186	148	103	139
Java . . . . .	213	205	270	257
United States of America . . . . .	92	51	82	24
Chile . . . . .	467	249	278	390
Peru . . . . .	51	39	55	49
Cuba . . . . .	210	235	289	232
Other countries . . . . .	941	1,174	1,374	1,568
<b>TOTAL (ALL COUNTRIES)</b>	<b>3,029</b>	<b>3,062</b>	<b>3,000</b>	<b>3,799</b>

## CLOTH—HESSIAN

(In lakhs of yards)

COUNTRIES	Average of 3 war years 1916-17 to 1918-19	Post-war average	1926-27	1927-28
United Kingdom . . . . .	1,287	628	484	274
Canada . . . . .	561	508	596	687
Australia . . . . .	177	123	191	166
United States of America . . . . .	7,057	8,810	9,159	9,737
Argentine Republic . . . . .	1,134	1,756	3,110	3,251
Uruguay . . . . .	42	85	155	154
Other countries . . . . .	1,209	398	530	509
<b>TOTAL (ALL COUNTRIES)</b>	<b>11,467</b>	<b>12,308</b>	<b>14,225</b>	<b>14,778</b>

## CLOTH—SACKING

(In lakhs of yards)

COUNTRIES	Average of 3 war years 1916-17 to 1918-19	Post-war average	1926-27	1927-28
United Kingdom . . . . .	103	113	20	37
Australia . . . . .	74	52	74	80
United States of America . . . . .	29	128	596	493
Argentine Republic . . . . .	42	56	72	59
Other countries . . . . .	55	46	44	81
<b>TOTAL (ALL COUNTRIES)</b>	<b>303</b>	<b>395</b>	<b>806</b>	<b>760</b>

NOTE.—Average of three war years, 1916-17 to 1918-19, is given as the distinction between sacking and hessian gunny bags and cloth was made in the Sea Borne Trade Returns from 1st April, 1916.



## No. 31-B.—EXPORTS OF JUTE BAGS AND GUNNY CLOTH

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
	No. (lakhs)	No. (lakhs)	No. (lakhs)	No. (lakhs)	No. (lakhs)
<b>BAGS</b>					
United Kingdom . . . . .	305	2,265	418	388	461
Europe (excepting United Kingdom) . . . . .	206	688	299	194	191
Egypt . . . . .	119	885	102	144	142
South Africa (including Rhodesia) . . . . .	119	243	177	168	189
East Africa (including Mauritius) . . . . .	99	90	112	193	193
Australia and New Zealand . . . . .	628	737	720	965	867
Java . . . . .	130	206	205	270	258
Japan . . . . .	35	118	186	249	187
Far East (excepting Java and Japan) . . . . .	393	436	584	693	610
South America . . . . .	431	532	385	372	490
Central America and West Indies . . . . .	130	239	238	300	392
Other countries . . . . .	796	747	607	470	451
<b>TOTAL (ALL COUNTRIES)</b>	<b>3,391</b>	<b>6,676</b>	<b>4,043</b>	<b>4,491</b>	<b>4,631</b>
<b>CLOTH</b>					
	Yds. (lakhs)	Yds. (lakhs)	Yds. (lakhs)	Yds. (lakhs)	Yds. (lakhs)
United Kingdom . . . . .	423	1,333	741	504	311
Canada . . . . .	353	354	508	396	689
Australia . . . . .	209	253	175	265	246
United States of America . . . . .	6,639	6,085	8,938	9,754	10,230
Argentine Republic . . . . .	1,727	1,440	1,813	3,132	3,310
Other countries . . . . .	369	1,016	528	730	743
<b>TOTAL (ALL COUNTRIES)</b>	<b>9,700</b>	<b>11,561</b>	<b>12,703</b>	<b>15,081</b>	<b>15,523</b>

## No. 32.—EXPORTS OF RAW COTTON

(In thousands of bales of 400 lbs.)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
United Kingdom . . . . .	122	212	152	87	160
Other parts of the British Empire . . . . .	30	21	13	6	7
<b>Total British Empire</b>	<b>152</b>	<b>233</b>	<b>165</b>	<b>93</b>	<b>167</b>
Japan . . . . .	1,012	1,373	1,540	1,842	1,235
Italy . . . . .	233	249	263	305	331
France . . . . .	109	69	61	123	185
China (exclusive of Hongkong, etc.) . . . . .	31	48	289	391	112
Belgium . . . . .	277	44	217	159	230
Spain . . . . .	50	41	61	54	61
Germany . . . . .	351	69	193	145	256
Austria (a) . . . . .	187	33	32	1	..
Other countries . . . . .	25	31	61	75	109
<b>Total Foreign Countries</b>	<b>2,255</b>	<b>1,957</b>	<b>2,752</b>	<b>3,093</b>	<b>2,510</b>
<b>TOTAL</b>	<b>2,407</b>	<b>2,190</b>	<b>2,917</b>	<b>3,186</b>	<b>2,666</b>

(a) Figures prior to 1921-22 relate to Austria-Hungary.

## No. 33-A.—EXPORTS OF COTTON TWIST AND YARN

(In thousands of lbs.)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
China	189,058	110,284	62,751	18,818	795
Egypt	2,183	5,458	4,720	5,064	5,115
Straits Settlements	4,411	4,111	2,727	1,178	1,001
Persia	2,030	2,677	2,525	4,415	3,317
Siam	805	623	1,183	1,606	1,623
United Kingdom	683	1,246	474	283	355
Arabia other than Maskat	144	1,961	71	63	91
Other countries	13,135	3,325	7,515	12,062	12,340
<b>TOTAL (ALL COUNTRIES)</b>	<b>192,844</b>	<b>129,685</b>	<b>82,166</b>	<b>41,514</b>	<b>24,697</b>

## No. 33-B.—EXPORTS OF COTTON TWIST AND YARN BY COUNTS

(In thousands of lbs.)

ARTICLES	Pre-war average for two years 1912-13 and 1913-14	War average	Post-war average	1926-27	1927-28
Nos. 1 to 20	196,459	124,697	70,319	31,787	17,779
21 to 40	4,384	4,274	2,395	720	500
Above No. 40	2	170	170	5	40
Grey two-folds (doubles)			6,782	7,641	5,693
Unspecified descriptions	125	644	2,500	1,361	685
<b>TOTAL</b>	<b>200,970</b>	<b>129,685</b>	<b>82,166</b>	<b>41,514</b>	<b>24,697</b>

## No. 34.—EXPORTS OF INDIAN GREY AND COLOURED COTTON PIECEGOODS

### (a) GREY (UNBLEACHED)

(In thousands of yards)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
Persia	4,000	9,826	3,117	717	239
Iraq*	9,693	9,537	8,513	883	336
Straits Settlements	667	1,608	933	521	336
Aden and Dependencies	7,636	21,823	6,235	2,080	1,322
Kenya Colony and Zanzibar and Pemba	4,158	8,926	7,292	4,624	3,523
Ceylon	175	533	301	354	232
Portuguese East Africa	4,914	5,266	4,467	2,826	4,518
Other countries	16,172	17,052	11,667	8,544	7,413
<b>TOTAL (ALL COUNTRIES)</b>	<b>47,414</b>	<b>74,576</b>	<b>42,515</b>	<b>19,949</b>	<b>17,989</b>

### (b) COLOURED, PRINTED OR DYED

Persia	3,239	21,421	24,821	37,004	27,895
Iraq*	2,757	12,183	29,486	37,371	23,636
Straits Settlements	15,244	16,319	20,150	24,765	21,935
Aden and Dependencies	2,534	3,147	4,346	4,377	4,251
Kenya Colony and Zanzibar and Pemba	1,206	2,503	3,850	9,171	10,039
Ceylon	9,330	9,618	16,409	21,076	19,177
Portuguese East Africa	669	618	1,978	7,466	5,959
Other countries	9,855	14,563	20,703	24,673	26,323
<b>TOTAL (ALL COUNTRIES)</b>	<b>42,384</b>	<b>80,377</b>	<b>121,243</b>	<b>175,903</b>	<b>149,280</b>

\* Figures prior to 1921-22 relate to Turkey, Asiatic.

## No. 35.—EXPORTS OF INDIAN TEA

(In thousands of lbs.)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>BRITISH EMPIRE</b>					
United Kingdom . . . . .	194,481	252,838	279,777	291,699	307,088
Canada . . . . .	10,195	10,068	10,165	11,528	9,286
Australia . . . . .	8,978	8,253	5,758	8,009	2,796
Ceylon . . . . .	4,162	3,408	3,107	4,427	4,716
Egypt . . . . .	1,209	1,918	2,072	—	—
Iraq (a) . . . . .	—	—	2,382	3,764	—
Cape of Good Hope . . . . .	116	1,131	806	908	890
Other British Possessions . . . . .	2,028	2,806	2,526	6,216	4,305
<b>Total British Empire</b>	<b>221,169</b>	<b>279,912</b>	<b>306,593</b>	<b>326,551</b>	<b>329,081</b>
Iraq (a) . . . . .	—	—	—	2,900	2,216
Egypt . . . . .	29,614	18,390	4	101	6,333
Russia . . . . .	2,439	6,346	5,587	7,620	8,799
United States of America . . . . .	7,899	6,230	23	487	3,645
China (exclusive of Hongkong, etc.) . . . . .	3,324	3,000	2,018	528	164
Turkey, Asiatic (b) . . . . .	347	4,406	2,115	5,924	4,218
Persia . . . . .	44	1,738	1,490	1,213	937
Chile . . . . .	1,661	2,674	3,339	3,940	4,145
Other Countries . . . . .	—	—	—	—	—
<b>Total Foreign Countries</b>	<b>45,328</b>	<b>42,779</b>	<b>14,576</b>	<b>22,713</b>	<b>32,538</b>
<b>TOTAL</b>	<b>266,497</b>	<b>322,691</b>	<b>321,169</b>	<b>349,264</b>	<b>361,614</b>

(a) Shown as a foreign country from 1927-28.

(b) Figures prior to 1921-22 include Iraq.

## No. 36-A.—EXPORTS OF SEEDS

### LINSEED

(In hundreds of tons)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
United Kingdom . . . . .	130.5	202.5	141.9	49.5	57.4
France . . . . .	76.8	25.3	42.9	51.2	60.9
Italy . . . . .	26.6	16.6	16.1	23.7	40.7
Belgium . . . . .	67.8	4.9	23.1	17.5	5.9
Germany . . . . .	33.5	2.0	3.2	12.7	17.5
Australia . . . . .	1.6	11.1	11.4	15.6	19.6
Other Countries . . . . .	42.2	7.0	12.9	16.7	20.6
<b>TOTAL</b>	<b>379.0</b>	<b>270.4</b>	<b>251.5</b>	<b>191.9</b>	<b>222.5</b>

### RAPE

United Kingdom . . . . .	25.8	50.5	46.7	9.2	12.3
France . . . . .	63.5	19.6	17.0	14.3	10.2
Italy . . . . .	7.1	6.0	26.0	43.2	20.6
Belgium . . . . .	98.6	5.4	56.5	4.6	1.7
Germany . . . . .	68.2	1.6	38.4	10.0	9.3
Other Countries . . . . .	10.0	7.6	31.2	12.9	11.7
<b>TOTAL</b>	<b>272.7</b>	<b>90.7</b>	<b>205.8</b>	<b>94.2</b>	<b>66.8</b>

No. 36-A.—EXPORTS OF SEEDS—*contd.*

SESAMUM (TIL OR JINJILI)

(In hundreds of tons)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
France	48.1	15.7	7.6	2	2.7
Italy	18.0	4.1	8.7	..	1.2
Belgium	26.2	1.1	2.1	..	2
Austria (a)	20.2	8	8	..	..
Other Countries	16.8	10.9	8.4	1.4	7.0
<b>TOTAL</b>	<b>119.3</b>	<b>32.6</b>	<b>27.6</b>	<b>1.6</b>	<b>11.1</b>

(a) Figures prior to 1921-22 represent Austria-Hungary.

GROUNDNUT

France	169.1	87.5	126.8	125.4	151.2
United Kingdom	1.9	8.3	13.3	17.0	25.4
Belgium	15.3	6	14.0	6.4	14.9
Italy	7	2.9	14.6	50.3	80.1
Germany	7.4	8	12.2	87.3	218.3
Netherlands	1	..	7.3	76.7	112.1
Other Countries	17.3	18.6	7.0	4.8	11.4
<b>TOTAL</b>	<b>211.8</b>	<b>118.7</b>	<b>195.2</b>	<b>367.9</b>	<b>618.4</b>

COTTON

United Kingdom	233.2	66.6	152.1	42.6	148.7
Other Countries	6.8	2.6	2.7	7.9	4.2
<b>TOTAL</b>	<b>240.0</b>	<b>69.2</b>	<b>154.8</b>	<b>50.5</b>	<b>162.9</b>

CASTOR

United Kingdom	53.9	47.1	10.5	22.9	32.5
United States of America	11.8	14.7	18.8	43.7	49.2
Belgium	13.7	1.1	4.1	4.6	7.7
France	15.7	14.8	8.6	18.2	19.5
Italy	11.0	7.1	4.3	7.6	10.4
Other Countries	7.5	4.0	1.8	4.5	5.4
<b>TOTAL</b>	<b>113.6</b>	<b>88.8</b>	<b>48.8</b>	<b>101.5</b>	<b>121.7</b>

No. 36-B.—SHARES OF PRINCIPAL COUNTRIES IN THE TOTAL VALUE OF EXPORTS OF SEEDS

(In thousands of Rupees)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
United Kingdom	5,67.63	6,34.83	8,28.61	2,57.64	4,20.73
Other parts of the British Empire	35.29	69.65	72.27	68.18	68.43
France	7,11.59	3,24.57	6,21.53	5,14.31	5,50.44
Belgium	4,44.19	25.99	2,87.03	75.95	77.90
Italy	1,12.81	64.84	1,94.33	3,07.72	3,64.68
Germany	3,45.51	17.57	1,46.30	2,92.32	6,21.94
Austria (a)	78.68	5.49	16.18	..	2.66
Other Foreign Countries	1,41.08	74.67	1,87.86	3,97.55	5,17.54

(a) Figures prior to 1921-22 represent Austria-Hungary.

## No. 37.—EXPORTS OF RICE NOT IN THE HUSK

(In thousands of tons.)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>BRITISH EMPIRE—</b>					
United Kingdom . . . . .	159	325	98	61	50
Ceylon . . . . .	325	328	311	399	461
Hongkong . . . . .	13	8	50	7	5
Straits Settlements . . . . .	308	291	170	204	191
Mauritius . . . . .	56	50	50	52	65
Egypt . . . . .	54	17	38	—	—
Other parts of the British Empire . . . . .	129	110	122	148	186
<b>Total British Empire</b>	<b>1,044</b>	<b>1,004</b>	<b>635</b>	<b>671</b>	<b>958</b>
<b>Other Foreign Countries—</b>					
China (exclusive of Hongkong, etc.) . . . . .	13	6	68	181	100
Germany . . . . .	345	23	207	260	346
Egypt . . . . .	—	—	1	57	25
Japan . . . . .	123	62	52	121	150
Netherlands . . . . .	240	24	31	89	98
Turkey, Asiatic . . . . .	61	31	1	—	6
Arabia . . . . .	25	33	47	44	64
Java . . . . .	168	32	75	22	7
Sumatra . . . . .	10	33	33	85	122
Other Foreign Countries . . . . .	369	302	112	305	285
<b>Total Foreign Countries</b>	<b>1,354</b>	<b>591</b>	<b>627</b>	<b>1,164</b>	<b>1,194</b>
<b>TOTAL EXPORTS</b>	<b>2,398</b>	<b>1,635</b>	<b>1,462</b>	<b>2,085</b>	<b>2,152</b>

## No. 38.—EXPORTS OF WHEAT

(In thousands of tons.)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>BRITISH EMPIRE—</b>					
United Kingdom . . . . .	985	840	162	141	251
Egypt . . . . .	4	268	9	—	—
Other parts of the British Empire . . . . .	3	22	2	7	8
<b>Total British Empire</b>	<b>992</b>	<b>690</b>	<b>173</b>	<b>148</b>	<b>254</b>
<b>Other Foreign Countries—</b>					
France . . . . .	106	84	18	13	20
Italy . . . . .	34	62	11	1	—
Belgium . . . . .	138	6	16	7	20
Germany . . . . .	16	—	8	1	1
Egypt . . . . .	—	—	—	8	—
Other Foreign Countries . . . . .	22	25	11	3	5
<b>Total Foreign Countries</b>	<b>316</b>	<b>177</b>	<b>64</b>	<b>28</b>	<b>46</b>
<b>TOTAL (ALL COUNTRIES)</b>	<b>1,308</b>	<b>867</b>	<b>237</b>	<b>176</b>	<b>300</b>

## No. 39.—EXPORTS OF LAC

(In cwts.)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>Shellac—</b>					
United Kingdom . . . . .	79,423	65,023	75,616	86,858	117,611
United States of America . . . . .	164,331	190,387	233,516	239,500	170,053
Germany . . . . .	60,558	4,051	11,076	35,219	62,492
France . . . . .	18,387	9,372	8,810	14,572	8,271
Japan . . . . .	3,552	11,859	10,392	16,621	17,219
Canada . . . . .	87	691	2,112	30	44
Australia . . . . .	1,763	2,068	2,375	3,547	3,787
Other Countries . . . . .	28,290	17,180	12,038	28,589	24,920
<b>TOTAL</b>	<b>356,341</b>	<b>300,671</b>	<b>355,937</b>	<b>424,936</b>	<b>404,367</b>
<b>Button lac—</b>					
United Kingdom . . . . .	20,181	6,029	8,832	11,562	11,608
United States of America . . . . .	2,689	1,342	3,062	3,701	1,860
Other Countries . . . . .	11,886	2,134	2,192	5,363	4,573
<b>TOTAL</b>	<b>34,756</b>	<b>9,505</b>	<b>14,086</b>	<b>20,626</b>	<b>18,042</b>
Seed lac (Total exports) . . . . .	9,748	15,666	5,765	89,389	54,694
Stick lac (Total exports) . . . . .	5,375	2,723	1,560	7,220	9,180
Other kinds (Total exports) . . . . .	28,131	16,811	38,908	49,859	57,851
<b>TOTAL (ALL KINDS)</b>	<b>434,351</b>	<b>345,376</b>	<b>416,251</b>	<b>592,030</b>	<b>543,584</b>

## No. 40.—EXPORTS OF INDIGO

(In cwts.)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
United Kingdom . . . . .	3,888	14,455	912	367	452
United States of America . . . . .	1,154	6,548	22	..	..
Egypt . . . . .	2,016	3,788	2,840	225	172
Persia . . . . .	1,083	7,178	869	92	75
Japan . . . . .	427	3,851	7,376	30	61
Turkey, Asiatic (a) . . . . .	3,146	386	849	5	13
Iraq . . . . .	—	—	742	411	487
Other Countries . . . . .	4,177	1,214	197	458	605
<b>TOTAL</b>	<b>15,390</b>	<b>31,415</b>	<b>13,307</b>	<b>1,528</b>	<b>1,665</b>

(a) Figures prior to 1921-22 include Iraq.

## No. 41.—EXPORTS OF OPIUM

(In thousands of Rupees)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
Indo-China	29,07	73,59	76,98	94,40	85,68
Java	52,28	45,96	55,60	60,00	48,20
Japan	9,79	30,21	18,86		
Siam	18,84	35,28	48,65	56,00	62,60
Straits Settlements	1,48,74	9,12	3,20		
Hongkong	4,15,52	12,99	9,88		
Other Countries	3,21,95	10,20	24,90	1,45	2,61
<b>TOTAL</b>	<b>9,98,17</b>	<b>2,17,35</b>	<b>2,33,05</b>	<b>2,11,85</b>	<b>1,99,09</b>

NOTE.—This table excludes opium exported on Government account.

## No. 42.—EXPORTS OF HIDES AND SKINS

(In thousands of Rupees)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>Raw hides—</b>					
United Kingdom	80,57	1,09,41	59,98	10,50	33,17
United States of America	68,76	1,65,15	85,53	4,97	22,39
Italy	83,85	1,44,99	52,25	53,97	45,54
Spain	49,85	20,64	26,23	23,81	22,36
France	8,27	9,08	5,19	1,42	1,80
Belgium	7,07	98	3,61	1,37	3,06
Germany	2,43,48	24,89	75,37	1,10,95	1,92,84
Netherlands	16,54	98	3,78	4,53	7,37
Austria	1,28,77	9,96	44		
Hungary					
Other Countries	22,98	18,51	29,67	41,28	56,36
<b>Total British Empire</b>	<b>34,15</b>	<b>1,16,46</b>	<b>68,41</b>	<b>11,43</b>	<b>35,39</b>
<b>Total Foreign Countries</b>	<b>6,22,07</b>	<b>3,88,14</b>	<b>2,73,57</b>	<b>2,46,37</b>	<b>3,49,50</b>
<b>GRAND TOTAL</b>	<b>6,57,12</b>	<b>5,04,60</b>	<b>3,41,98</b>	<b>2,57,80</b>	<b>3,84,89</b>
<b>Raw skins—</b>					
United States of America	2,79,90	3,98,36	4,79,94	3,23,48	3,53,71
United Kingdom	25,75	38,91	50,41	27,29	38,24
France	25,41	21,90	28,46	51,94	41,30
Other Countries	41,93	28,17	42,89	43,31	61,10
<b>Total British Empire</b>	<b>32,04</b>	<b>57,54</b>	<b>68,78</b>	<b>37,01</b>	<b>44,65</b>
<b>Total Foreign Countries</b>	<b>3,40,95</b>	<b>4,24,80</b>	<b>5,32,97</b>	<b>4,19,01</b>	<b>4,44,70</b>
<b>GRAND TOTAL</b>	<b>3,72,99</b>	<b>4,82,34</b>	<b>6,01,70</b>	<b>4,56,02</b>	<b>4,89,35</b>

No. 42.—EXPORTS OF HIDES AND SKINS—*contd.*

(In thousands of Rupees)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
<b>Dressed and tanned hides—</b>					
United Kingdom . . . . .	1,52.48	4,37.88	2,00.56	2,61.45	2,95.25
Other Countries . . . . .	4.19	1.86	28.80	16.38	26.52
<b>Total British Empire . . . . .</b>	<b>1,58.44</b>	<b>4,38.99</b>	<b>2,02.82</b>	<b>2,71.44</b>	<b>3,00.51</b>
„ Foreign Countries . . . . .	3.23	81	16.54	6.39	21.26
<b>GRAND TOTAL . . . . .</b>	<b>1,56.67</b>	<b>4,29.74</b>	<b>2,10.26</b>	<b>2,77.63</b>	<b>4,11.77</b>
<b>Dressed and tanned skins—</b>					
United Kingdom . . . . .	2,15.45	1,08.57	2,13.83	3,76.84	4,30.15
United States of America . . . . .	29.19	58.02	24.74	30.85	19.21
Japan . . . . .	12.79	11.82	36.21	36.78	28.86
Other Countries . . . . .	13.35	5.94	17.81	15.39	17.23
<b>Total British Empire . . . . .</b>	<b>2,21.15</b>	<b>2,02.35</b>	<b>2,25.82</b>	<b>3,84.54</b>	<b>4,40.27</b>
„ Foreign Countries . . . . .	49.63	72.60	66.77	75.32	55.23
<b>GRAND TOTAL . . . . .</b>	<b>2,70.78</b>	<b>2,74.95</b>	<b>2,92.59</b>	<b>4,59.86</b>	<b>4,95.50</b>

No. 43.—EXPORTS OF MANGANESE ORE

(In thousands of tons)

COUNTRIES	Pre-war average	War average	Post-war average	1926-27	1927-28
United Kingdom . . . . .	103	336	245	58	234
Germany . . . . .	7	3	5	6	15
Netherlands . . . . .	10	..	15	13	15
Belgium . . . . .	150	15	194	186	162
France . . . . .	97	47	108	168	150
Italy . . . . .	3	12	12	7	6
Japan . . . . .	4	12	2	21	3
United States of America . . . . .	182	48	66	71	97
Other Countries . . . . .	2	1	1	6	2
<b>TOTAL . . . . .</b>	<b>607</b>	<b>474</b>	<b>648</b>	<b>536</b>	<b>704</b>

No. 44.—PERCENTAGE OF EXPORTS OF CERTAIN PRINCIPAL CROPS TO TOTAL PRODUCTION

	Pre-war average	War average	Post-war average	1926-27	1927-28
Rice . . . . .	9	5	5	7	8
Wheat . . . . .	14	9	3	2	4
Tea . . . . .	96	89	95	91	—
Cotton, raw . . . . .	56	51	61	64	46
Jute, raw . . . . .	51	31	48	37	49
Linseed . . . . .	73	63	59	47	63
Rape and Mustard . . . . .	23	8	19	10	8
Sesamum . . . . .	25	8	6	5	2
Groundnuts . . . . .	35	12	19	16	24
Indigo . . . . .	40	44	27	8	17



No. 45.—IMPORTS AND EXPORTS OF GOLD, SILVER AND CURRENCY NOTES

(In thousands of Rupees)

COUNTRIES		GOLD									
		IMPORTS					EXPORTS				
		Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
United Kingdom	Private	15,31,52	2,20,76	12,24,11	2,79,38	3,91,47	3,36,26	1,26,97	1,33,65	1	..
	Government	..	..	6,50,63	..	..	71,48	7,14	1,18,80	..	..
Gibraltar		2	..	1,08	..	..	..	..	..	..	..
Malta and Gozo		1,85	17	1,95	..	..	..	..	..	..	..
Sweden		..	..	2,55	..	..	..	..	..	..	..
Germany		..	..	1	..	..	..	..	..	..	..
Netherlands		..	..	..	15	1,08	..	..	..	..	..
France		63,03	10	1,40,05	..	..	..	..	..	..	7
Switzerland		..	..	..	..	..	..	..	..	..	..
Austria		9,70	11	..	..	..	..	..	..	..	..
Hungary											
Iraq	Private	59,88	23,15	1,44,52	68,39	24,59	4,16	13	2,10	..	..
Turkey, Asiatic											
Iraq	Government	..	70	88	..	..	..	3,72	..	..	..
Turkey, Asiatic											
Aden and Dependencies	Private	43,53	18,52	57,44	31,96	32,40	18	..	..	..	..
	Government	21	..	14,31	..	..	..	60	150	..	..
Arabia	Private	53	69	10,11	15,40	29,40	2,71	66	69	19	..
	Government	..	8	18	..	..	..	..	..	..	..

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Bahrain Islands	Private	36	1,15	6,83	16,46	17,59	11,24	1,60	14	..	..
	Government	..	..	..	..	..	..	..	2,83	..	..
Persia	Private	35	15	7	..	..	1,90	69	..	..	..
	Government	8	..	8	..	..	28	..	..	..	..
Ceylon		3,06	1,80	7,37	3,07	27,90	5,57	6,16	12	8	0
Straits Settlements (Including Labuan)		60,30	3,94	21,73	4,60	10,22	29,34	8,44	2,10	5,58	2,41
Federated Malay States		..	..	..	..	..	..	..	..	..	..
Java		2	14,77	5	..	..	27	62	38	3,90	75
China (Including Hongkong)	Private	66,30	52,27	45,11	5,06	6,83	14	45	2,74	..	..
	Government	..	..	48,86	..	..	..	..	..	..	..
Japan		8	3,12,30	5	..	..	..	63,60	3,48,30	..	..
Egypt	Private	8,09,37	21,13	6,71	1,06,03	2,03,44	1	81	..	..	..
	Government	..	..	..	..	..	..	0,00	..	..	..
Union of South Africa	Private	6,35	2,27,30	67,12	11,77,17	8,47,08	..	..	..	1	..
	Government	..	7	..	..	..	..	6	..	..	..
East Africa		58	1,54	14,57	8	28	0	15	54	4	1
Mauritius and Dependancies (Including Seychelles)		..	..	..	..	..	..	..	106	8	14
Canada		..	4,31	..	..	..	..	89,08	..	..	..
United States of America	Private	15	1,04,47	2,17,98	8,03	1,21,78	..	..	4,10,88	0	..
	Government	..	..	1,16,02	..	..	..	61,50	..	..	..
Australia and New Zealand.	Private	6,14,81	46,02	1,87,15	2,31,65	99,38	..	..	..	..	..
	Government	..	1,53,22	1,36,71	..	..	..	45,00	..	..	..
TOTAL (ALL COUNTRIES)	Private	82,76,42	10,59,77	21,57,46	19,50,12	18,13,44	3,92,07	2,99,01	9,02,80	10,07	3,44
	Government	27	1,54,13	9,67,00	..	..	71,76	1,27,11	1,22,63	..	..

No. 45.—IMPORTS AND EXPORTS OF GOLD, SILVER AND CURRENCY NOTES—*contd.*

(In thousands of Rupees)

COUNTRIES		SILVER									
		IMPORTS					EXPORTS				
		Pre-war average	War average	Post-war average	1926-27	1927-28	Pre-war average	War average	Post-war average	1926-27	1927-28
United Kingdom	Private	8,70,27	2,56,65	7,24,62	12,00,31	5,71,53	48	2,44	1,18	1	..
	Government	2,76,82	2,13,99	17,61	..	..	..	4,11	2	..	1,48
Germany		..	..	..	..	..	..	..	..	..	..
Netherlands		..	..	..	..	..	..	..	12	..	..
France	Private	..	..	3,68	32,90	33,22	..	..	..	..	..
	Government	..	..	1	..	..	..	..	..	..	..
Italy		..	..	2	9,57	16,80	..	..	..	..	..
Austria		..	..	..	8,98	4,75	..	..	..	..	..
Iraq	Private	14,70	5,62	80,33	21,74	16,00	2,24	37	4	13	58
Turkey, Asiatic		..	..	..	..	..					
Iraq	Government	..	35	1,47	..	..	3	85,41	38	..	..
Turkey, Asiatic		1,89	3,77	15,98	14,97	10,44					
Aden and Dependencies.	Private	21	0,99	1,25	3,65	55	19	4,99	53	..	3,95
	Government	8,05	5,69	35,77	12,59	11,11	27,54	10,32	24,00	24,85	17,50
Arabia	Government	15	12	1,58	..	2,59	..	99	23	..	..
	Private	8,97	12,28	16,30	25,42	16,78	48,21	34,51	40,25	55,92	67,75
Bahrain Islands	Government	..	..	..	..	..	..	1,50	1,51	..	..
Persia	Private	9,39	5,70	10,78	7,59	87	10,86	4,26	5,76	7,48	5,05
	Government	5,52	5,65	21,34	6,73	..	30	6,91	76	8	..
Henjam Island	Private	..	5	4	..	..	..	2,71	..	..	..
	Government	2	2	..	..	..	..	6	2	15	..

Ceylon	Private	7,77	89	2,99	93	25,02	59,51	33,02	17,86	33,63	68
	Government	28	7,02	18,66			60	80	7,00		
Straits Settlements (including Labuan).	Private	8,82	28,83	6,86	16		15,48	11,20	26,40	2,54	54
	Government		15,03								
Federated Malay States									45	67	1,09
Java				20	4			16	1,05	3	27
Siam		76	2,42	2,46	63		5,20	1,38	1,84		
Indo-China, etc.											
China (including Hongkong).	Private	67,18	60,96	79,53	1,06,22	24,52	1,65,55	1,20	96,31	68,25	1,30,80
	Government	70,02	7,19,89	1,79,88							3,23
Japan	Private	3	9,42	1,48							
	Government		4,01								
Egypt	Private	12	1,83	12	44	31,91	3	46,07		7	5
	Government		10					5,15	6		
Union of South Africa.	Private		32	72	16,08	15,22	2				
	Government								1		
East Africa.	Private	2,03	33	68,41	61	32	25,20	26,32	7,79	54	31
	Government			1,77				2,90			
Mauritius and De- pendencies (in- cluding Seychel- les).	Private	1,87	9,84	15,17	70,95	11,70	6,60	2,23	40,01	25	30,40
	Government							14,00			
Canada	Private		1,25								
	Government		1,68								
United States of America.	Private	6,77	17,21	2,88,21	4,90,78	6,87,42					
	Government		11,74,62	3,56,29							
Australia and New Zealand.	Private	78,38	33,73	64,09	1,45,10	1,14,62					
	Government	7	86,84	16,60							
TOTAL (ALL COUN- TRIES).	Private	10,88,25	4,56,21	14,17,57	21,65,96	16,44,23	3,67,34	1,76,79	3,66,23	1,89,31	2,59,02
	Government	3,58,09	22,36,84	6,16,46	10,38	3,14	1,12	1,26,82	10,57	23	4,71

No. 45.—IMPORTS AND EXPORTS OF GOLD, SILVER AND CURRENCY NOTES—concl'd.

(In thousands of Rupees)

COUNTRIES		CURRENCY NOTES*									
		IMPORTS					EXPORTS				
		Pre-war average	War average	Post-war average†	1926-27	1927-28	Pre-war average	War average	Post-war average†	1926-27	1927-28
United Kingdom	Private	—	—	..	..	..	—	—	..	..	..
	Government	—	—	80,00	3,73	4,30	—	—	..	..	..
Iraq	Private	—	—	40,76	2,30	..	—	—	9,75	..	..
	Government	—	—	13,05	..	..	—	—	..	3	..
Aden and Dependencies	Private	—	—	3,23	3,57	5,57	—	—	..	..	..
	Government	—	—	2,38	2,72	40	—	—	10,50	16,00	46,00
Arabia	Private	—	—	17,58	9,00	13,26	—	—	4	5	4
	Government	—	—	1,30	..	..	—	—	..	..	..
Bahrain Islands		—	—	..	7	..	—	—	..	..	..
Persia	Private	—	—	1,66	44	9	—	—	..	..	..
	Government	—	—	5	4,01	..	—	—	4,42	4,52	40
Hojjam Island	Private	—	—	..	..	..	—	—	..	..	..
	Government	—	—	..	..	..	—	—	3	..	..
Ceylon	Private	—	—	1,00	..	..	—	—	..	..	..
	Government	—	—	..	..	..	—	—	2	..	..
Federated Malay States		—	—	..	..	..	—	—	..	..	..
Java		—	—	..	..	..	—	—	..	..	..
Egypt	Private	—	—	..	..	1	—	—	..	93	..
	Government	—	—	2,02	..	..	—	—	..	..	..
Mauritius and Dependencies (including Seychelles)		—	—	45,00	..	..	—	—	10	..	..
TOTAL (ALL COUNTRIES)	Private	—	—	1,09,23	15,68	23,03	—	—	9,91	98	4
	Government	—	—	48,80	11,56	4,79	—	—	14,95	20,55	46,40

\* Not recorded prior to 1922-23.

† Average for two years; 1922-23 and 1923-24.

No. 46.—NET IMPORTS OF GOLD, SILVER AND CURRENCY NOTES IN EACH MONTH OF THE YEAR 1927-28

(In thousands of Rupees)

MONTHS	NET IMPORTS OF GOLD		NET IMPORTS OF SILVER		NET IMPORTS OF CURRENCY NOTES	
	Private	Government	Private	Government	Private	Government
April	1,87,26	..	2,50,58	2,50	1,80	..
May	1,85,85	..	1,78,05	..	1,08	64
June	1,07,84	..	1,60,41	..	8,11	-10,00
July	1,64,90	..	60,19	1	7,25	..
August	79,45	..	62,59	..	2,70	1,29
September	92,08	..	37,81	-4,71	4,14	15
October	74,59	..	1,07,15	..	1,49	1,41
November	1,22,44	..	7,16	..	11	-20,58
December	1,08,77	..	95,12	..	1,38	8
January	2,38,61	..	1,25,55	64	48	45
February	1,93,10	..	1,08,12	..	34	..
March	2,05,11	..	95,89	..	55	..
TOTAL	18,10,00	..	18,85,22	-1,57	23,89	-41,61

## No. 47.—ABSORPTION OF GOLD (BOTH COIN AND BULLION) IN INDIA

(In lakhs of Rupees)

	1878-74	AVERAGE OF 5 YEARS ENDING										1924-25	1925-26	1926-27	1927-28
		1878-79	1883-84	1888-89	1893-04	1898-99	1903-04	1908-09	1913-14	1918-19	1923-24				
1. Production (a) . . . . .	...	...	...	...	71	2,01	2,95	3,40	3,36	3,39	2,72	2,54	2,23	2,18	2,18
2. Imports . . . . .	1,65	1,68	4,23	3,41	4,12	5,48	13,00	16,85	32,79	(b)9,88	(b)30,66	74,29	35,23	19,50	18,14
3. Exports . . . . .	27	1,04	10	83	2,02	3,23	6,82	7,50	4,64	(b)3,01	(b)8,28	36	38	10	4
4. Net imports (i.e., 2—3) . . . . .	1,38	64	4,13	3,08	2,10	2,25	6,18	9,35	28,15	(b)6,87	(b)22,38	73,93	34,85	19,40	18,10
5. Net addition, to stock (i.e., 1+4) . . . . .	1,38	64	4,13	3,08	2,81	4,26	9,13	12,75	31,51	10,26	25,10	76,47	37,08	21,58	20,28
6. Balance held in mint and Government Treasuries and Currency and Gold Standard Reserves . . . . .	...	...	...	...	...	66	12,88	6,57	19,11	16,93	27,92	22,32	22,32	22,32	29,76
7. Increase (+) or decrease (—) in stock held in mints, etc., as compared with the preceding year . . . . .	...	...	...	...	...	+61	+2,67	—3,25	+4,47	—1,02	+99	...	...	...	+7,44
8. Net absorption (i.e., 5—7) . . . . .	1,38	64	4,13	3,08	2,81	3,65	6,46	16,99	37,04	11,28	24,11	76,47	37,08	21,58	13,84
9. Progressive total of additions to stock . . . . .	1,38	4,63	15,24	35,17	51,74	61,86	1,01,19	1,58,81	2,77,15	3,72,61	4,66,83	5,96,14	6,33,22	6,54,80	6,75,98
10. Net progressive absorption . . . . .	1,38	4,63	15,24	35,17	51,74	61,19	86,31	1,52,24	2,58,04	3,35,68	4,38,92	5,73,83	6,19,91	6,32,49	6,45,33

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NOTE.—The quinquennial average figures are inserted only for comparative purposes. The progressive total of additions to stock (item 9) and net progressive absorption (item 10) are calculated on the annual figures and are not based on these averages. Item 9 is the sum of the yearly figures in item 5 and item 10 the sum of the yearly figures in item 8.

(a) Figures are for calendar year ending 31st December.

(b) Excludes gold imported and exported on behalf of the Bank of England.

No. 48.—BALANCE OF TRADE OF INDIA\*

(In lakhs of Rupees)

	AVERAGE OF 5 YEARS ENDING									1924-25	1925-26	1926-27	1927-28
	1883-84	1888-89	1893-94	1898-99	1903-04	1908-09	1913-14	1918-19	1923-24				
Exports of Indian Merchandise (private)	+76.87	+84.99	+1,00.50	+1,03.26	+1 21.32	+1,61.85	+2,10 50	+2 15 97	+2 60.33	+3,84.66	+3,74.84	+3,01.44	+3,19.15
Re-exports of Foreign Merchandise (private)	+2.65	+3.59	+4.41	+4.19	+3.20	+3.46	+4.62	+3.14	+15.62	+13.51 (c)	+10.49	+8.01	+9.54
Imports of Foreign Merchandise (private)	-47.95	-58.52	-67.75	-69.79	-78.43	-1,11.85	-1,45.85	-1,47.80	-2,48.81	-2,48.16	-2,24,20(c)	-2,20,08(c)	-2,46,73(c)
Balance of trade in Merchandise (private)	+31.97	+30.06	+37.16	+37.66	+45.09	+53.46	+76.27	+76.31	+53.14	+1,55.91	+1,61.13	+79.47	+81.96
Gold (private)	-4.13	-3.08	-2 10	-2 25	-9 55	-12.88	-23.87	-7 81(a)	-18 93(a)	-73.93	-34.85	-10 40	-18 10
Silver (private)	-5 25	-3 96	-12 21	-6 25	-5 12	-8 11	-7 21	-2 99(b)	-11 79(b)	-20 06	-17 15	-19 70(b)	-18 85
Currency notes (private)	—	—	—	—	—	—	—	—	—	-23	+12	-14	-24
Balance of transactions in treasure (private)	-10.38	-12.04	-14.31	-8.59	-14.67	-20.99	-26.98	-19.89	-26.12	-94.27	-51.89	-39.33	-33.19
Total visible balance of trade	+20.69	+18.93	+22.85	+29.16	+31.43	+32.47	+42.19	+65.51	+27.02	+60.74	+1,09,23	+40.14	+49.77
Council Bills, purchases of sterling and other Government remittances to the United Kingdom (e)	-19.77	-18.00	-21.81	-26.07	-27.76	-35.50	-41.35	-34,96(d)	-15.45	-56.85	-61.24	-2.62	-37.77
Sterling transfers on London sold in India	...	...	...	...	...	+2.41	+5	+5.50	+9.42	...	...	+1.98	...
Transfers of Government Securities	+99	+17	+49	-58	-88	-54	-97	-88	+23	-23	-1.27	+2	+28
Interest drafts on India in respect of Government of India Securities	-85	-87	-99	-88	-70	-56	-44	-30	-31	-41	-36	-34	-35
Balance of remittances of funds	-19.63	-18.79	-22.31	-27.43	-29.34	-34.25	-42.61	-38.14	-5.96	-57.14	-62.87	-1.29	-37.84

\* All possible items in the Balance of Trade cannot be included in the table.

NOTE.—In these balances plus (+) signifies net export and minus (-) net import.

(a) Excludes transactions, such as gold imported or exported on behalf of the Bank of England, which do not enter into India's Balance of Trade.

(b) Excludes piastres coined at the Bombay Mint on behalf of the Egyptian Government valued at ₹1.16 lakhs in 1916-17, ₹77 lakhs in 1917-18 and ₹0 lakhs in 1918-19. The value of old Straits dollars received at the Bombay Mint for recoinage (₹1.13 lakhs) and that of the export of the recoined dollars (₹12 lakhs) are also excluded in 1918-19. The value of 'silver—other coin' exported to Ceylon on account of the Ceylon Government (₹5 lakhs) and that to the Straits Settlements on account of the Straits Government (₹24 lakhs) have been excluded in 1919-20. In 1920-21 the following items have been excluded:—(1) the value of 'silver—other coin' imported from Ceylon on account of the Ceylon Government (₹3 lakhs), (2) the value of 'silver—other coin' exported to Ceylon on account of the Ceylon Government (₹10 lakhs) and to the Straits Settlements on account of the Straits Government (₹16 lakhs), and (3) the value of Straits dollars exported to the Straits Settlements on account of the Straits Government (₹86 lakhs). The items excluded in 1921-22 are:—(1) import of 'silver—other coin' from Ceylon on account of the Ceylon Government (₹4 lakhs), (2) export of 'silver—other coin' to Ceylon on account of the Ceylon Government (₹3 lakhs), and (3) export of Straits dollars to the Straits Settlements on account of the Straits Government (₹1 lakh). The value of Straits dollars exported to the Straits Settlements on account of the Straits Government (₹2 lakhs) has been excluded in 1926-27.

(c) Exclusive of the value of railway materials imported direct by State Railways working under company management, which was not paid for in the ordinary way and not therefore taken into account in arriving at the Balance of Trade.

(d) Includes ₹85 lakhs being the funds supplied by Government to finance wheat purchases.

(e) Figures for the years prior to 1921-22 represent only Council Bills and telegraphic transfer paid in India.



No. 49.—DECLARED VALUE PER UNIT OF PRINCIPAL IMPORTED ARTICLES.

ARTICLES	Per	Pre-war	1925-26	1926-27	1927-28
		average			
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1. Sugar, 16 D. S. and above	Cwt.	9 14 4	10 6 1	11 2 0	9 15 4
Molasses	"	2 3 7	2 11 1	2 11 10	2 1 3
2. Other articles of food and drink—					
(a) Liquors—					
Ale, beer, and porter	Gal.	1 5 7	2 6 10	2 6 7	2 5 3
Spirit—Brandy	"	7 15 0	10 11 8	10 14 3	10 14 5
" Whisky	"	6 8 2	16 18 11	16 9 11	16 14 1
" present in drugs	"	17 9 3	26 7 9	27 18 9	27 14 1
(b) Provisions—					
Biscuits and cakes	lb.	0 7 3	0 14 11	0 13 8	0 13 5
Farinaceous and patent foods	Cwt.	14 14 2	23 2 5	23 7 8	24 10 2
Milk, condensed	lb.	0 4 6	0 8 8	0 6 0	0 5 4
Canned provisions	Cwt.	46 10 3	54 0 10	47 4 7	45 2 8
(c) Spices—					
Betelnuts	lb.	0 1 4	0 2 10	0 3 0	0 2 10
Cloves	"	0 5 2	0 8 1	0 6 10	0 6 9
(d) Other articles—					
Salt	Ton	14 8 5	18 9 3	23 4 8	20 5 3
3. Oils—					
Kerosene	Gal.	0 6 6	0 10 3	0 10 8	0 9 3
4. Textiles, Cotton—					
Cotton yarn.	lb.	0 14 5	1 8 0	1 5 6	1 4 9
" goods, grey	Yd.	0 2 6	0 4 11	0 4 2	0 3 11
" " white	"	0 2 9	0 5 6	0 4 11	0 4 5
" " coloured	"	0 3 3	0 6 11	0 4 2	0 5 7
" handkerchiefs	No.	0 3 6	0 4 4	0 3 11	0 3 3
5. Other textiles—					
(a) Silk, raw	lb.	4 9 1	7 2 13	6 6 0	6 2 3
" goods, mixed	Yd.	0 12 9	1 8 7	1 7 2	1 7 0
" piecegoods	"	0 11 2	1 4 9	1 4 7	1 3 5
(b) Wool—					
" piecegoods	Yd.	0 14 9	2 0 0	1 12 9	1 12 0
" shawls	No.	2 7 9	5 0 0	3 12 5	3 9 9
6. Apparel—					
Boots and shoes	Pair	2 7 2	2 15 7	2 15 9	2 6 3
7. Metal and manufactures—					
Copper, wrought	Cwt.	51 12 1	56 9 3	49 5 2	50 12 1
Iron, bars and channel	Ton	118 4 2	192 8 4	134 6 4	197 5 1

No. 49.—DECLARED VALUE PER UNIT OF PRINCIPAL IMPORTED ARTICLES—  
continued.

ARTICLES	Par	Pre-war	1925-26	1926-27	1927-28
		average			
		R a. p.	R a. p.	R a. p.	R a. p.
Iron or Steel— Beams, etc. . . . .	Ton	115 5 6	124 9 8	124 12 4	127 10 6
Nails, etc. . . . .	"	205 1 6	308 7 3	299 15 2	270 10 4
Pipes, etc. . . . .	"	150 10 9	233 2 6	250 15 4	210 4 10
Rails, chairs, etc. . . . .	Cwt.	3 11 6	5 15 5	5 10 2	5 15 6
Sheets, galvanised . . . . .	Ton	192 0 1	266 1 0	260 14 6	248 1 10
"    tinned . . . . .	"	236 15 1	352 8 10	344 14 3	327 11 8
"    not galvanised . . . . .	"	130 6 0	147 8 4	136 6 2	135 13 7
Tubes . . . . .	"	231 8 4	332 9 9	304 2 2	278 8 2
Steel, bars . . . . .	"	90 7 7	106 6 0	98 4 11	101 1 9
Tin, block, etc. . . . .	Cwt.	138 4 5	174 3 9	188 12 0	186 8 7
<b>8. Animals and other raw and manufactured articles—</b>					
(a) Animals, horses . . . . .	No.	455 6 3	966 13 5	701 1 3	909 1 5
(b) Fruits, coconuts . . . . .	"	0 0 10	0 1 4	0 1 4	0 1 2
(c) Dyeing substances— Aniline . . . . .	lb.	0 12 4	1 3 6	1 6 2	1 5 10
Allzarine . . . . .	"	0 7 9	0 11 10	0 10 3	0 10 2
(d) Chemicals— Sodium carbonate . . . . .	Cwt.	4 1 6	5 12 10	5 14 3	5 10 6
(e) Drugs, medicines— Quinine salts . . . . .	lb.	9 11 11	23 11 9	21 15 4	20 9 9
(f) Tobacco manufactures— Cigarettes . . . . .	"	3 0 9	4 10 6	4 10 6	4 4 7
(g) Gums and resins . . . . .	Cwt.	15 13 9	15 10 10	18 7 2	20 12 9
(h) Flax— Canvas . . . . .	Yd.	0 8 9	1 5 2	1 3 4	1 4 3
Piecegoods . . . . .	"	0 5 8	0 12 3	0 10 6	0 10 7
(i) Coal . . . . .	Ton	17 5 11	23 10 11	22 2 5	23 3 10
(j) Other raw materials— Tallow . . . . .	Cwt.	23 5 1	34 6 9	22 3 2	23 1 2
<b>(k) Other manufactured articles—</b>					
(l) Arms, etc.— Gunpowder . . . . .	lb.	0 11 7	0 9 7	0 14 1	1 5 5
(m) Glass and glassware— Beads . . . . .	Cwt.	85 9 1	104 1 9	89 10 6	86 8 2
Sheet and plate . . . . .	Sq. ft.	—	0 2 0	0 2 0	0 2 0
(n) Paints and colours . . . . .	Cwt.	16 1 2	23 5 11	23 10 6	27 5 7
(o) Printing paper . . . . .	"	12 8 3	18 1 5	16 8 1	15 9 4
(p) Soap . . . . .	"	10 11 7	35 14 11	37 13 11	38 3 2
(q) Umbrellas . . . . .	No.	1 1 1	2 14 11	2 13 4	2 6 5
<b>9. Building materials—</b>					
Bricks . . . . .	No.	0 1 6	0 3 2	0 4 0	0 4 3
Cement . . . . .	Cwt.	2 0 6	2 15 0	2 14 2	2 13 11
Pitch and tar . . . . .	"	4 1 4	5 12 2	6 7 10	6 11 5

No. 50.—DECLARED VALUE PER UNIT OF PRINCIPAL EXPORTED ARTICLES

ARTICLES.	Per	Pre-war	1925-26	1926-27	1927-28
		average	R. S. P.	R. S. P.	R. S. P.
<b>1. Food grains—cereals—</b>					
Rice (not in the husk)	Cwt.	5 5 8	7 12 4	8 1 7	7 13 1
Wheat	"	5 5 5	8 8 2	7 11 3	7 5 7
" flour	"	7 14 8	11 10 1	11 3 8	10 11 3
Barley	"	4 4 2	6 10 1	8 2 1	5 15 4
<b>2. Food grains—</b>					
Pulse	Cwt.	4 1 4	7 8 5	7 6 5	7 0 6
<b>3. Tea</b>					
Coffee	lb.	0 7 1	0 13 4	0 13 4	0 14 4
	Cwt.	54 0 4	90 3 6	88 8 10	83 13 2
<b>4. Other articles of food and drink—</b>					
<b>(a) Spices—</b>					
Pepper	lb.	0 4 8	0 10 4	0 8 9	0 11 2
Chillies	"	0 2 4	0 3 9	0 4 2	0 3 5
<b>(b) Other articles—</b>					
Ghi	"	0 9 0	0 14 2	0 14 6	0 14 0
<b>5. Seeds, oils and oilcake—</b>					
<b>Seeds—</b>					
Castor	Cwt.	7 5 2	12 3 1	10 0 6	10 9 10
Copra	"	17 15 7	33 7 8	19 5 5	18 7 10
Cotton	"	3 13 0	5 8 6	4 7 8	4 11 8
Groundnut	"	8 5 1	13 3 5	13 0 4	12 11 11
Linseed	"	10 8 8	13 1 11	10 7 8	10 2 7
Rapeseed	"	7 9 8	11 15 10	11 8 1	11 1 10
Sesamum	"	10 6 5	14 11 3	15 6 7	14 9 8
<b>Oils—</b>					
Castor	Gal.	1 5 10	2 10 9	2 2 7	2 2 2
Coconut	"	1 12 8	2 9 7	2 6 11	2 10 8
Oilcake	Cwt.	3 12 3	5 8 1	5 5 8	5 11 2
<b>6. Textiles, Jute—</b>					
Jute, raw	Ton	290 7 4	536 5 7	378 5 11	343 12 7
Gunny bags	No.	0 4 5	0 10 1	0 8 8	0 8 0
" Cloth	Yd.	0 1 9	0 2 6	0 3 0	0 3 2
<b>7. Textiles, Cotton—</b>					
Cotton, raw	Cwt.	38 11 3	68 11 9	61 7 6	49 11 11
" yarn	lb.	0 7 11	0 14 9	0 11 11	0 12 2
" piecegoods, grey	Yd.	0 2 5	0 4 5	0 4 10	0 4 9
" " coloured	"	0 6 0	0 6 5	0 6 1	0 6 0

No. 50.—DECLARED VALUE PER UNIT OF PRINCIPAL EXPORTED ARTICLES—  
continued.

ARTICLES	Per	Pre-war	1925-26	1926-27	1927-28
		average			
		R a. p.	R a. p.	R a. p.	R a. p.
<b>8. Other textiles—</b>					
Wool, raw . . . . .	lb.	0 7 10	0 14 0	0 14 1	0 13 11
<b>9 Hides and skins—</b>					
Hides, raw . . . . .	Cwt.	66 4 1	56 8 1	46 1 11	47 5 3
„ tanned . . . . .	„	85 10 10	125 9 7	122 9 0	130 10 2
Skins, raw . . . . .	„	68 0 6	100 12 9	115 13 9	125 15 2
„ tanned . . . . .	„	196 12 3	309 15 7	326 6 9	330 8 2
<b>10. Metals—</b>					
Manganese ore . . . . .	Ton	16 4 0	27 5 9	27 13 0	27 12 3
<b>11. Other raw and manufactured articles—</b>					
<b>(a. Dyeing substances—</b>					
Indigo . . . . .	Cwt.	194 6 6	277 8 11	266 15 9	274 15 8
Myrobalans . . . . .	„	4 4 5	7 1 2	5 14 9	6 5 4
<b>(b) Chemicals—</b>					
Saltpetre . . . . .	„	11 7 6	15 2 9	12 5 2	12 3 11
<b>(c) Drugs, medicines—</b>					
<b>Tobacco—</b>					
Unmanufactured . . . . .	lb.	0 1 10	0 4 6	0 5 4	0 5 7
Cigars . . . . .	„	0 13 7	0 14 6	1 2 2	1 1 1
Opium . . . . .	Cwt.	1,045 10 10	2,868 1 10	2,720 15 11	2,633 6 11
(d) Hemp, raw . . . . .	„	13 12 0	25 8 2	18 13 1	16 11 2
(e) Lac, shell . . . . .	„	54 1 9	138 5 3	101 12 3	140 9 9
(f) Coal . . . . .	Ton	9 12 7	14 6 5	12 9 3	12 0 0
(g) Manures—Bones . . . . .	„	69 0 9	105 12 3	97 12 1	99 7 0
<b>(A) Other raw materials—</b>					
Rubber, raw . . . . .	Cwt.	36 15 5	146 15 7	126 10 4	113 5 7
Coir, unmanufactured . . . . .	„	10 11 6	13 10 5	15 0 1	16 2 5
Mica . . . . .	„	72 15 0	107 15 11	130 2 2	112 8 3
<b>(S) Other manufactured articles—</b>					
Candles . . . . .	lb.	0 4 6	0 4 8	0 4 8	0 4 7
Paraffin wax . . . . .	Cwt.	23 7 1	23 13 5	23 15 3	23 11 4
<b>12. Building materials—</b>					
Teakwood . . . . .	c. Ton	155 12 1	264 8 3	260 9 9	230 2 9





No. 52.—STATISTICS OF MARITIME FREIGHTS from CALCUTTA, BOMBAY, KARACHI, MADRAS AND RANGOON to LONDON, MARSEILLES, ANTWERP, HAMBURG AND JAPAN.

ARTICLES	Freights to	Rate per	1914	1923	1924	1925	1926	1927				1928			
			April	April	April	April	April	January	April	July	October	January	April		
Calcutta*			£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	
Jute .	London .	Ton of 50 cft.	1 0 0	1 15 0	2 0 0	1 16 3	1 12 6	2 5 0	1 15 0	1 15 0	1 17 6	1 17 6	1 15 0	1 15 0	
			Marseilles .	1 2 6	1 15 0	2 0 0	1 10 3	1 12 6	2 5 0	1 15 0	1 15 0	1 17 6	1 17 6	1 15 0	1 15 0
			Antwerp .	1 0 0	1 7 6	1 12 6	1 12 6	1 7 6	2 0 0	1 12 6	1 12 6	1 15 0	1 15 0	1 15 0	1 12 6
Linseed .	London .	Ton	1 2 6	1 7 6	1 12 0	1 12 6	1 7 6	2 0 0	1 12 6	1 12 6	1 15 0	1 15 0	1 15 0	1 12 6	
			Marseilles .	1 0 0	1 15 0	2 0 0	1 10 3	1 12 6	2 5 0	1 15 0	1 15 0	1 17 6	1 17 6	1 10 0	1 10 0
			Antwerp .	1 2 6	1 15 0	2 0 0	1 16 3	1 12 6	2 5 0	1 15 0	1 15 0	1 17 6	1 17 6	1 15 0	1 7 6
Bombay— Cotton .	London .	Ton of 40 cft.	0 12 0	1 2 0	1 1 6	..	0 11 6	1 8 0	0 19 0	0 18 6	0 19 0	1 2 0	1 0 0	1 0 0	
			Antwerp .	0 11 6	1 3 0	1 1 0	..	0 11 6	1 8 0	0 19 0	1 2 0	1 1 0	1 1 0	0 19 0	0 19 0
			Hamburg .	0 10 6	1 4 0	1 2 6	..	0 11 6	1 8 0	1 0 6	1 3 0	1 1 0	1 1 0	1 1 0	0 19 0
Seeds (16 cwt. and over)	London .	Bale	Rs. 17 (b)	Yen 4-20	Yen 4-20	Yen 4-50	Yen 4-50	Yen 4-50	Yen 4-50	Yen 4-50	Yen 4-50	Yen 4-50	Yen 4-50	Yen 4-50	
			Marseilles .	0 12 0	1 2 0	1 1 6	..	0 11 0	1 8 0	0 19 0	0 18 6	0 19 0	1 2 0	1 0 0	1 0 0
			Antwerp .	0 11 0	1 3 0	..	..	0 12 0	1 2 0	0 17 6	1 2 0	0 19 0	1 2 0	1 0 0	1 0 0
Light seeds (13 cwt. and under)	London .	"	0 11 6	1 3 0	1 1 0	..	0 11 6	1 8 0	0 19 0	1 2 0	1 1 0	1 1 0	0 19 0	0 19 0	
			Hamburg .	0 16 0	1 4 0	1 2 6	..	0 11 6	1 8 0	1 0 6	1 3 0	1 1 0	1 1 0	0 19 0	0 19 0
			Marseilles .	0 10 0	0 19 0	0 18 6	0 16 0	0 8 0	1 5 0	0 10 0	0 15 6	0 16 0	0 19 0	0 19 0	0 17 0
Madras— Groundnuts	Marseilles .	"	0 10 0	1 0 0	..	0 13 6	0 9 0	0 19 0	0 13 6	0 19 0	0 16 0	0 19 0	0 17 0		
Karachi— Barley (16 cwt.)	London .	"	1 2 6	1 12 6	1 5 0	1 5 0	0-15 0	1 17 6	1 12 6	1 12 6	1 12 6	1 11 3	1 8 9		
Rangoon— Rice .	United King- dom.	"	0 12 0	1 3 6	1 2 0	1 0 0	0 13 0	1 1 0	0 16 0	1 0 0	0 19 6	1 1 6	0 19 6		
	Hamburg .	"	1 3 3	1 10 0	1 10 0	1 7 0	1 0 0	1 16 0	1 11 3	1 7 6	{ 1 7 6 to 1 8 9 }	1 8 9	1 6 3		
		"	..	1 7 6	1 12 6	1 12 0	1 0 0	1 12 6	1 12 6	1 8 9	1 5 0	1 10 0	1 8 3		

NOTE.—The rates quoted are those for the first week of each month.

\* The rates since 1923 from Calcutta to London and Marseilles are subject to a rebate of 10 per cent. not exceeding 5s. per ton.

(a) Rate for Liverpool.

(b) Per ton of 40 cft.

No. 53.—INDIAN SEA AND LAND CUSTOMS REVENUE (EXCLUDING SALT REVENUE)

(In thousands of Rupees)

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	1923-24	1924-25	1925-26	1926-27	1927-28	Increase (+) or decrease (-) in 1927-28 as compared with 1926-27.
<b>SEA CUSTOMS—IMPORTS.</b>						
<b>Non-protective special duties—</b>						
Liquors	2,26.19	2,50.82	2,59.08	2,01.31	2,65.98	—5.33
Sugar, all sorts, excluding confectionery	3,32.23	5,76.90	6,47.81	7,00.72	6,51.19	-49.58
Tobacco	1,07.03	1,78.72	1,55.81	1,90.77	2,17.18	+20.36
Tin, block	840	12.12	14.81	6.31	8.20	+1.89
Mineral oils	1,27.79	1,43.39	1,54.67	1,20.29	1,78.62	+49.03
Motor cars and cycles (a)	74.13	76.44	1,05.80	1,04.98	89.58	-16.37
Artificial silk yarn and thread (b)	—	—	—	—	5.00	—
Cotton yarn and thread	42.74	51.41	49.38	36.45	43.45	+7.00
Cotton piecegoods	6,16.12	7,73.76	6,06.55	6,21.04	6,25.17	+4.13
Matches	1,38.01	1,12.91	1,13.19	83.64	52.35	-36.29
Match splints and veneers	—	—	5.11	55	1.27	+72
Portland cement	—	—	—	0.06	0.06	+0
Others	11.25	11.50	14.45	14.61	16.57	+1.96
Duty at 2½ per cent.—						
Machinery	55.83	42.88	43.86	38.17	22.58	-16.59
Other articles	1.54	1.16	87	55	54	-1
Duty at 10 per cent.—						
Metals—Iron and steel	1,72.11	84.12	42.30	42.22	51.09	+8.27
Railway plant and rolling stock	62.58	47.49	32.82	24.41	25.54	+4.53
Other articles	6.58	1.65	1.42	1.06	1.07	+1
Duty at 15 per cent.—						
Articles of food and drink (excluding grain and pulse, other than flour, and sugar and vinegar)	1,27.44	1,20.15	1,59.83	1,74.89	1,82.09	+7.20
Raw materials and articles mainly unmanufactured, other than metallic ores	65.78	62.88	69.72	66.17	78.86	+13.69
Articles wholly or mainly manufactured (other than artificial silk yarn, cotton yarn, cotton piecegoods and silk manufactures)	7,10.14	7,20.90	8,15.49	8,45.34	8,46.33	+0.99
Miscellaneous	53.07	50.46	55.67	62.46	64.71	+2.25
Duty at 30 per cent.—						
Silk piecegoods and other manufactures of silk	81.54	90.05	78.16*	78.34*	88.21*	+9.87
Other articles	106.72	98.59	1,03.73	1,04.78	96.03	-8.76
<b>Protective special duties—</b>						
<b>Iron and Steel (c)—</b>						
Liable to additional duties—						
Of British manufacture	—	—	—	—	40.55	—
Not of British manufacture	—	—	—	—	1,02.35	—
Not liable to additional duties	—	2,25.77	2,02.22	2,76.93	1,53.08	+19.55
Paper and Stationery (d)	—	—	12.78	23.52	25.34	+1.82



Government Stores (including imports by State Railways) (e) —

Articles liable to protective duties—						
Iron and Steel (a)—						
Liable to additional duties—						
Of British manufacture . . . . .					4.18	
Not of British manufacture . . . . .					5.57	
Not liable to additional duties . . . . .	—	7.30	21.15	10.72	19.34	+18.95
Paper and stationery (d) . . . . .	—	—	25.83	23.71	1.58	
Railway plant and rolling stock (non-protective) . . . . .	—	—	65.49	59.84	27.92	+4.21
Others . . . . .	—	58.09	—	—	50.69	-9.25
<b>TOTAL IMPORTS</b>	<b>31,77.81</b>	<b>39,00.89</b>	<b>39,31.90</b>	<b>39,96.41</b>	<b>40,46.11</b>	<b>+40.70</b>
<i>Deduct—Refunds and drawbacks</i>	79.93	2,14.80	61.26	54.97	59.48	+4.51
<i>Net import duty</i>	30,97.88	36,86.00	38,70.64	39,41.44	39,86.63	+45.19
<b>SEA CUSTOMS— EXPORTS.</b>						
Hides and skins, raw . . . . .	25.33	26.75	31.74	30.84	37.33	+6.49
Jute (raw and manufactured) . . . . .	3,57.80	3,75.64	3,68.05	3,95.05	4,59.89	+64.84
Rice . . . . .	1,18.22	1,23.97	1,40.81	1,16.58	1,00.62	-10.08
Tea . . . . .	50.06	49.12	48.09	50.96	1.33	-49.63
Government stores (e) . . . . .	—	5	8	4	8	-1
<b>TOTAL EXPORTS</b>	<b>5,61.41</b>	<b>5,75.58</b>	<b>5,88.72</b>	<b>5,98.57</b>	<b>6,05.20</b>	<b>+11.63</b>
<i>Deduct—Refunds</i>	10.31	9.91	9.34	9.80	11.14	+1.84
<i>Net export duty</i>	5,41.10	5,65.67	5,79.38	5,88.77	5,94.06	+10.09
<b>TOTAL IMPORTS AND EXPORT DUTIES (net)</b>	<b>36,38.98</b>	<b>42,51.67</b>	<b>44,50.02</b>	<b>45,30.21</b>	<b>45,80.69</b>	<b>+55.23</b>
Land Customs and miscellaneous . . . . .	35.06	39.63	40.01	30.09	47.72	+8.63
Excise duty on cotton manufactures . . . . .	1,50.52	2,17.37	1,46.60	37	—	-37
" " " motor spirit . . . . .	65.15	78.66	76.82	96.40	1,22.38	+25.98
" " " kerosene . . . . .	98.16	98.39	97.88	1,04.70	97.42	-7.23
<b>TOTAL CUSTOMS REVENUE (gross)</b>	<b>40,81.11</b>	<b>49,10.88</b>	<b>48,61.93</b>	<b>48,30.54</b>	<b>49,18.83</b>	<b>+98.29</b>
Tax on raw jute and jute manufactures . . . . .	10.44	10.81	10.82	11.43	13.36	-1.93
Tea cess . . . . .	12.69	12.87	12.29	13.13	18.75	+62

(a) Dutiable at 20 per cent from March, 1927. Figures prior to March, 1927, represent duty realized at 30 per cent. *ad valorem*.

(b) Separate figures available from October, 1927.

(c) Subject to protective duty from 13th June, 1924.

(d) Subject to protective duty from 21st September, 1925.

(e) Subject to duty from April, 1924.

\* Excludes silk goods for medical purposes and silk mixtures from June, 1925.

NOTE.—Figures for 1927-28 are not finally adjusted by Accounts Department.

IMPORT TARIFF

PART I.—Articles which are free of duty.

No.	Names of Articles	No.	Names of Articles
	<b>I.—Food, Drink and Tobacco—</b>		<b>MISCELLANEOUS—contd.</b>
1	Hops.	10A	Rubber stumps, rubber seeds and raw rubber.
1A	Grain and pulse, all sorts, including broken grains and pulse, but excluding flour (see Nos. 1B and 6B).	10B	Stick or Seed Loc.
1B	Sago flour.		<b>III.—Articles wholly or mainly manufactured—</b>
2	Salt imported into British India and issued, in accordance with rules made with the previous sanction of the Governor-General in Council, for use in any process of manufacture; also salt imported into the port of Calcutta and issued with the sanction of the Government of Bengal to manufacturers of glazed stoneware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Governor-General in Council, for use in curing fish in those provinces.  (For the general duty on salt, see No. 35).	11	<b>APPAREL</b> Uniforms and accoutrements appertaining thereto, imported by a public servant for his personal use.
	<b>II.—Raw materials and produce and articles mainly unmanufactured—</b>		<b>ARMS, AMMUNITION AND MILITARY STORES</b>
	<b>HIDES AND SKINS, RAW</b>	12	The following Arms, Ammunition and Military Stores:—
3	Hides and Skins, raw or salted.		(a) Articles falling under the 3rd, 4th, 6th, 7th or 8th sub-head of Item No. 42 when they appertain to a firearm falling under that Item and are fitted into the same case with such firearm.
	<b>METALLIC ORES</b>		(b) Arms forming part of the regular equipment of a commissioned or gazetted officer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform.
4	Metallic Ores, all sorts, except ochres and other pigment ores.		(c) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per revolver or pistol (f) when accompanying a commissioned officer of His Majesty's regular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (i) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving or, in the case of a police officer, by an Inspector-General or Commissioner of Police, to be imported by the officer for the purpose of his equipment.
	<b>PRECIOUS STONES AND PEARLS</b>		(d) Swords for presentation as army of volunteer prizes.
5	Precious Stones, unset and imported uncut and Pearls, unset		(e) Arms, ammunition, and military stores imported with the sanction of the Government of India for the use of any portion of the military forces of a State in India being a unit notified in pursuance of the first Schedule to the Indian Extradition Act, 1908 (XV of 1908).
	<b>SEEDS</b>		(f) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.
6	Oil-seeds imported into British India by sea from the territories of any Prince or Chief in India.		<b>CHEMICALS, DRUGS AND MEDICINES:</b>
	<b>TALLOW, STEARINE AND WAX.</b>	13	Anti-plague serum.
6A	Tallow.		
	<b>TEXTILE MATERIALS</b>		
7	Cotton, raw.		
8	Wool, raw and Wool-tops.		
	<b>MISCELLANEOUS</b>		
8A	China Clay.		
9	Manures, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, carbollime, urea, nitrate of lime, calcium cyanamide, mineral phosphates and mineral super phosphates.		
10	Pulp of wood, rags and other paper-making materials.		

\* Corrected to April, 1928. [The Indian Finance Act, No. XII of 1922, the Indian Finance Acts, 1923 to 1928, the Bamboo paper Industry (protection) Acts, 1925 and 1927, the Indian Tariff (Amendment) Acts, 1924 to 1928, the Indian Tariff (Cotton Yarn Amendment) Act, 1927, and the Steel Industry (Protection) Acts, 1927 and 1928.]

IMPORT TARIFF—continued.

PART I.—Articles which are free of duty—continued.

No.	Names of Articles	No.	Names of Articles
<b>CHEMICALS, DRUGS AND MEDICINES— contd.</b>		<b>MACHINERY—contd.</b>	
A	Bleaching paste and bleaching powder.	(3)	machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts;
14	Cinchona bark and the alkaloids extracted therefrom including quinine and alkaloids derived from other sources which are chemically identical with alkaloids extracted from Cinchona bark.	(3)	apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose;
14A	Magnesium Chloride.	(4)	control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials (other than cotton hair and canvas ply) and driving chains, but excluding driving ropes not made of cotton;
14B	Sulphur.	(5)	bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not; and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof.
<b>DYES AND COLOURS</b>		<i>Note.</i> —The term 'industrial system' used in sub-clause (3) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.	
14C	Dyes derived from Coal-tar and Coal-tar derivatives used in any dyeing process.	15B	The following textile machinery and apparatus by whatever power operated, namely, halds, head cords and head knitting needles; reeds and shuttles; warp and weft preparation machinery and looms; bobbins and pirns; dobbles; Jacquard machine; Jacquard harness linen cords; Jacquard cards; punching plates for Jacquard cards; warping-mills; multiple box sieys; solid border sieys; tape sieys; swivel sieys; tape looms, wool carding machines; wool spinning machines; hosiery machinery; coil mat shearing machines; coil fibre willowing machines; head knitting machines; dobbie cards; lattices and lags for dobbles; wooden winders; silk looms; silk throwing and reeling machines; cotton yarn reeling machines; sizing machines; doubling machines; silk twisting machines; cone winding machines; piano card cutting machines; harness building frames; card lacing frames; drawing and denting hooks; sewing thread balls making machines; <i>cumbit</i> finishing machinery; hank boilers; cotton carding and spinning machines; malleys, lingoes, comber boards and comber board frames; take-up motions; temples and pickers; picking bands; picking stick; printing machines; roller cloth; clearer cloth; sizing flannel; and roller skins.
<b>HARDWARE, IMPLEMENTS AND INSTRUMENTS</b>		16	The following dairy appliances, namely, cream separators, milking machines, milk, sterilizing or pasteurizing plant, milk straining and cooling apparatus, churns, butter dryers, and butter workers; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy purposes.
15	The following Agricultural implements, namely, winnowers, threshers, mowing and reaping machines, binding machines, elevators, seed and corn crushers, chaff-cutters, root-cutters, ensilage cutters, horse and bullock gears, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, hay-presses, potato diggers, latex spouts, spraying machines, beet-pullers, broadcast-seeders, corapickers, corn-shellers, culti-jackers, drag-scrapers, stalk-cutters, huskers and shredders, potato planters, lime sowers, manure spreaders, flaters, soil-graders and rakes; also agricultural tractors; also component parts of these implements, machines or tractors, provided that they can be readily fitted into their proper places in the implements, machines or tractors for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.	17	Instruments, apparatus and appliances, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.
16	The following dairy appliances, namely, cream separators, milking machines, milk, sterilizing or pasteurizing plant, milk straining and cooling apparatus, churns, butter dryers, and butter workers; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy purposes.	18	Water-lifts, sugar-mills, oil-presses, and parts thereof, when constructed so that they can be worked by manual or animal power.
<b>MACHINERY</b>		18A	Machinery, namely, such of the following articles as are not otherwise specified:—
17	Instruments, apparatus and appliances, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.	(1)	prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts;

IMPORT TARIFF—continued.

PART I.—Articles which are free of duty—concluded.

No.	Names of Articles	No.	Names of Articles
<b>MACHINERY—contd.</b>		<b>PAPER</b>	
18C	Printing and Lithographing Material, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electrotypes blocks, roller moulds, roller frames and stocks, roller composition, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, leadcutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, rule bending machines, rule mitring machines, bronzing machines, stereotyping apparatus, paperfolding machines, and paging machines, but excluding ink and paper.	21	Trade catalogues and advertising circulars imported by packet, book, or parcel post.
18D	Component Parts of Machinery, as defined in Nos. 18A, 18B and 18C, namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose :  Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.	21A	Postage stamps, whether used or unused.
		21B	Paper money.
<b>METALS</b>		<b>YARNS AND TEXTILE FABRICS</b>	
19	Current nickel, bronze, and copper coin of the Government of India.	22	Second-hand or used gunny bags or cloth made of jute.
20	Gold and silver bullion and coin, and gold and silver sheets and plates which have undergone no process of manufacture subsequent to rolling.	<b>MISCELLANEOUS</b>	
20A	Zinc, unwrought, including cakes, ingots, tiles (other than boiler tiles), hard or soft slabs and plates, dust, dross and ashes; and broken zinc.	23	Art. the following works of:—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.
		24	Books printed, including covers for printed books, maps, charts, and plans, proofs, music, manuscripts, and illustrations specially made for binding in books.
		24A	Light Ships.
		24B	Ropes, cotton.
		24C	Starch and farina.
		24D	Stone prepared as for road metalling.
		<b>IV.—Miscellaneous and unclassified—</b>	
		25	Animals, living, all sorts.
		25A	Insignia and badges of official British and Foreign orders.
		26	Specimens, models and wall diagrams illustrative of natural science, and medals and antique coins.

PART II.—Articles which are liable to non-protective duty at special rates.

No.	Names of Articles	Unit or method of assessment	Rate of duty
<b>L.—Food, Drink and Tobacco—</b>			
<b>FISH</b>			
27	Fish, Salted, wet or dry . . . . .	Indian maund of 82½ lbs. avoirdupois weight.	Such rate or rates of duty not exceeding one rupee as the Governor-General in Council may, by notification in the <i>Gazette of India</i> from time to time, prescribe.*
<b>FRUITS AND VEGETABLES</b>			
27A	Currants . . . . .	Cwt . . . . .	Rs. 1 4

\* The rate since the 18th March, 1924, is annas 7½.

IMPORT TARIFF--continued.

PART II.—Articles which are liable to non-protective duty at special rates—  
continued.

No.	Names of Articles	Unit or method of assessment	Rate of duty
<b>LIQUORS</b>			
28	Ale, Beer, Porter, Cider and other fermented liquors.	Imperial gallon or 6 quart bottles.	Rs. A. 0 8
29	Denatured spirit . . . . .	<i>Ad valorem</i> . . . . .	7½ per cent.
30	Perfumed Spirits . . . . .	Imperial gallon or 6 quart bottles.	Rs. A. 36 0
31	Liqueurs, Cordials, Mixtures and other preparations containing spirit— (a) Entered in such a manner as to indicate that the strength is not to be tested. (b) If tested . . . . .	Ditto  Imperial gallon or 6 quart bottles of the strength of London proof.	30 0 } 21 14 } or 15 per cent. <i>ad valorem</i> , whichever is higher.
32	All other sorts of Spirit . . . . .	Ditto	Ditto.
<b>WINES—</b>			
33	Champagne and all other sparkling wines not containing more than 42 per cent. of proof spirit. All other sorts of wines not containing more than 42 per cent. of proof spirit. Provided that all sparkling and still wines containing more than 42 per cent. of proof spirit shall be liable to duty at the rate applicable to "All other sorts of Spirit."	Imperial gallon or 6 quart bottles. Ditto	Rs. A. 9 0 4 8
<b>SUGAR</b>			
34	Sugar, excluding confectionery ( <i>see</i> No. 124). (1) Sugar, crystallised or soft 23 Dutch Standard and above. (2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard. (3) Sugar, below 8 Dutch Standard, molasses and sugar candy.	Cwt. . . . . " . . . . . <i>Ad valorem</i> . . . . .	4 8 4 0 25 per cent.
<b>SACCHARINE</b>			
34A	Saccharine (except in tablets) . . . . .	Pound . . . . .	Rs. A. 5 0
34B	Saccharine tablets . . . . .	<i>Ad valorem</i> . . . . .	15 per cent. or Rs. 5 per pound of Saccharine contents, whichever is higher.
<b>OTHER FOOD AND DRINK</b>			
35	Salt, excluding salt exempted under No. 2	Indian maund of 82½ lbs. avoirdupois weight.	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place.*
<b>TOBACCO</b>			
36	Tobacco, unmanufactured . . . . .	Pound . . . . .	Rs. A. 1 8
37	Cigars . . . . .	<i>Ad valorem</i> . . . . .	75 per cent.

\*The rate of excise duty since the 1st March, 1924, is Rs. 1-4-0

IMPORT TARIFF—continued.

PART II.—Articles which are liable to non-protective duty at special rates—  
continued.

No.	Names of Articles	Unit or method of assessment	Rate of duty
<b>TOBACCO—contd.</b>			
37A	Cigarettes of value— (a) not exceeding Rs. 10-8 per thousand (b) exceeding Rs. 10-8 per thousand. NOTE.—For the purposes of this item, "value" means real value as defined in section 30 of the Sea Customs Act, 1878, provided that the amount to be deducted on account of duties payable on import- ation to determine the real value in accordance with the provisions of clause (a) of the said section shall be Rs. 7 per thousand.	Thousand Ditto	Rs. A. 7 0 10 8
38	All other sorts of Tobacco, manufactured II.—Raw materials and produce and articles mainly unmanufactured—	Pound	2 4
39	COAL, COKE AND PATENT FUEL Coal, coke and patent fuel	Ton	0 8
<b>METALS</b>			
39A	Tin, block	Ton	250 0
<b>OILS</b>			
40	Kerosene; also any mineral oil other than Kerosene and Motor Spirit which has its flashing point below one hundred degrees of Fahrenheit's thermometer by Abel's close test.	Imperial gallon	Two annas and six pies.
40A	Motor spirit	Ditto	Four annas:
41	MINERAL OIL— (1) which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is ordinarily used for the batching of jute or other fibre; (2) which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is such as is not ordinarily used for any other purpose than for lubrication; (3) which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermo- meter, and is such as is not ordi- narily used except as fuel or for some sanitary or hygienic pur- pose.	Ton Imperial gallon <i>Ad valorem.</i>	Rs. A. 10 0 one anna and four pies. 7½ per cent.
<b>III.—Articles wholly or mainly manufac- tured—</b>			
<b>ARMS, AMMUNITION AND MILITARY STORES</b>			
42	Subject to the exemptions specified in No. 12— (1) Firearms including gas and air guns, gas and air rifles and gas and air pistols, not otherwise specified (See Nos. 36A and 141). (2) Barrels for the same, whether single or double. (3) Main springs and magazine springs for firearms, including gas guns, gas rifles and gas pistols. (4) Gun stocks and breech blocks. (5) Revolver-cylinders, for each cart- ridge they will carry. (6) Actions (including skeleton and waster) breech bolts and their heads, cocking pieces, and locks for muzzle loading arms.	Each " " " " "	Rs. 15 15 5 3 2 1 } or 80 per cent. <i>ad valorem</i> whichever is higher.

IMPORT TARIFF—continued.

PART II.—Articles which are liable to non-protective duty at special rates—  
concluded.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
<b>ARMS, AMMUNITION AND MILITARY STORES—contd.</b>			
Subject to the exemptions specified in No. 12—contd.			
	(7) Machines for making, loading or closing cartridges for rifled arms.	<i>Ad valorem</i>	30 per cent.
	(8) Machines for capping cartridges for rifled arms.	<i>Ad valorem</i>	30 per cent.
<b>CARRIAGES AND CARTS</b>			
42A	Motor cars, motor cycles and motor scooters, and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof: provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this item or in No. 87 shall be dutiable at the rate of duty specified for such articles.	<i>Ad valorem</i>	20 per cent.
<b>CHEMICALS, DRUGS AND MEDICINES</b>			
43	Opium and its alkaloids and their derivatives.	Seser of 80 tolas	Rs. 24 or 15 per cent. <i>ad valorem</i> , whichever is higher.
<b>MACHINERY</b>			
43A	Cotton, hair and canvas ply belting for machinery.	<i>Ad valorem</i>	5 per cent.
<b>YARNS AND TEXTILE FABRICS</b>			
43B	Artificial silk yarn and thread	<i>Ad valorem</i>	7½ per cent.
44	Cotton twist and yarn and cotton sewing or darning thread.	<i>Ad valorem</i>	5 per cent. or 1½ annas per pound, whichever is higher.
45	Cotton piece-goods	<i>Ad valorem</i>	11 per cent.
45A	Silk mixtures that is to say— (a) fabrics composed in part of some other textile than silk and in which any portion either of the warp or of the weft but not of both is silk; (b) fabrics not being silk on which silk is superimposed such as embroidered fabrics; (c) articles made from such fabrics and not otherwise specified (see No. 100A).	<i>Ad valorem</i>	20 per cent.
45B	Yarn (excluding cotton yarn) such as is ordinarily used for the manufacture of belting for machinery.	<i>Ad valorem</i>	5 per cent.
<b>MISCELLANEOUS</b>			
46	Matches— (1) In boxes containing on the average not more than 100 matches. (2) In boxes containing on the average more than 100 matches.	Per gross of boxes	Rs. A. 1 8
		For every 25 matches or fraction thereof in each box, per gross of boxes.	0 6
46A	Undipped splints, such as are ordinarily used for match making.	Pound	Four annas and six pies.
46B	Veneers such as are ordinarily used for making match boxes, including boxes and parts of boxes made of such veneers.	Pound	Six annas.
46C	Portland cement, excluding white Portland cement.	Ton	Rs. A. 9 0
46D	Printer's ink	<i>Ad valorem</i>	5 per cent.

IMPORT TARIFF—continued.

PART III.—Articles which are liable to duty at 2½ per cent. *ad valorem*.

No.	Names of Articles	No.	Names of Articles
	<b>I.—Food, Drink and Tobacco—</b> <b>PROVISIONS AND OILMANS STORES</b>		<b>MISCELLANEOUS</b>
48	Vinegar in casks.	53	Aeroplanes, aeroplane parts, aeroplane engines, aeroplane engine parts and rubber tyres and tubes used exclusively for aeroplanes.
	<b>II.—Raw materials and produce and articles mainly unmanufactured—</b> <b>WOOD AND TIMBER</b>	54	The following printing material, namely, type, leads, brass rules, wooden and metal quoins, shooting sticks and galleys and metal furniture.
49	Firewood.	55	Racks for the withering of tea leaf.
	<b>III.—Articles wholly or mainly manufactured—</b> <b>CHEMICALS, DRUGS AND MEDICINES</b>	57	Fodder, bran and pollards.
50	Copperas, green.		

PART IV.—Articles which are liable to duty at 10 per cent. *ad valorem*.

No.	Names of Articles	No.	Names of Articles
	<b>II.—Raw materials and produce and articles mainly unmanufactured—</b> <b>METALLIC ORES AND SCRAP IRON OR STEEL FOR RE-MANUFACTURE</b>		Iron or Steel railway track material not otherwise specified ( <i>see</i> Nos. 63 and 150) including bearing plates, cast iron, sleepers and fastenings therefor, and lever-boxes.
58	Iron or steel, old.		" " tramway track material, not otherwise specified ( <i>see</i> No. 150), including rails, fish plates, tie-bars, switches, crossings and the like materials of shapes and sizes specially adapted for tramway tracks.
	<b>III.—Articles wholly or mainly manufactured—</b> <b>HARDWARE, IMPLEMENTS AND INSTRUMENTS</b>		" " sheets (including cuttings, discs and circles) under ½ inch thick, whether fabricated or not, if coated with metals other than tin or zinc.
59	Telegraphic instruments and apparatus, and parts thereof imported by, or under the orders of, a railway administration.		" " plates and sheets (including cuttings, discs and circles) not under ½ inch thick, not otherwise specified, ( <i>see</i> Nos. 146, 147, 153 and 154) whether fabricated or not.
	<b>METALS—IRON AND STEEL</b>		" " wire including fencing-wire and wire-ropes, but excluding wire-netting.
60	Iron alloys.		" " (other than bar or rod) specially designed for the reinforcement of concrete.
	" angle, channel and tee not otherwise specified ( <i>see</i> No. 143).		" " expanded metal.
	" bar and rod not otherwise specified ( <i>see</i> No. 144).	62	Steel, angle and tee if galvanized, tinned or lead-coated.
	" pig.		" (other than bars), alloy, crucible, shear, blister and tub.
	" rice bowls.		" (other than bars) made for springs and cutting tools by any process.
61	Iron or Steel, anchors and cables.		
	" " hoops and strops.		
	" " nails, rivets and washers, all sorts.		
	" " pipes and tubes; also fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like, excluding pipes, tubes and fittings therefor otherwise specified ( <i>see</i> No. 140).		



IMPORT TARIFF—continued.

PART IV.—Articles which are liable to duty at 10 per cent. *ad valorem*—  
continued.

No.	Names of Articles	No.	Names of Articles
	<b>METALS—IRON AND STEEL—contd.</b>		<b>RAILWAY PLANT AND ROLLING-STOCK</b>
	Steel ingots, blooms and billets, and slabs of a thickness of $1\frac{1}{4}$ inches or more.	63	Railway Materials for permanent-way and rolling-stock, namely, sleepers, other than iron and steel, and fastenings therefor; bearing plates, fish bolts and nuts, chairs, interlocking apparatus, brake-gear, shunting skids, couplings and springs, signals, turntables, weighbridges, carriages, wagons, trussers, rail removers, scooters, trollies, trucks and component parts thereof; switches, crossings and the like materials made of alloy steel; also cranes, water-cranes and water-tanks when imported by or under the orders of, a railway administration.
	Steel bar and rod, the following kinds—		Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Governor-General in Council may, by notification in the <i>Gazette of India</i> , specifically include therein:
	(a) shapes specially designed for the reinforcement of concrete, if the smallest dimension is under $\frac{1}{2}$ inch;		Provided also that articles of machinery as defined in No. 18 A or No. 18 D shall not be deemed to be included hereunder.
	(b) all shapes and sizes, if—		
	(i) of alloy, crucible, shear, blister or tub steel, or		
	(ii) galvanised or coated with other metals, or		
	(iii) planished or polished, including bright steel shafting;	63A	Component Parts of Railway Materials as defined in No. 63, namely, such parts only as are essential for the working of railways and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose.
	(c) other qualities, if of any of the following shapes and sizes—		Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the railway material to which they belong, if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.
	(i) rounds under $\frac{1}{2}$ inch diameter,		
	(ii) squares under $\frac{1}{2}$ inch side,	64	Ships and other vessels for inland and harbour navigation, including steamers, launches, boats and barges imported entire or in sections.
	(iii) flats, if under 1 inch wide and not over $\frac{1}{2}$ inch thick,		Provided that articles of machinery as defined in No. 18A or No. 18D shall, when separately imported, not be deemed to be included hereunder.
	(iv) flats not under 8 inches wide and not over $\frac{1}{2}$ inch thick,		
	(v) ovals, if the dimension of the major axis is not less than twice that of the minor axis,		
	(vi) all other shapes, any size.		

PART V.—Articles which are liable to duty at 15 per cent. *ad valorem*.

No.	Names of Articles	No.	Names of Articles
	<b>I.—Food, Drink and Tobacco—</b>		<b>FRUITS AND VEGETABLES</b>
	<b>FISH</b>	67	Fruits and Vegetables, all sorts, fresh, dried, salted or preserved, not otherwise specified.
65	Fish, excluding salted fish ( <i>see</i> No. 27).		<b>GRAIN, PULSE AND FLOUR</b>
66	Fishmaws, including singly and soxile, and sharkins.	68	Flour, except Sago Flour.

## IMPORT TARIFF—continued.

PART V.—Articles which are liable to duty at 15 per cent. *ad valorem*—  
continued.

No.	Names of Articles	No.	Names of Articles
	<b>PROVISIONS AND OILMAN'S STORES</b>		<b>MISCELLANEOUS</b>
69	Provisions and Oilman's Stores and Groceries, all sorts, excluding vinegar in casks ( <i>see</i> No. 48).	80	Canes and rattans.
	<b>SPIICES</b>	81	Cowries and shells.
70	Spices, all sorts.	82	Ivory, unmanufactured.
	<b>TEA</b>	83	Precious Stones, unset and imported cut ( <i>see</i> No. 5).
71	Tea.	84	All other raw materials and produce and articles mainly unmanufactured, not otherwise specified.*
	<b>OTHER FOOD AND DRINK</b>		<b>III.—Articles wholly or mainly manufactured—</b>
72	Coffee.		<b>APPAREL</b>
73	All other sorts of Food and Drink not otherwise specified.	85	Apparel, including drapery, boots and shoes, and military and other uniforms and accoutrements but excluding uniforms and accoutrements exempted from duty under No. 11 and gold and silver thread, and articles made of silk or silk mixtures.
	<b>H.—Raw materials and produce and articles mainly unmanufactured—</b>		<b>ARMS, AMMUNITION AND MILITARY STORES</b>
	<b>GUMS, RESINS AND LAC</b>	86	Explosives, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roborite, blasting tonite, and all other sorts, including detonators and blasting fuse.
74	Gums, Resins and Lac, all sorts, not otherwise specified ( <i>see</i> NO. 10B).	86A	Ornamental arms of an obsolete pattern possessing only an antiquarian value; masonic and theatrical and fancy dress swords, provided they are virtually useless for offensive or defensive purposes; and <i>daks</i> intended exclusively for domestic, agricultural and industrial purposes.
	<b>OILS</b>		<b>CONVEYANCES</b>
75	All sorts of animal, essential, mineral, and vegetable non-essential oils not otherwise specified ( <i>see</i> Nos. 40, 40A and 41).	87	Conveyance, not specified in No. 142, namely, tramcars, motor-omnibuses, motor-lorries, motor-vans, passenger lifts, carriages, carts, <i>flarikshas</i> , bath-chairs, perambulators, trucks, wheel barrows, bicycles, tricycles, and all other sorts of conveyances not otherwise specified and component parts and accessories thereof, except such parts and accessories of the motor vehicles above-mentioned as are also adapted for use as parts or accessories of motor cars, motor cycles or motor scooters ( <i>see</i> No. 42A).
	<b>SEEDS</b>		<b>CHEMICALS, DRUGS AND MEDICINES</b>
76	Seeds, all sorts, not otherwise specified	88	Chemicals, drugs and medicines, all sorts, not otherwise specified.
	<b>TALLOW, STEARINE AND WAX</b>		<b>CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS</b>
77	All Sorts of Stearine, wax, grease and animal fat, not otherwise specified.	89	Cutlery, excluding electroplated cutlery ( <i>see</i> No. 129).
	<b>TEXTILE MATERIALS</b>	90	Hardware, Ironmongery and tools, all sorts, not otherwise specified.
78	Textile materials, the following :—  Silk waste, and raw silk including cocoons, raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.		
	<b>WOOD AND TIMBER</b>		
79	Wood and Timber, all sorts, not otherwise specified, including all sorts of ornamental wood.		

\* Under Government of India Notification No. 4817, dated the 2nd July, 1921, unmanufactured mica is exempt from payment of import duty.

IMPORT TARIFF—continued.

PART V.—Articles which are liable to duty at 15 per cent. *ad valorem*—  
continued.

No.	Names of Articles	No.	Names of Articles
90A	<b>CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS—<i>contd.</i></b> Electrical Control Gear and Transmission Gear, namely, switches, fuses, and current-breaking devices of all sorts and descriptions, designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts, and regulators for use with motors designed to consume less than 187 watts; bare or insulated copper wires and cables, any one core of which has a sectional area of less than one-eighth part of a square inch, and wires and cables of other metals of not more than equivalent conductivity; and line insulators, including also cleats, connectors, leading in tubes and the like, of types and sizes such as are ordinarily used in connection with the transmission of power for other than industrial purposes, and the fittings thereof.	99	<b>PAPER, PASTEBOARD AND STATIONERY</b> Paper and articles made of paper and papier maché, pasteboard, millboard, and cardboard all sorts, and stationery, including drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter, and other cards, including cards in booklet form, including also wastepaper and old newspapers for packing but excluding trade catalogues and advertising circulars imported by packet, book, or parcel post, postage stamps, whether used or unused, and paper money, and paper and stationery otherwise specified.
91	All other sorts of implements, instruments, apparatus and appliances (including plated surgical instruments) and parts thereof, not otherwise specified.*	100	<b>YARNS AND TEXTILE FABRICS</b> Yarns and Textile Fabrics, that is to say:— Cotton thread other than sewing or darning thread, and all other manufactured cotton goods not otherwise specified;  Flax, twist and yarn, and manufactures of flax;
92	<b>DYES AND COLOURS</b> Dyeing and Tanning Substances, all sorts, not otherwise specified, and paints and colours and painter's materials, all sorts.		Haberdashery and millinery, excluding articles made of silk and silk mixtures;  Hemp manufactures;
93	<b>FURNITURE, CABINETWARE AND MANUFACTURES OF WOOD</b> Furniture, Cabinetware and all other manufactures of wood not otherwise specified.		Hosiery, excluding article made of silk;  Jute twist and yarn, and jute manufactures, excluding secondhand or used gunny bags or cloth;
94	<b>GLASSWARE AND EARTHENWARE</b> Glass and glassware, lacquered ware, earthenware, china and porcelain all sorts except glass bangles and beads and false pearls (see No. 131).		Silk yarn, noils and warps and silk thread;  Woollen yarn, knitting wool, and other manufactures of wool including felt;
95	<b>HIDES AND SKINS AND LEATHER</b> Hides and Skins not otherwise specified, leather and leather manufactures all sorts, not otherwise specified.	100A	All other sorts of yarns and textile fabrics, not otherwise specified. Silk goods used or required for medical purposes, namely:—  Silk ligatures; elastic silk hosiery, elbow pieces, thigh pieces, knee caps, leggings, socks, anklets, stockings, suspensory bandages; silk abdominal belts, silkworm catheter tubes, and oiled silk.
96	<b>MACHINERY</b> Machinery and component parts thereof, meaning machines or parts of machines to be worked by manual or animal labour, not otherwise specified and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one quarter of one brake-horse power.	101	<b>MISCELLANEOUS</b> Art, works of, excluding those specified in No. 23.
97	<b>METALS—IRON AND STEEL</b> All sorts of iron and steel and manufactures thereof, not otherwise specified.	102	Brushes and Brooms.
98	<b>METALS OTHER THAN IRON AND STEEL</b> All sorts of metals other than iron and steel, and manufactures thereof, not otherwise specified.	103	Building and Engineering materials, including asphalt, bricks, cement (excluding Portland cement other than white Portland cement), chalk and lime, clays, pipes of earthenware, tiles, firebricks not being component parts of any article included in No. 18A or No. 63 and all other sorts of building and engineering materials not otherwise specified including bitumen and other insulating materials.

\* Under Government of India, Finance Department (Central Revenue) Notification No. 96-1-Cus.—25, dated the 28th February, 1925, apparatus for wireless telegraphs designed either for transmission or reception whether by telegraphy or telephony (including component parts of such apparatus which are essential for its working and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose), when imported in accordance with the orders for the time being governing the importation of such apparatus, is liable to duty at 2½ per cent *ad valorem*.

IMPORT TARIFF—continued.

PART V.—Articles which are liable to duty at 15 per cent. *ad valorem*—  
continued.

No.	Names of Articles	No.	Names of Articles
104	Candles.	113	Pitch, tar and dammer.
105	Cinematograph films.	114	Polishes and compositions.
106	Cordage and rope and twine of vegetable fibre, not otherwise specified.	115	Rubber tyres and other manufactures of rubber not otherwise specified ( <i>see</i> No. 53).
106A	Fireworks specially prepared as danger or distress lights for the use of ships.	116	Soap.
107	Furniture, tackle and apparel, not otherwise described, for steam, sailing, rowing and other vessels.	118	Stone and Marble, and articles made of stone and marble, but excluding stone prepared as for road metalling.
108	Mats and Matting.	119	Toilet requisites, not otherwise specified.
109	Oilcakes.	120	All other articles wholly or mainly manufactured, not otherwise specified.
110	Oilcloth and Floor cloth.	121	IV.—Miscellaneous and unclassified— Coral.
111	Packing Engine and Boiler—all sorts, excluding packing forming a component part of any article included in Nos. 18A and 6S.	122	Umbrellas, including parasols and sunshades, and fittings therefor.
112	Perfumery, not otherwise specified.	123	All other articles not otherwise specified, including articles imported by post.

PART VI.—Articles which are liable to duty at 30 per cent. *ad valorem*.

No.	Names of Articles	No.	Names of Articles
124	I.—Food, Drink and Tobacco— Confectionery.	131	GLASSWARE AND EARTHENWARE Glass bangles and beads and false pearls.
125	III.—Articles wholly or mainly manufactured— ARMS, AMMUNITION AND MILITARY STORES Gunpowder for cannons, rifles, guns, pistols and sporting purposes.	132	METALS Gold plate, gold thread and wire, gold leaf, and gold manufactures, all sorts, not otherwise specified.
126	Subject to the exemptions specified in No. 12 all articles other than those specified in entries Nos. 42, 86A and 141 which are arms or parts of arms within the meaning of the Indian Arms Act, 1878 (excluding springs used for air-guns which are dutiable as hardware under No. 90), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Governor-General in Council may, by notification in the <i>Gazette of India</i> , declare to be ammunition or military stores for the purposes of this Act.	133	Silver plate, silver thread and wire, silver leaf and silver manufactures, all sorts, not otherwise specified.
128	OUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS Clocks and Watches and parts thereof.	134	YARNS AND TEXTILE FABRICS Silk piece-goods, and other manufactures of silk, not otherwise specified ( <i>see</i> Nos. 45A and 100A).
129	Articles plated with gold and silver, excluding surgical instruments.	135	MISCELLANEOUS Fireworks, not otherwise specified ( <i>see</i> No. 106-A).
130	Musical Instruments and parts thereof	136	Ivory, manufactured.
		137	Jewellery and Jewels.
		138	Prints, engravings and pictures (including photographs and picture post cards), not otherwise specified.
		140	Smokers' requisites, excluding tobacco (Nos. 36 to 38) and matches (No. 46).
		141	Toys, games, playing cards and requisites for games and sports including bird shot, toy cannons, air guns and air pistols for the time being excluded, in any part of British India, from the operation of all the prohibitions and directions contained in the Indian Arms Act 1878; and bows and arrows.

IMPORT TARIFF—continued.

PART VII.—Articles which are liable to protective duty at special rates.

No.	Names of Articles	Rate of Duty
<b>III.—Articles Wholly or Mainly Manufactured—</b>		
<b>CONVEYANCES</b>		
142	COAL TUBS, tipping wagons and the like conveyances designed for use on light rail track, if adapted to be worked by manual or animal labour and if made mainly of iron or steel; and component parts thereof made of iron or steel—	
	(a) If of British manufacture . . . . .	Rs. 21 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher.
	(b) If not of British manufacture . . . . .	Rs. 21 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher, plus Rs. 15 per ton.
<b>METALS—IRON AND STEEL</b>		
143	IRON angle, channel and tee—	
	(a) fabricated, all qualities—	
	(i) of British manufacture . . . . .	Rs. 21 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher.
	(ii) not of British manufacture . . . . .	Rs. 21 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher, plus Rs. 15 per ton.
	(b) not fabricated, kinds other than galvanized, tinned or lead-coated and other than Crown or superior qualities—	
	(i) of British manufacture . . . . .	Rs. 19 per ton.
	(ii) not of British manufacture . . . . .	Rs. 30 per ton.
144	IRON, COMMON BAR not galvanized, tinned or lead-coated if not of any shape and dimension specified in clause (a) or clause (c) of No. 62—	
	(i) of British manufacture . . . . .	Rs. 26 per ton.
	(ii) not of British manufacture . . . . .	Rs. 37 per ton.
145	IRON OR STEEL bolts and nuts, including hook bolts and nuts for roofing.	Rs. 2 per cwt.
146	IRON OR STEEL PIPES and tubes and fittings therefor, if riveted or otherwise built up of plates or sheets—	
	(a) galvanized . . . . .	Rs. 33 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher.
	(b) not galvanized—	
	(i) not under ½-inch thick—	
	of British manufacture . . . . .	Rs. 21 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher.
	not of British manufacture . . . . .	Rs. 21 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher, plus Rs. 15 per ton.
	(ii) under ½-inch thick—	
	of British manufacture . . . . .	Rs. 39 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher.
	not of British manufacture . . . . .	Rs. 39 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher, plus Rs. 25 per ton.
147	IRON OR STEEL plates or sheets (including cuttings, discs and circles) not under ¼-inch thick and not of cast iron—	
	(a) fabricated, all qualities—	
	(i) of British manufacture . . . . .	Rs. 21 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher.
	(ii) not of British manufacture . . . . .	Rs. 21 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher, plus Rs. 15 per ton.
	(b) not fabricated, chequered and ship, tank, bridge and common qualities—	
	(i) of British manufacture . . . . .	Rs. 20 per ton.
	(ii) not of British manufacture . . . . .	Rs. 36 per ton.

IMPORT TARIFF—continued.

PART VII.—Articles which are liable to protective duty at special rates—  
continued.

No.	Names of Articles	Rate of duty
<b>METALS—IRON AND STEEL—contd.</b>		
148	IRON OR STEEL sheets (including cuttings, discs and circles) under $\frac{1}{4}$ -inch thick—	
	(a) fabricated—	
	(i) galvanized . . . . .	Rs. 33 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher.
	(ii) all other sorts not otherwise specified (see No. 61)— of British manufacture . . . . .	Rs. 39 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher.
	not of British manufacture . . . . .	Rs. 39 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher, plus Rs. 26 per ton.
	(b) not fabricated—	
	(i) galvanized . . . . .	Rs. 30 per ton.
	(ii) all other sorts not otherwise specified (see Nos. 61 and 154)— of British manufacture . . . . .	Rs. 35 per ton.
	not of British manufacture . . . . .	Rs. 59 per ton.
149A	IRON OR STEEL, the original material (but not including machinery) of any ship or other vessel intended for inland or harbour navigation which has been assembled abroad, taken to pieces and shipped for reassembly in India.	Rs. 23 per ton or 10 per cent. <i>ad valorem</i> , whichever is higher.
	Provided that articles dutiable under this item shall not be deemed to be dutiable under any other item.	
150	IRON OR STEEL RAILWAY TRACK MATERIAL—	
	A.—Rails (including tramway rails the heads of which are not grooved)—	
	(a) (i) 30 lbs. per yard and over . . . . .	Rs. 13 per ton.
	(ii) fish-plates therefor . . . . .	Rs. 6 per ton or 10 per cent. <i>ad valorem</i> , whichever is higher.
	(iii) spikes and tie-bars therefor—	
	of British manufacture . . . . .	Rs. 26 per ton.
	not of British manufacture . . . . .	Rs. 37 per ton.
	(b) under 30 lbs. per yard, and fish-plates, spikes and tie-bars therefor—	
	if of British manufacture . . . . .	Rs. 26 per ton.
	if not of British manufacture . . . . .	Rs. 37 per ton.
	B.—Switches and crossings and the like materials not made of alloy steel, including switches and crossings and the like materials for tramway rails the heads of which are not grooved—	
	(i) for rails 30 lbs. per yard and over . . . . .	Rs. 14 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher.
	(ii) for rails under 30 lbs. per yard—	
	of British manufacture . . . . .	Rs. 29 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher.
	not of British manufacture . . . . .	Rs. 29 per ton or 17 per cent. <i>ad valorem</i> , whichever is higher, plus Rs. 12 per ton.
	C.—Sleepers other than cast iron, and keys and distance pieces and the like for use with such sleepers,	Rs. 10 per ton or 10 per cent. <i>ad valorem</i> , whichever is higher.

IMPORT TARIFF—concluded.

PART VII.—Articles which are liable to protective duty at special rates—  
concluded.

No.	Names of Articles	Rate of duty
<b>METALS—IRON AND STEEL—concd.</b>		
151	<p>STEEL, angle and tee, not otherwise specified (see No. 62) and beam, channel, rod, trough and piling—</p> <p>(a) fabricated—</p> <p>(i) of British manufacture . . . . .</p> <p>(ii) not of British manufacture . . . . .</p> <p>(b) not fabricated—</p> <p>(i) of British manufacture . . . . .</p> <p>(ii) not of British manufacture . . . . .</p>	<p>Rs. 21 per ton or 17 per cent. <i>ad valorem</i>, whichever is higher.</p> <p>Rs. 21 per ton or 17 per cent. <i>ad valorem</i>, whichever is higher, plus Rs. 15 per ton.</p> <p>Rs. 19 per ton.</p> <p>Rs. 30 per ton.</p>
152	<p>STEEL, bar and rod, not otherwise specified (see No. 62)—</p> <p>(i) of British manufacture . . . . .</p> <p>(ii) not of British manufacture . . . . .</p>	<p>Rs. 26 per ton.</p> <p>Rs. 37 per ton.</p>
153	<p>STEEL STRUCTURES, fabricated partially or wholly, not otherwise specified, if made mainly or wholly of steel-bars, sections, plates or sheets, for the construction of buildings, bridges, tanks, wall curbs, trestles, towers and similar structures or for parts thereof, but not including builders' hardware (see No. 90) or any of the articles specified in Nos. 18A, 18D, 64 or 87—</p> <p>(i) of British manufacture . . . . .</p> <p>(ii) not of British manufacture . . . . .</p>	<p>Rs. 21 per ton or 17 per cent. <i>ad valorem</i>, whichever is higher.</p> <p>Rs. 21 per ton or 17 per cent. <i>ad valorem</i>, whichever is higher, plus Rs. 15 per ton.</p>
154	<p>STEEL, tinplates and tinned sheets, including tin taggers and cuttings of such plates, sheets or taggers.</p>	<p>Rs. 48 per ton.</p>
<b>PAPER, PASTEBOARD AND STATIONERY.</b>		
155	<p>PRINTING PAPER (excluding chrome, marble, flint, poster and stereo), all sorts which contain no mechanical wood pulp or in which the mechanical wood pulp amounts to less than 65 per cent. of the fibre content.</p>	<p>One anna per pound.</p>
156	<p>WRITING PAPER—</p> <p>(a) Ruled or printed forms (including letter paper with printed headings) and account and manuscript books and the binding thereof.</p> <p>(b) All other sorts . . . . .</p>	<p>One anna per pound or 15 per cent. <i>ad valorem</i>, whichever is higher.</p> <p>One anna per pound.</p>

## EXPORT TARIFF

No.	Names of Articles	Per	Rate of duty
	<b>JUTE, OTHER THAN BIMLIPATAN JUTE*</b>		Rs. A.
1	Raw jute—		
	(1) Cuttings . . . . .	Bale of 400 lbs. . . .	1 4
	(2) All other descriptions . . . . .	Ditto . . . . .	4 8
2	Jute manufactures, when not in actual use as coverings, receptacles or bindings for other goods—		
	(1) Sacking (cloth, bags, twist, yarn, rope and twine).	Ton of 2,240 lbs. . . .	30 0
	(2) Hessians and all other descriptions of jute manufactures not otherwise specified.*	Ditto . . . . .	32 0
	<b>HIDES AND SKINS</b>		
3	Raw hides and skins†	<i>Ad valorem</i> . . . . .	5 per cent.
	<b>RICE</b>		Rs. A.
4	Rice, husked or unhusked, including rice flour, but excluding rice bran and rice dust, which are free.	Indian maund of 82½ lbs. avoirdupois weight.	0 3

\* Under Government of India Notification No. 1428, dated 17th November 1923, jute rags such as are used for paper making, are exempt from payment of export duty provided that the Customs Collector is satisfied that they are useless for any purpose to which cloth or rope is ordinarily put.

† Under Government of India, Finance Department (Central Revenues) Notification No. 35, dated the 25th September, 1923, hide and skin cuttings and fleshings, such as are used for gino-making, are exempt from payment of export duty.



No. 55.—SHARE OF EACH PROVINCE IN THE TOTAL ENTRIES AND CLEARANCES OF VESSELS

(In thousands of tons.)

	PRE-WAR AVERAGE			WAR AVERAGE			POST-WAR AVERAGE			1926-27			1927-28		
	No.	Tons (1,000)	Percentage share in the total tonnage	No.	Tons (1,000)	Percentage share in the total tonnage	No.	Tons (1,000)	Percentage share in the total tonnage	No.	Tons (1,000)	Percentage share in the total tonnage	No.	Tons (1,000)	Percentage share in the total tonnage
			Per cent			Per cent			Per cent			Per cent			Per cent
Bengal . . . . .	1,387	3,970	24.5	1,041	3,951	25.3	1,142	3,670	24.1	1,068	3,871	22.7	1,007	3,500	20.4
Bombay . . . . .	1,051	3,797	23.4	1,609	3,910	25.0	1,736	4,472	29.3	1,253	4,042	25.7	1,454	4,643	25.9
Sind . . . . .	1,127	1,944	12.0	2,022	1,631	13.0	1,281	1,705	11.8	1,013	1,847	10.9	1,193	2,025	11.5
Madras . . . . .	3,342	3,961	24.4	3,705	3,226	19.0	2,646	3,927	19.2	2,963	4,232	21.8	3,046	4,666	20.5
Burma . . . . .	1,054	2,513	15.5	1,211	1,954	16.8	1,176	2,383	15.6	1,146	3,047	17.9	1,134	2,755	15.7
Bihar and Orissa . . . . .	6	22	.2	1	2	..	..	..	..	..	..	..	..	..	..
<b>TOTAL</b> . . . . .	<b>8,567</b>	<b>16,216</b>	<b>100</b>	<b>9,589</b>	<b>11,674</b>	<b>100</b>	<b>7,981</b>	<b>15,247</b>	<b>100</b>	<b>7,488</b>	<b>17,039</b>	<b>100</b>	<b>7,834</b>	<b>17,570</b>	<b>100</b>

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No. 56.—NUMBER AND TONNAGE OF VESSELS ENGAGED IN THE FOREIGN SEABORNE TRADE WHICH ENTERED AND CLEARED AT PORTS IN BRITISH INDIA

(In thousands of tons)

Nationality of vessels	Pre-war Average		War Average		Post-war Average		1926-27		1927-28		Percentage share of each nationality in the total tonnage in 1927-28
	No.	Tons (1,000)	No.	Tons (1,000)	No.	Tons (1,000)	No.	Tons (1,000)	No.	Tons (1,000)	
<b>ENTERED</b>											
British . . . . .	2,478	6,140	2,272	4,249	2,211	5,644	2,049	5,745	2,213	6,185	69.7
British Indian . . . . .	812	171	820	112	817	152	827	114	805	124	1.4
Foreign—											
Japanese . . . . .	65	196	202	462	175	504	187	638	163	542	6.1
Dutch . . . . .	47	114	86	206	77	241	108	307	94	297	3.4
Norwegian . . . . .	55	77	97	129	46	87	41	92	68	184	1.5
Italian . . . . .	46	128	57	153	64	214	119	461	117	464	5.2
Chinese . . . . .	..	..	26	27	7	15	..	..	..	..	..
Greek . . . . .	5	11	21	43	6	13	1	3	14	37	.4
Swedish . . . . .	4	10	21	43	21	60	23	70	17	53	.6
French . . . . .	27	83	14	34	13	37	33	147	35	170	1.9
Spanish . . . . .	..	..	6	17	1	3	1	4	..	..	..
Russian . . . . .	10	28	18	20	2	5	..	..	1	1	..
American . . . . .	*	*	11	26	32	258	62	268	63	249	2.6
German . . . . .	249	740	17	56	41	149	104	394	181	529	6.0
Austro-Hungarian . . . . .	115	338	7	23	..	..	..	..	..	..	..
Other nationalities . . . . .	7	13	9	19	16	33	13	59	15	31	.3
<b>Total Foreign</b>	<b>636</b>	<b>1,738</b>	<b>592</b>	<b>1,269</b>	<b>551</b>	<b>1,624</b>	<b>602</b>	<b>2,429</b>	<b>718</b>	<b>2,507</b>	<b>28.2</b>
Native Craft . . . . .	890	87	1,476	119	849	84	614	57	687	61	7
<b>TOTAL ENTERED</b>	<b>4,316</b>	<b>8,116</b>	<b>4,660</b>	<b>5,749</b>	<b>3,928</b>	<b>7,504</b>	<b>3,682</b>	<b>8,345</b>	<b>3,918</b>	<b>8,877</b>	<b>100</b>

\* Only one American vessel with a tonnage of 1,728 entered in the year 1912-13.

No. 56.—NUMBER AND TONNAGE OF VESSELS ENGAGED IN THE FOREIGN SEABORNE TRADE WHICH ENTERED AND CLEARED AT PORTS IN BRITISH INDIA—*continued.*

(In thousands of tons)

Nationality of vessels	Pre-war Average		War Average		Post-War Average		1926-27		1927-28		Percentage share of each nationality in the total tonnage in 1927-28
	No.	Tons (1,000)	No.	Tons (1,000)	No.	Tons (1,000)	No.	Tons (1,000)	No.	Tons (1,000)	
<b>CLEARED</b>											
British	2,450	6,182	2,800	4,432	2,280	5,063	2,118	6,052	2,165	6,050	69.5
British Indian	322	183	298	70	360	130	346	127	363	131	1.5
Foreign—											
Japanese	65	103	208	470	176	407	216	725	172	570	6.6
Dutch	46	112	87	207	65	191	99	206	96	300	3.5
Norwegian	54	77	95	123	45	78	32	60	57	108	1.2
Italian	36	98	51	135	65	218	128	466	126	470	5.5
Chinese	..	..	25	27	8	17	..	..	..	..	..
Greek	5	12	24	49	14	49	4	13	19	53	.6
Swedish	4	10	18	43	17	51	20	60	12	37	.4
French	28	87	14	36	14	30	33	152	37	175	2.0
Spanish	..	..	7	17	2	4	..	..	1	2	..
Russian	10	28	20	28	3	7	..	..	1	1	..
American	..	..	10	23	36	274	57	244	52	203	2.3
German	234	688	17	55	28	101	97	371	128	510	5.9
Austro-Hungarian	119	351	9	29	..	..	..	..	..	..	..
Other nationalities	8	16	9	21	16	36	19	52	8	22	.3
<b>Total Foreign</b>	<b>615</b>	<b>1,672</b>	<b>594</b>	<b>1,277</b>	<b>539</b>	<b>1,562</b>	<b>705</b>	<b>2,459</b>	<b>709</b>	<b>3,460</b>	<b>28.3</b>
Native Craft	356	63	1,728	146	368	36	587	56	679	61	.7
<b>TOTAL CLEARED</b>	<b>1,251</b>	<b>8,100</b>	<b>4,929</b>	<b>5,925</b>	<b>4,058</b>	<b>7,743</b>	<b>3,756</b>	<b>8,694</b>	<b>3,916</b>	<b>8,702</b>	<b>100</b>
<b>GRAND TOTAL</b>	<b>8,567</b>	<b>18,216</b>	<b>6,589</b>	<b>11,674</b>	<b>7,981</b>	<b>15,247</b>	<b>7,488</b>	<b>17,039</b>	<b>7,834</b>	<b>17,579</b>	<b>..</b>

\* Only one American vessel with a tonnage of 1,728 cleared in the year 1912-13.

# No. 57.—RAIL-BORNE TRADE AT STATIONS ADJACENT TO LAND FRONTIER ROUTES OF INDIA PROPER

## Registration Stations

For compilation purposes the registration stations have been divided into three groups.  
Group (a) comprises the rail route which bifurcates into the Nushki-Durdap extension and the trade towards Kandahar. This group will include trade with Persia and Western and Southern Afghanistan.

The following stations are included in it:—

1. Durdap.
2. Mirjawa.
3. Nok-kundi.
4. Yakmach.
5. Dalbandin.
6. Padag Road.
7. Ahmedwal.

8. Nushki.
9. Quetta.
10. Bostan.
11. Yarn.
12. Gullistan.
13. Killa Abdulla.
14. Chaman.

Group (b) comprises the trade through the North-West Frontier Province and the Punjab with Northern and Eastern Afghanistan, with Kashmir, and through them with Central Asia and Turkistan. The following stations are included in this group:—

1. Ghasghat.
2. Bhakkar.
3. Darya Khan.
4. Pesu.
5. Tank.
6. Girmi Road.
7. Lakimarwal.
8. Bannu.
9. Thal.
10. Kohat Cantonment.
11. Pabbi.
12. Peshawar Cantonment.
13. Peshawar City.
14. Khairabad.
15. Nowshera.
16. Mardan.

17. Takhtibhal.
18. Durgal.
19. Havelian.
20. Rawalpindi.
21. Jammu (Tawi).
22. Pathankota.
23. Hoshiarpur.
24. Haripur Hazara.
25. Darnel.
26. Sarna.
27. Suchetgarh.
28. Ranbir Singhpura.
29. Miran Sahib.
30. Jammu Cantonment.
31. Parachinar.

Group (c) comprises the trade through the United Provinces, Bihar and Orissa, Bengal and Assam, with Tibet, Nepal, Sikkim and Bhutan. The following stations are included in this group:—

1. Ramnagar.
2. Haldwani.
3. Tanakpur.
4. Katarnian Ghat.
5. Nalpalganj Road.
6. Uska Bazar.
7. Bridgmanganj.
8. Baxaul.
9. Balragula.
10. Janakpur Road.
11. Jayanagar.

12. Bhojiahi.
13. Nautanwa.
14. Jogbani.
15. Naksalbari.
16. Gaigalla.
17. Ghum.
18. Kalimpong Road.
19. Nagrakata.
20. Carron.
21. Banarhat.
22. Saikhowaghat.

[All quantities in maunds, except treasure.]

## IMPORTS

ARTICLES	1925-26	1926-27	1927-28	ARTICLES	1925-26	1926-27	1927-28
<b>Grain and Pulse—</b>				<b>Grain and Pulse—</b>			
<b>Wheat—</b>				<b>covld.</b>			
Group (a) . . . . .	14,607	78,387	20,774	Rice, husked—			
" (b) . . . . .	157,732	232,642	200,520	Group (a) . . . . .	1,025	1,278	327
" (c) . . . . .	206,015	40,262	143,918	" (b) . . . . .	26,495	63,479	53,767
<b>TOTAL</b> . . . . .	<b>378,354</b>	<b>346,291</b>	<b>365,207</b>	" (c) . . . . .	<b>1,258,649</b>	<b>1,219,496</b>	<b>1,175,277</b>
				<b>TOTAL</b> . . . . .	<b>1,286,169</b>	<b>1,284,358</b>	<b>1,229,371</b>
<b>Grain and pulse—</b>				<b>Rice, unhusked—</b>			
Group (a) . . . . .	9,415	8,631	5,710	Group (a) . . . . .	1,056	1,790	719
" (b) . . . . .	155,183	326,992	94,945	" (b) . . . . .	111,905	96,204	56,312
" (c) . . . . .	204,041	140,459	180,085	" (c) . . . . .	996,064	571,067	725,561
<b>TOTAL</b> . . . . .	<b>368,619</b>	<b>476,182</b>	<b>280,740</b>	<b>TOTAL</b> . . . . .	<b>1,109,025</b>	<b>669,061</b>	<b>782,592</b>

No. 57.—RAIL-BORNE TRADE AT STATIONS ADJACENT TO LAND FRONTIER ROUTES OF INDIA PROPER—*contd.*

[All quantities in maunds, except treasure]

IMPORTS—*contd.*

ARTICLES	1925-26	1926-27	1927-28	ARTICLES	1925-26	1926-27	1927-28
Grain and Pulse— <i>contd.</i>				Wool, raw—			
Others—				Group (a) . . . . .	155,744	157,444	177,232
Group (a) . . . . .	14,011	11,165	36,377	" (b) . . . . .	85,920	51,916	51,331
" (b) . . . . .	462,872	416,402	525,826	" (c) . . . . .	55,149	82,268	89,683
" (c) . . . . .	823,051	276,662	224,327	TOTAL . . . . .	246,813	291,628	318,240
TOTAL . . . . .	790,934	704,229	786,530	*Carpets and rugs—			
HIDES AND SKINS—				Group (a) . . . . .	14,559	22,924	26,512
Hides of Cattle—				" (b) . . . . .	2,968	6,001	5,769
Group (a) . . . . .	815	1,777	1,847	TOTAL . . . . .	17,527	28,925	32,281
" (b) . . . . .	42,209	71,680	82,101	**Borax—			
" (c) . . . . .	22,370	25,465	31,789	Group (b) . . . . .	..	..	47
TOTAL . . . . .	65,394	98,922	116,737	" (c) . . . . .	23,958	19,884	25,229
Skins of sheep and goats—				TOTAL . . . . .	23,958	19,884	25,276
Group (a) . . . . .	7,113	14,199	14,473	†Charas . . . . .	1,469	1,872	1,938
" (b) . . . . .	41,379	55,360	58,025	‡Jute, raw . . . . .	229,955	222,185	390,053
" (c) . . . . .	4,264	5,178	5,964	Oil seeds—			
TOTAL . . . . .	52,656	74,732	78,462	‡ Linseed . . . . .	376,414	580,448	667,818
Ghl—				‡ Mustard and rape seed . . . . .	321,048	390,210	380,660
Group (a) . . . . .	9,657	13,534	12,415	Treasure—			
" (b) . . . . .	14,954	16,426	17,601	Gold (in ounces)—			
" (c) . . . . .	53,302	68,576	57,368	Group (a) . . . . .	290	..	..
TOTAL . . . . .	77,913	105,536	87,324	" (b) . . . . .	..	..	..
Tobacco—				" (c) . . . . .	..	..	..
Group (a) . . . . .	5,460	9,869	8,422	TOTAL . . . . .	290	..	..
" (b) . . . . .	66,694	69,067	80,706	Silver (in ounces)—			
" (c) . . . . .	38,344	54,133	48,967	Group (a) . . . . .	6	339,695	678,496
TOTAL . . . . .	111,198	133,069	138,095	" (b) . . . . .	554,907	1,428,499	2,248,322
				" (c) . . . . .	350,509	1,058,980	590,776
				TOTAL . . . . .	905,422	2,827,163	3,512,900

\* Carpets and rugs are imported in appreciable quantities into groups (a) and (b) only and are registered at those stations, from October, 1925.

\*\* Borax is imported in appreciable quantities only from Tibet and is registered only at stations in groups (b) and (c).

† Charas is imported mainly from Central Asia and Turkistan and is registered only at stations in group (b).

‡ These commodities are imported in appreciable quantities only into group (c) and are registered only at those stations.

No. 57.—RAIL-BORNE TRADE AT STATIONS ADJACENT TO LAND FRONTIER ROUTES OF INDIA PROPER—*concl'd.*

[All quantities in maunds, except treasure]

EXPORTS

ARTICLES	1925-26	1926-27	1927-28	ARTICLES	1925-26	1926-27	1927-28
<b>Cotton—</b>				<b>Iron and Steel—</b>			
Twist and yarn—				<i>cont'd.</i>			
Group (a) . . . . .	17,798	12,984	11,496	Machinery and			
" (b) . . . . .	26,846	33,497	19,946	millwork—			
" (c) . . . . .	37,922	47,067	34,584	Group (a) . . . . .	8,655	10,533	4,505
<b>TOTAL</b> . . . . .	<b>82,566</b>	<b>93,548</b>	<b>66,026</b>	" (b) . . . . .	15,411	38,216	43,865
<b>Piecegood</b>				" (c) . . . . .	10,394	9,712	7,980
foreign—				<b>TOTAL</b> . . . . .	<b>29,460</b>	<b>58,461</b>	<b>56,350</b>
Group (a) . . . . .	32,599	66,964	62,078	<b>Others, including</b>			
" (b) . . . . .	182,805	225,592	183,546	hardware and			
" (c) . . . . .	64,022	86,704	94,230	cutlery—			
<b>TOTAL</b> . . . . .	<b>329,426</b>	<b>379,260</b>	<b>339,849</b>	Group (a) . . . . .	16,353	4,794	5,500
<b>Piecegoods,</b>				" (b) . . . . .	21,581	27,883	16,458
Indian—				" (c) . . . . .	24,336	19,184	20,998
Group (a) . . . . .	56,582	61,877	60,114	<b>TOTAL</b> . . . . .	<b>62,270</b>	<b>51,861</b>	<b>42,956</b>
" (b) . . . . .	73,130	37,932	112,261	<b>Petroleum—</b>			
" (c) . . . . .	62,527	36,321	78,285	Group (a) . . . . .	9,894	15,148	46,177
<b>TOTAL</b> . . . . .	<b>192,239</b>	<b>236,180</b>	<b>250,660</b>	" (b) . . . . .	94,146	140,728	142,893
<b>* Dyes and Dyeing</b>				" (c) . . . . .	86,779	122,167	176,544
materials—				<b>TOTAL</b> . . . . .	<b>190,819</b>	<b>278,043</b>	<b>365,514</b>
Indigo (Natural)				<b>Salt—</b>			
Group (a) . . . . .	—	—	566	Group (a) . . . . .	12,265	4,853	8,324
" (b) . . . . .	—	—	361	" (b) . . . . .	609,744	866,408	882,746
" (c) . . . . .	—	—	272	" (c) . . . . .	744,524	789,104	851,235
<b>TOTAL</b> . . . . .	<b>—</b>	<b>—</b>	<b>1,199</b>	<b>TOTAL</b> . . . . .	<b>1,366,533</b>	<b>1,640,360</b>	<b>1,742,305</b>
<b>Others—</b>				<b>Sugar—</b>			
Group (a) . . . . .	—	—	2,479	Refined—			
" (b) . . . . .	—	—	1,840	Group (a) . . . . .	201,293	121,897	122,792
" (c) . . . . .	—	—	6,035	" (b) . . . . .	428,652	632,963	681,887
<b>TOTAL</b> . . . . .	<b>—</b>	<b>—</b>	<b>10,354</b>	" (c) . . . . .	95,213	96,964	117,382
<b>Grain and</b>				<b>TOTAL</b> . . . . .	<b>725,158</b>	<b>851,824</b>	<b>922,061</b>
pulse—				<b>Unrefined—</b>			
Wheat—				Group (a) . . . . .	39,483	60,009	43,215
Group (a) . . . . .	164,476	152,580	186,438	" (b) . . . . .	104,474	60,069	26,828
" (b) . . . . .	708,772	871,624	672,212	" (c) . . . . .	20,689	31,849	39,498
" (c) . . . . .	125,188	171,486	133,274	<b>TOTAL</b> . . . . .	<b>163,646</b>	<b>151,927</b>	<b>108,541</b>
<b>TOTAL</b> . . . . .	<b>998,336</b>	<b>1,195,690</b>	<b>1,391,924</b>	<b>Tea—</b>			
<b>Rice, husked—</b>				Black—			
Group (a) . . . . .	42,032	38,948	35,527	Group (a) . . . . .	30,552	34,889	27,365
" (b) . . . . .	92,947	158,181	101,136	" (b) . . . . .	12,343	22,961	19,559
" (c) . . . . .	493,417	313,823	342,968	" (c) . . . . .	4,087	775	468
<b>TOTAL</b> . . . . .	<b>628,396</b>	<b>510,952</b>	<b>479,631</b>	<b>TOTAL</b> . . . . .	<b>46,982</b>	<b>58,625</b>	<b>47,387</b>
<b>Others—</b>				<b>Green—</b>			
Group (a) . . . . .	234,604	95,467	232,042	Group (a) . . . . .	25,445	16,455	12,775
" (b) . . . . .	777,554	719,580	849,893	" (b) . . . . .	58,001	70,407	43,840
" (c) . . . . .	289,729	478,000	350,664	" (c) . . . . .	452	353	264
<b>TOTAL</b> . . . . .	<b>1,301,887</b>	<b>1,293,047</b>	<b>1,432,599</b>	<b>TOTAL</b> . . . . .	<b>83,898</b>	<b>87,215</b>	<b>56,879</b>
<b>Iron and Steel—</b>				<b>Tobacco—</b>			
unwrought—				Group (a) . . . . .	3,171	7,161	7,994
Group (a) . . . . .	4,298	4,481	5,889	" (b) . . . . .	50,024	49,993	68,339
" (b) . . . . .	52,898	24,506	36,425	" (c) . . . . .	54,247	50,991	62,987
" (c) . . . . .	8,188	6,098	14,402	<b>TOTAL</b> . . . . .	<b>107,442</b>	<b>108,145</b>	<b>139,220</b>
<b>TOTAL</b> . . . . .	<b>65,384</b>	<b>37,085</b>	<b>56,716</b>	† Brass and			
<b>Sections</b>				Copper . . . . .	12,170	11,871	12,911
Group (a) . . . . .	17,897	31,976	61,691	† Betelnuts . . . . .	21,236	29,227	35,498
" (b) . . . . .	140,706	216,320	236,637	<b>Treasure—</b>			
" (c) . . . . .	90,482	140,372	104,653	Gold (In			
<b>TOTAL</b> . . . . .	<b>249,085</b>	<b>388,668</b>	<b>402,976</b>	ounces)—			
				Group (a) . . . . .	129	3,121	852
				" (b) . . . . .	388	..	..
				" (c) . . . . .	512	..	..
				<b>TOTAL</b> . . . . .	<b>612</b>	<b>3,121</b>	<b>852</b>
				<b>Silver (In</b>			
				ounces)—			
				Group (a) . . . . .	1,345,830	91,723	381,079
				" (b) . . . . .	180,000	5,732,765	2,769,969
				" (c) . . . . .	..	397,524	420,094
				<b>TOTAL</b> . . . . .	<b>1,525,830</b>	<b>6,222,012</b>	<b>3,571,142</b>

\* Separately recorded from April 1927.

† These commodities are sent in appreciable quantities only to Nepal, and they are consequently registered only at stations in group (c).

No. 58.—TRADE AT STATIONS ON THE IMPORTANT LAND FRONTIER ROUTES OF BURMA

[All quantities in maunds, except treasure]

IMPORTS

ARTICLES	1926-27	1927-28	ARTICLES	1926-27	1927-28
Cordage, rope and twine (excluding wire rope)—			Tea—contd.		
(d) . . . . .	630	698	Wet—		
(e) . . . . .	..	..	(d) . . . . .	186	60
(f) . . . . .	..	..	(e) . . . . .	..	..
TOTAL	630	698	(f) . . . . .	..	..
Cotton manufactured—			TOTAL	186	60
Piecegoods—			Tobacco—		
(d) . . . . .	421	201	Cigarettes—		
(e) . . . . .	16	6	(d) . . . . .	165	..
(f) . . . . .	..	..	(e) . . . . .	27	..
TOTAL	437	207	(f) . . . . .	..	..
Other sorts, including rugs—			TOTAL	192	..
(d) . . . . .	430	311	Others—		
(e) . . . . .	..	..	(d) . . . . .	4,805	5,246
(f) . . . . .	..	..	(e) . . . . .	136	..
TOTAL	430	311	(f) . . . . .	191	670
Grain and pulse—			TOTAL	5,132	5,916
Gram and pulse—			Orpiment—		
(d) . . . . .	14,210	4,355	(d) . . . . .	9,040	8,254
(e) . . . . .	16,852	32,708	(e) . . . . .	..	..
(f) . . . . .	1,274	3,072	(f) . . . . .	..	..
TOTAL	32,336	40,135	TOTAL	9,040	8,254
Rice, husked—			Silk—		
(d) . . . . .	61,366	58,934	Raw—		
(e) . . . . .	25,835	11,529	(d) . . . . .	4,262	3,689
(f) . . . . .	7,443	29,068	(e) . . . . .	..	..
TOTAL	94,644	99,471	(f) . . . . .	626	683
Rice, unhusked (paddy)—			TOTAL	4,888	4,322
(d) . . . . .	34,682	22,862	Manufactured—		
(e) . . . . .	408	136	(d) . . . . .	2	..
(f) . . . . .	15,380	15,309	(e) . . . . .	..	..
TOTAL	50,420	38,367	(f) . . . . .	48	58
Hides of Cattle—			TOTAL	50	58
(d) . . . . .	3,698	4,661	Timber—		
(e) . . . . .	6,485	16,203	Teak—		
(f) . . . . .	..	..	(d) . . . . .	..	..
TOTAL	10,183	20,864	(e) . . . . .	3,729	27
Lac—			(f) . . . . .	..	..
(d) . . . . .	2,967	1,484	TOTAL	3,729	27
(e) . . . . .	91,066	50,177	Other kinds—		
(f) . . . . .	..	..	(d) . . . . .	69	..
TOTAL	94,933	51,661	(e) . . . . .	218	7,541
Sugar—			(f) . . . . .	..	..
Refined—			TOTAL	287	7,541
(d) . . . . .	6	..	Matches—		
(e) . . . . .	272	..	(d) . . . . .	4	14
(f) . . . . .	..	..	(e) . . . . .	14	..
TOTAL	278	..	(f) . . . . .	..	..
Unrefined, including jag- gery—			TOTAL	18	14
(d) . . . . .	..	..	Treasure—		
(e) . . . . .	1,246	3,752	Gold (in ounces)	..	..
(f) . . . . .	..	..	Silver (in ounces)		
TOTAL	1,246	3,752	(d) . . . . .	24,093	52,500
Tea—			(e) . . . . .	229,200	..
Dry—			(f) . . . . .	212,292	5,436
(d) . . . . .	6,299	7,004	TOTAL	485,586	57,936
(e) . . . . .	2,480	218			
(f) . . . . .	..	..			
TOTAL	8,779	7,222			

NOTE.—(d) means trade at Bhamo, downward traffic on the river.  
 (e) means trade at Lashio and Heho, outward traffic.  
 (f) means trade at Thinganyinaung (formerly at Kawkahek), importations into Burma.

No. 58.—TRADE AT STATIONS ON THE IMPORTANT LAND FRONTIER ROUTES  
OF BURMA—*contd.*

[All quantities in maunds, except treasure.]

EXPORTS

ARTICLES	1926-27	1927-28	ARTICLES	1926-27	1927-28
Cotton—			Petroleum—		
Raw cotton—			Kerosene oil—		
(d) . . . . .	18,355	5,564	(d) . . . . .	20,688	23,648
(e) . . . . .	245	14	(e) . . . . .	45,085	44,989
(f) . . . . .	..	..	(f) . . . . .	978	1,448
TOTAL	18,600	5,578	TOTAL	67,046	70,085
Cotton twist and yarn—			Petrol—		
(d) . . . . .	46,735	48,799	(d) . . . . .	1,900	2,315
(e) . . . . .	11,822	9,555	(e) . . . . .	12,529	20,861
(f) . . . . .	3	41	(f) . . . . .	21	17
TOTAL	58,560	58,395	TOTAL	14,450	23,193
Cotton piecegoods—			Provisions and Oilman's		
(d) . . . . .	21,827	31,051	Stores—		
(e) . . . . .	29,549	41,535	Condensed milk—		
(f) . . . . .	89	404	(d) . . . . .	3,602	4,245
TOTAL	51,465	73,040	(e) . . . . .	2,208	2,577
Rice, husked—			(f) . . . . .	67	149
(d) . . . . .	2,285	345	TOTAL	5,967	6,971
(e) . . . . .	14,521	25,724	Fish dry and fish wet		
(f) . . . . .	..	..	(ngaph)—		
TOTAL	16,806	26,069	(d) . . . . .	11,061	13,327
Dyes and dyeing materials—			(e) . . . . .	10,917	15,734
(d) . . . . .	69	214	(f) . . . . .	1,089	1,410
(e) . . . . .	..	4	TOTAL	23,067	30,471
(f) . . . . .	..	..	Other provisions and Oilman's		
TOTAL	69	218	Stores—		
Iron and Steel—			(d) . . . . .	4,219	3,522
Unwrought (ore, pig iron,			(e) . . . . .	15,393	16,953
etc.)—			(f) . . . . .	546	480
(d) . . . . .	..	3,510	TOTAL	20,158	20,955
(e) . . . . .	..	54	Salt—		
(f) . . . . .	6	33	(d) . . . . .	92,286	77,255
TOTAL	6	3,597	(e) . . . . .	129,065	148,291
Machinery and Millwork—			(f) . . . . .	1,206	1,607
(d) . . . . .	420	40	TOTAL	222,557	227,248
(e) . . . . .	577	7,023	Silk—		
(f) . . . . .	39	66	Raw		
TOTAL	1,036	7,129	Manufactured—		
Hardware and cutlery—			(d) . . . . .	28	13
(d) . . . . .	5,198	3,501	(e) . . . . .	..	4
(e) . . . . .	448	4,205	(f) . . . . .	..	..
(f) . . . . .	28	834	TOTAL	28	17
TOTAL	5,674	8,540	Jade Stone—		
Others, including bars,			(d) . . . . .	131	77
angles, beams and other			(e) . . . . .	..	..
sections—			(f) . . . . .	..	..
(d) . . . . .	6,196	4,312	TOTAL	131	77
(e) . . . . .	17,965	19,997	Sugar—		
(f) . . . . .	425	257	Refined—		
TOTAL	24,576	24,566	(d) . . . . .	7,898	6,850
			(e) . . . . .	7,894	10,505
			(f) . . . . .	374	565
			TOTAL	16,161	17,920

NOTE.—“(d)” means trade at Bhamo, upward traffic on the river.  
“(e)” means trade at Lashio and Heho, inward traffic.  
“(f)” means trade at Thingangyinaung (formerly at Kawkairek), exportations from Burma.



No. 58.—TRADE AT STATIONS ON THE IMPORTANT LAND FRONTIER ROUTES  
OF BURMA—*concl'd.*

[All quantities in maunds, except treasure]

EXPORTS—*concl'd.*

ARTICLES	1926-27	1927-28	ARTICLES	1926-27	1927-28
<i>Sugar—concl'd.</i>					
Unrefined, including jaggery—			Matches—		
(d) . . . . .	13,205	5,021	(d) . . . . .	3,414	3,679
(e) . . . . .	2,084	939	(e) . . . . .	1,892	2,733
(f) . . . . .	2	25	(f) . . . . .	..	21
TOTAL	15,291	5,985	TOTAL	5,306	6,433
<i>Tee, dry—</i>			<i>Woolen goods (piecegoods, rugs, blankets, woolen twist and yarn, etc.)—</i>		
(d) . . . . .	2,303	954	(d) . . . . .	81	105
(e) . . . . .	2,294	2,803	(e) . . . . .	54	4,145
(f) . . . . .	3	35	(f) . . . . .	..	..
TOTAL	4,600	3,792	TOTAL	135	4,253
<i>Tobacco—</i>			<i>Treasure—</i>		
(d) . . . . .	1,480	1,076	Gold (in ounces)—	..	..
(e) . . . . .	2,715	2,351	Silver (in ounces)—		
(f) . . . . .	907	196	(d) . . . . .	..	..
TOTAL	5,102	4,123	(e) . . . . .	8,712	15,368
<i>Candles—</i>			(f) . . . . .	..	..
(d) . . . . .	1,752	1,885	TOTAL	8,712	15,368
(e) . . . . .	4,709	10,314			
(f) . . . . .	311	211			
TOTAL	6,572	12,410			

NOTE.—“(d)” means trade at Bhamo, upward traffic on the river.  
“(e)” means trade at Lashio and Heho, inward traffic.  
“(f)” means trade at Thingannyaung (formerly at Kawkaireik), exportations from Burma.

No. 59.—CHIEF IMPORTS INTO BURMA FROM INDIA

ARTICLES	QUANTITY (IN THOUSANDS)						VALUE (IN LAKHS OF RUPEES)					
	Pre-war Average	War Average	Post-war Average	1925-26	1926-27	1927-28	Pre-war Average	War Average	Post-war Average	1925-26	1926-27	1927-28
Coal . . . . . tons	413	342	370	432	434	769	51	65	1,09	81	93	1,40
Cotton—Twist and yarn . . . lbs.	10,395	12,636	18,944	16,848	16,054	16,798	50	97	2,35	1,63	1,17	1,17
Cotton Piecegoods—Grey (unbleached)—												
Indian . . . . . yds.	7,859	8,570	8,649	8,036	7,477	6,452	14	22	37	26	22	17
Foreign . . . . . "	3,009	3,116	5,496	4,544	4,056	5,134	5	9	24	12	11	14
Cotton Piecegoods—White (bleached)—												
Indian . . . . . yds.	3,707	5,895	4,485	3,375	2,396	2,573	8	18	25	16	9	9
Foreign . . . . . "	2,586	3,741	2,003	1,118	708	708	5	13	11	5	2	2
Cotton Piecegoods—												
Coloured, printed or dyed—												
Indian . . . . . "	12,199	21,312	18,122	14,595	14,043	15,850	27	60	95	67	56	62
Foreign . . . . . "	2,333	4,484	3,842	889	767	1,274	6	20	25	6	4	6
Jute bags . . . . . no.	33,948	39,322	40,123	54,027	46,484	44,408	1,10	1,66	1,33	3,30	2,62	2,33
Betelnuts . . . . . cwts.	311	279	294	254	293	267	60	56	64	79	32	63
Tobacco—Unmanufactured . lbs.	21,160	16,432	16,337	14,439	14,558	15,933	53	43	51	42	47	44
Pulse . . . . . tons	14	12	15	18	16	16	20	20	36	34	36	34
Wheat flour . . . . . "	16	12	18	25	25	29	29	27	52	66	63	75

No. 60.—CHIEF EXPORTS FROM BURMA TO INDIA

ARTICLES	QUANTITY (IN THOUSANDS)						VALUE (IN LAKHS OF RUPEES)					
	Pre-war Average	War Average	Post-war Average	1925-26	1926-27	1927-28	Pre-war Average	War Average	Post-war Average	1925-26	1926-27	1927-28
Rice in the husk . . . tons	214	168	98	155	130	184	1,54	1,12	86	1,63	1,36	1,04
Rice not in the husk . . . "	388	806	709	852	587	903	4,18	7,96	10,98	12,06	9,87	13,37
Pulse . . . . "	19	19	46	18	22	23	17	19	64	23	29	27
<b>247</b> Oils, mineral—												
Kerosene . . . . gals.	97,570	110,821	119,200	127,046	127,698	126,712	3,32	3,72	4,10	4,33	4,69	4,31
Lubricating . . . . "	*	2,907†	2,160	2,662	2,638	3,462	*	21†	21	25	26	32
Benzine and Petrol . . . "	*	4,215 (a)	14,371	24,846	29,516	41,636	*	46 (a)	2,01	3,39	3,95	5,50
Candles . . . . lbs.	4,409	5,465	6,237	5,644	4,604	5,081	12	15	18	15	18	14
Lac . . . . "	—	—	—	—	—	—	3	6	43	19	45	25
Wood and timber—												
Teakwood . . . . C. tons	123	110	166	139	132	138	1,17	1,32	2,39	2,35	2,37	2,97
Other timber . . . . "	23	20	25	27	40	40	18	14	23	33	52	52

\* Included with "Oils—Mineral—Other kinds" prior to April 1915.

† Average of four years.

(a) Average of four years, representing "Petrol" only.

No. 61.—TABLES ILLUSTRATING COMPETITION EXPERIENCED BY INDIAN PRODUCTS IN CERTAIN FOREIGN MARKETS

*Imports of Linseed into the United Kingdom, France, Italy and Australia*  
(In thousand quintals)

	1913	1914	1924	1925	1926	1927
<b>UNITED KINGDOM</b>						
Total	6,550	4,950	4,451	3,405	3,608	3,525
Argentine	2,250	2,090	2,977	1,510	2,699	2,780
India	1,360	2,380	1,217	1,467	411	564
India's percentage	21%	48%	27%	43%	11%	16%
<b>FRANCE</b>						
Total	2,514	1,337	1,715	1,575	1,837	1,859
Argentine	1,143	546	880	637	1,140	1,039
India	1,026	617	678	760	492	610
India's percentage	41%	46%	40%	48%	27%	33%
<b>ITALY</b>						
Total	454	324	581	466	577	731
Argentine	133	11	93	15	157	193
India (and Ceylon)	261	282	430	358	313	466
India's percentage	57%	87%	74%	77%	54%	64%
	1913	1914-15	1924-25	1925-26	1926-27	1927-28
<b>AUSTRALIA</b>						
Total	35	46	195	244	228	(a)
Argentine	..	..	..	61	47	
India	27	38	189	176	177	
India's percentage	77%	82%	97%	74%	79%	

*Imports of Rapeseed into the United Kingdom, Belgium, Italy and France*  
(In thousand quintals)

	1913	1914	1924	1925	1926	1927
<b>UNITED KINGDOM</b>						
Total	530	620	686	368	162	84
India	190	210	676	330	107	56
India's percentage	36%	34%	98%	90%	66%	67%
<b>BELGIUM</b>						
Total	94	..	62*	67	31	23
Roumania	14	..	..	22	4	6
Argentine	3	..	13	..	..	..
India	67	..	35	39	19	5
India's percentage	72%	..	56%	58%	61%	22%
<b>ITALY</b>						
Total	102	220	1,312	967	562	686
India (including Ceylon)	95	183	1,296	949	556	679
India's percentage	93%	83%	99%	98%	99%	99%
<b>FRANCE</b>						
Total	538	404	227	149	144	132
India	482	303	212	129	113	111
India's percentage	90%	75%	93%	86%	79%	80%

NOTE.—One quintal=220·46 lbs.

\* Ten thousand quintals of rapeseed were imported into Belgium from Dantzic in 1924.

(a) Figures not yet available.

*Imports of Sesamum seed into France and Italy*

(In thousand quintals)

	1913	1914	1924	1925	1926	1927
<b>FRANCE.</b>						
Total import . . . . .	278	261	131	148	108	53
India . . . . .	228	251	55	125	20	..
India's percentage . . . . .	82%	96%	43%	84%	18%	..
China . . . . .	10	2	57	7	49	11
China's percentage . . . . .	4%	7%	44%	5%	45%	21%
<b>ITALY.</b>						
Total import . . . . .	Not available	Not available	217	406	195	31
India's share (including Ceylon) . . . . .	..	..	69	330	145	20
Percentage of India's share (including Ceylon) . . . . .	..	..	32%	81%	74%	65%
China's share . . . . .	..	..	113	55	43	8
Percentage of China's share . . . . .	..	..	52%	13%	22%	26%

*Imports of Groundnut into France*

(In thousand quintals)

	1913	1914	1924	1925	1926	1927
<b>UNSHELLED.</b>						
Senegal . . . . .	1,738	1,734	2,261	2,733	2,897	2,837
West Africa (other ports) . . . . .	466	659	192	173	150	232
India . . . . .	325	265	106	118	102	72
Total . . . . .	2,634	2,742	3,023	3,417	3,338	3,385
Corresponding total (shelled) . . . . .	1,976	2,057	2,267	2,563	2,502	2,539
<b>SHELLED.</b>						
India . . . . .	2,442	2,700	1,747	1,981	2,060	1,602
Senegal . . . . .	..	20	48	113	65	1
Other countries . . . . .	245	262	497	429	407	545
Total . . . . .	2,687	2,982	2,290	2,467	2,532	2,148
*Percentage of total supplied by India . . . . .	58%	58%	40%	40%	42%	35%

\* These figures have been calculated on the basis of 100 tons unshelled—75 tons shelled.  
 NOTE.—One quintal—220·46 lbs.

## Imports of Tea into certain countries

(In thousands of lbs.)

	Pre-war Average	War Average	1924	1925	1926	1927
<b>UNITED KINGDOM—</b>						
India . . . . .	1,99,098	238,423	294,511	291,165	270,458	304,670
Ceylon . . . . .	111,796	100,568	130,462	132,540	140,407	142,848
China . . . . .	19,652	17,632	24,215	10,247	13,581	12,639
Java . . . . .	17,999	18,594	57,286	53,582	64,501	75,644
<b>TOTAL</b>	<b>349,150</b>	<b>377,142</b>	<b>510,499</b>	<b>490,567</b>	<b>492,416</b>	<b>539,349</b>
Percentage of India's share of total	54.2	61.0	57.6	59.8	55.0	56.5
<b>FRANCE—</b>						
India . . . . .	1,515	2,957	2,170	2,049	2,281	794
China . . . . .	7,359	5,785	14,726	11,590	9,932	8,361
<b>TOTAL</b>	<b>9,601</b>	<b>11,093</b>	<b>20,923</b>	<b>17,460</b>	<b>16,717</b>	<b>6,488</b>
Percentage of India's share of total	15.8	26.7	10.3	11.7	13.6	12.2
<b>CANADA—</b>						
India . . . . .	13,850	13,019	20,816	21,804	21,083	22,707
Ceylon . . . . .	15,481	10,137	10,266	10,872	10,462	10,639
China . . . . .	2,772	1,763	1,594	850	1,062	984
Japan . . . . .	4,128	5,556	2,829	3,354	3,464	3,216
Java . . . . .		4,444	760			
<b>TOTAL</b>	<b>36,753</b>	<b>38,930</b>	<b>36,255</b>	<b>37,379</b>	<b>37,091</b>	<b>38,659</b>
Percentage of India's share of total	37.7	38.4	37.4	38.3	36.8	38.9
<b>UNITED STATES OF AMERICA (a)—</b>						
India . . . . .	6,640	10,722	9,600	12,686	10,914	13,481
Ceylon . . . . .	18,893	19,247	29,459	26,819	25,992	24,685
China . . . . .	22,130	19,902	11,712	12,301	12,434	10,212
Japan . . . . .	46,245	49,339	29,593	29,582	28,292	26,403
Java . . . . .	158	8,656	7,230	8,801	10,232	6,689
<b>TOTAL</b>	<b>95,126</b>	<b>100,715</b>	<b>92,778</b>	<b>100,962</b>	<b>95,930</b>	<b>89,169</b>
Percentage of India's share of total	7.0	10.6	10.3	12.6	11.4	15.1
<b>AUSTRALIA—</b>						
India . . . . .	8,714	8,430	4,348	6,003	6,238	
Ceylon . . . . .	19,978	23,406	15,246	15,086	19,540	
China . . . . .	2,897	1,982	1,978	1,225	1,601	
Java . . . . .	3,756	7,746	27,395	24,340	22,765	
<b>TOTAL</b>	<b>35,442</b>	<b>41,937</b>	<b>49,251</b>	<b>47,038</b>	<b>52,428</b>	
Percentage of India's share of total	24.0	20.1	8.8	12.7	15.7	
<b>NEW ZEALAND—</b>						
India . . . . .	551	857	1,082	1,381	830	776
Ceylon . . . . .	6,147	7,460	9,340	9,145	9,490	9,758
China . . . . .	39	58	110	175	92	81
Java . . . . .		342	255		514	206
<b>TOTAL</b>	<b>7,548</b>	<b>9,286</b>	<b>10,787</b>	<b>10,835</b>	<b>10,927</b>	<b>10,825</b>
Percentage of India's share of total	8.6	9.3	10.0	12.7	7.6	7.2

NOTE.—Figures for Canada and Australia represent those for the official years 1924-25 to 1927-28.  
(a) The exports of foreign tea from the United Kingdom to the United States are included in the corresponding figures of India, Ceylon, China and Java tea imported into the United States.  
(b) Figures not yet available.

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**REPORT** 2  
OF THE  
**PUBLIC ACCOUNTS COMMITTEE**  
ON THE  
**ACCOUNTS OF 1926-27**

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**Volume I—Report**



**SIMLA**  
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(i).

COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS  
CONSTITUTED FOR THE YEAR 1928-29.

In the previous year the eight elected members of the Committee on Public Accounts were :

Mr. S. C. Mitra.

Mr. H. G. Cocke.

Maulvi Abdul Matin Chaudhury.

Mr. B. Das.

Mr. K. C. Neogy.

Mr. A. Rangaswami Iyengar.

Maulvi Sayyid Murtuza Sahib Bahadur.

Mr. C. S. Ranga Iyer.

2. Out of these the following four members were declared, under rule 51 (4) of the Indian Legislative Rules, to have retired from the Committee on the expiry of one year from the date of their election :—

Mr. H. G. Cocke.

Mr. B. Das.

Mr. A. Rangaswami Iyengar.

Maulvi Sayyid Murtuza Sahib Bahadur.

3. The following motion was made by the Honourable Sir Basil Blackett in the Legislative Assembly on the 21st March 1928 and adopted by the House :—

“ That the non-official members of the Assembly do proceed to elect, in the manner required by rule 51 of the Indian Legislative Rules, four members to be members of the Committee on Public Accounts in place of the four members who have retired in accordance with sub-rule (4) of the same rule.”

4. In pursuance of this, the under-mentioned members were elected by the House :—

Mr. T. A. K. Shervani.

Mr. B. Das.

Haji Chowdhury Muhammad Ismail Khan.

Rao Bahadur M. C. Rajah.

5. The following members were nominated by the Governor General under rule 51 (2) of the Indian Legislative Rules :—

Lt.-Col. H. A. J. Gidney.

Mr. W. Alexander.

Khan Bahadur Mian Abdul Aziz.

6. Under rule 51 (5) of these rules the Finance Member is the Chairman of the Committee.

**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE  
ON THE ACCOUNTS OF 1926-27.**

**I.—Excess Votes.**

The following table compares the total grants voted by the Legislative Assembly with the total expenditure against those grants :—

*General Summary.*

(In lakhs of rupees.)

	Original grant.	Supplementary grant.	Final grant.	Actual expenditure.
Expenditure charged to Revenue ..	1,08,31	3,62	1,09,93	1,03,47
Expenditure charged to Capital ..	28,21	1,47	29,68	28,86
<b>Total expenditure ..</b>	<b>1,34,52</b>	<b>5,09</b>	<b>1,39,61</b>	<b>1,32,33</b>
Disbursements of Loans and Advances ..	10,09	5	10,14	8,50
<b>GRAND TOTAL ..</b>	<b>1,44,61</b>	<b>5,14</b>	<b>1,49,75</b>	<b>1,40,83</b>

2. The following table compares the non-voted appropriations sanctioned by the Government of India with the total expenditure against such appropriations :—

(In lakhs of rupees.)

	Original appropriation.	Supplementary appropriation.	Final appropriation.	Actual expenditure.
Expenditure charged to Revenue ..	1,14,59	1,20	1,15,79	1,15,66
Expenditure charged to Capital ..	3,86	6	3,92	2,90
<b>Total Expenditure ..</b>	<b>1,18,45</b>	<b>1,26</b>	<b>1,19,71</b>	<b>1,18,46</b>

3. If the total voted and non-voted expenditure is taken, the position is as follows :—

(In lakhs of rupees.)

	Original Grant.	Final grant.	Actual expenditure.
Expenditure charged to Revenue ..	2,20,90	2,25,72	2,19,13
Expenditure charged to Capital ..	32,07	33,60	31,66
Total expenditure ..	2,52,97	2,59,32	2,50,79
Disbursements of Loans and Advances	10,09	10,14	8,50
GRAND TOTAL ..	2,63,06	2,69,46	2,59,29

**Savings.**

4. It will be seen that against grants aggregating 2,69·46 crores the actual expenditure was 2,59·29 crores—a saving of 10·17 crores or 3·8 per cent. against a saving of 17·85 crores or 6·7 per cent. in 1925-26. The savings may be roughly distributed as follows :—

(In crores of rupees.)

Railway expenditure charged to Revenue ..	4·75
Railway expenditure charged to Capital ..	1·01
Disbursements of Loans and Advances ..	1·64
Other Items .. .. .	2·77
Total .. .. .	10·17

The savings in Railway expenditure charged to Revenue include 1·22 crores under "Appropriation to the Railway Reserve Fund", which is really a balancing entry. Even so, the figures generally show a considerable improvement over the position disclosed in last year's Report.

5. The percentages of savings in the final grants for 1926-27 and in the two preceding years are given below for purposes of comparison :—

	1924-25.	1925-26.	1926-27.
Expenditure charged to Revenue ..	4·1	3·0	2·9
Expenditure charged to Capital ..	51·7	15·5	5·8
Total expenditure ..	10·5	4·6	3·3
Grand Total, including Loans and Advances.	10·8	6·7	3·8

These figures bring out clearly the extent of improvement which has occurred in the estimating under the various heads taken as a whole—a feature which was noticed by Sir Basil Blackett in his Budget speech of the 29th February 1928, when he dealt with the comparatively small variation between the revised estimates and the net outturn of the year 1926-27.

6. The following table compares the percentage of savings under voted grants with that of the savings in non-voted appropriations :—

	1926-27.	Voted.	Non-voted.
Expenditure charged to Revenue .. ..	.. ..	5.9	0.1
Expenditure charged to Capital .. ..	.. ..	2.8	28.6
Total expenditure .. ..	.. ..	5.2	1.0
1925-26.			
Total expenditure .. ..	.. ..	7.8	1.4

7. Here again we are gratified to see that, compared with the previous year, the results are more satisfactory. It is true that the percentage of savings under voted grants still continues to be larger than that under non-voted appropriations. This point was dealt with in last year's Report, and we understand that the Finance Department take care to see that deliberate over-estimation is scrupulously avoided. An important reason for the variation in the percentages is the fact that, in the case of voted expenditure, the grant voted by the Assembly is not affected by surrenders made by disbursing officers, whereas in the case of non-voted appropriations, surrenders accepted by the Finance Department are taken into account in working out the final appropriations with which the expenditure is compared in the Appropriation Accounts. Further, in accordance with the procedure recently adopted, allocation from the Reserve at the disposal of the Finance Department to meet expenditure under another voted head is not to be allowed to infringe the doctrine that expenditure in excess of a voted grant can be regularised only by a vote of the Assembly, so that supplementary demands for such expenditure have to be obtained from the Assembly. The same is the position in regard to "new services not contemplated in the Budget", even though the expenditure on such services can be met by re-appropriation. We are informed that steps are being taken with a view to amending the Indian Legislative Rules in order to enable token votes to be obtained in cases of this type instead of votes for the full amount of the expenditure involved. This revised procedure should help to reduce the variation in the percentages to some extent. It is interesting, in this connection, to observe that the savings in the aggregate *original* grants for voted expenditure charged to Revenue and Capital in 1926-27 amounted to 1.6 per cent. only.

8. In the following cases the actual expenditure exceeds the voted grants and an excess vote of the Assembly is accordingly required :—

Item No.	Number of grant.	Grant.	Amount voted by the Assembly.	Actual expenditure.	Excess.
		<i>Civil.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
1	20	Stamps .. ..	1,69,000	2,58,127	89,127
2	26	Interest on Miscellaneous Obligations.	23,96,000	24,70,283	74,283
3	28	Executive Council ..	62,000	1,04,501	42,501

Item No.	Number of grant.	Grant.	Amount voted by the Assembly.	Actual expenditure.	Excess.
			Rs.	Rs.	Rs.
4	62	Emigration—Internal ..	45,000	46,045	1,045
5	64	Joint Stock Companies ..	1,35,000	1,38,364	3,364
6	70	Superannuation Allowances and Pensions.	37,06,000	37,34,594	28,594
7	72	Miscellaneous .. ..	3,03,42,000	3,08,64,571	5,22,571
8	..	Census .. ..	..	1,991	1,991
9	85-A.	Capital Outlay on Currency Note Printing Press.	8,31,000	8,35,839	4,839
10	90	Commuted value of Pensions	20,00,000	22,87,124	2,87,124
11	92	Interest free Advances ..	1,02,85,000	1,07,10,746	4,25,746
		<i>Railways.</i>			
12	1	Revenue—Railway Board	9,68,000	10,50,000	82,000
13	6	Revenue—Companies' and Indian States' share of surplus profits and net earnings.	1,61,30,000	1,65,56,000	4,26,000
14	7	Capital—New constructions	6,45,07,000	6,58,08,000	13,01,000
15	8	Capital—Open Line Works	19,98,81,000	20,10,46,000	11,65,000

9. A brief explanation of each excess is given below :—

Q. 733.

*Item 1.*—The excess was the result of a number of different incidents, including the omission to provide for the cost of carriage of stamps in estimating the recoveries from the Posts and Telegraphs Department, a decision to charge for stamps at rates based on the cost of production at Nasik instead of at the rates at which they could have been obtained from England, and a discrepancy between the receipts from Provincial Governments estimated in the Central Budget and the corresponding payments estimated by the Provincial Governments themselves. We have been informed that instructions have been issued with a view to preventing the recurrence of omissions and discrepancies of this kind. The net excess in the grant as a whole is practically represented by the loss on the working of the Security Printing Press, which started work for the first time in the year 1926-27 and expects to wipe out the loss in the very near future.

Q. 837.

*Item 2.*—The entire excess in this case is explained by larger payments to the Post Office for Savings Bank and Cash Certificate work, which were calculated with reference mainly to

the number of transactions and number of accounts, and these increased towards the close of the year more rapidly than anticipated.

*Item 3.*—The entire excess in this case occurred under the sub-head "Tour expenses". We have been told that, as desired by Q. 804, the Committee of last year, instructions have since been issued with a view to making more systematic attempts during the course of the year to evaluate the cost of probable tours.

*Items 4 and 5.*—The excesses in these two cases are not considerable, and, as a matter of fact, allotments were made from the Reserve at the disposal of the Finance Department to meet them. According to the principle formally accepted only in Q. 840. May 1927, supplementary grants should have been obtained. But the need for these allotments did not become evident until after supplementary demands had been presented to the Assembly in February 1927. We consider that every effort should be made to include all supplementary demands in the list placed before the Legislative Assembly in the ordinary course about the month of February and that demands which cannot be so included should be presented separately later on, before the close of the year, when a question of principle is involved. In these two cases, however, such a question was not involved.

*Item 6.*—It is difficult to estimate this expenditure accurately. The excess of net voted expenditure is only .8 per cent. of the net Q. 871. grant. The expenditure is watched by the Audit officers themselves and is distributed over all Provinces.

*Item 7.*—The excess under this grant is more than accounted for by Q. 874. the larger amount which was available for transfer, and was transferred, to the Revenue Reserve Fund. The operation is a purely balancing entry in the accounts, the amount of the entry being the net revenue surplus of the year set apart in order to enable the Provincial contributions to be completely extinguished in the year 1927-28. We are told that, as a matter of fact, the variation between the estimated and actual revenue surplus in 1926-27 was the smallest on record for a considerable number of years.

*Item 8.*—Here too, the excess is very small and represents a pay-Q. 840. ment of arrears of municipal tax in respect of the office buildings of the Superintendent of Census Operations, Madras. There was no original grant at all under this head and the payment was a purely casual one, to meet which an allotment had been made from the Reserve at the disposal of the Finance Department. But a supplementary grant was not obtained from the Assembly as it should have been in accordance with the revised procedure—*vide* remarks against items 4 and 5 above.

*Item 9.*—The excess of voted expenditure here is only .6 per cent. of Q. 875. the grant, and could hardly have been foreseen. This is an instance of very close budgeting.

*Item 10.*—1926-27 was the first year in which commutations of pension began to be charged to capital. It was explained that Q. 877.

the circumstances were such that it was impossible to estimate, with any degree of accuracy, either the expenditure under the grant as a whole or its distribution between voted and non-voted. The excess in the voted grant is more than made up by the savings in the non-voted appropriation.

Q. 878.

*Item 11.*—In this case the excess was due to larger shipments of nickel for disposal than was assumed in the Budget. The nickel is surplus to the Government of India's requirements, and the contract under which it is sold will expire in December 1928.

*Item 12.*—The reason for the excess in this case is that certain printing and stationery charges, debitable to Committees, has been booked under this grant instead of under Grant No. 11—an error in accounting.

*Item 13.*—The excess is mainly the result of the fact that, contrary to past practice, the net earnings of the Nagda Muttra Section, payable to a certain Indian State for the half-year ending the 30th September 1926, came in for adjustment after the close of the year in the accounts which were still open. We have been informed that action is being taken to set the procedure on a uniform basis in order that such a contingency may not arise in future.

Q. 167.

*Items 14 and 15.*—The excesses in these two grants amount to 2 per cent. and 6 per cent. respectively. These are in striking contrast to the very large savings which were a feature of previous years—a difficulty to meet which the system of over-allotments was introduced. These excesses are an indication that the system has had its use and should be watched very carefully in operation.

10. The total number of voted grants in which there has been an excess is 15, and the total amount requiring the vote of the Assembly is Rs. 44,55,185. These figures compare favourably with those for 1925-26, viz., 18 grants with an aggregate excess of Rs. 66,38,704.

11. It will be clear from the above analysis that, except in the case of items 14 and 15 where the excesses have resulted from the policy of over-allotment deliberately adopted, the increases were small and unavoidable in certain cases while, in others, the requisite action has already been taken. The comments in the Appropriation Accounts and those of the Auditor General indicate, however, that notwithstanding the improvement noticeable all round and brought out in the preceding paragraphs, there is still considerable room for improvement in the methods of estimating in certain directions, as also in the control of expenditure. Particularly is this the case in the Railway Department, where it was admitted that the budgetary

Qs. 155 & 313.

arrangements—especially on one of the Railways—are not satisfactory. We understand that the report of the special officer deputed to investigate the system of preparing budget estimates by State-worked Railways is expected in the Department very shortly, and that its consideration is likely to lead to better results in future. We have also been told by the Financial

Q. 831.

Secretary that steps are being taken in his Department to strengthen the superior staff in order that there may be time and machinery for correlating the Appropriation Accounts with the original estimates and for systematic efforts to improve methods of estimating and we look forward to

seeing in future years a more extended use of lump cuts coupled with a decrease in the number of excess votes that have to be obtained from the Assembly.

12. We desire to reiterate, however, certain principles which have been recommended in the past by our predecessors and accepted by the Government of India, or have otherwise been well-established, and take the opportunity of indicating certain other principles that follow therefrom, having regard to the facts brought out in the course of our scrutiny of the Appropriation Accounts for 1926-27 :—

- (1) No changes in classification should ordinarily be made during the course of a year, which will have the effect of accounting for expenditure under a head other than that in which funds have been provided for it. We would like to make it clear that this principle relates not only to major heads of account, but also to demands for grants and the sub-heads in the various grants. Q. 500.
- (2) Budget provision must be made under the head against which the expenditure ought eventually to be recorded. This again applies to demands and sub-heads as well as to major heads of account. Q. 832.
- (3) Undischarged liabilities should be carefully evaluated and provided for as may be necessary. In this connection, we would emphasise the importance of making a suitable allowance in the estimates for unrealised assets as well. App. XIII-26.
- (4) The system of lump cuts should be extended judiciously, particularly under " Establishments " and " Works Expenditure ". It should not be forgotten at the same time that the system of over-allotment, which has been adopted extensively on the railway side for some time and has begun to make itself felt, should be jealously watched in order that it may not give rise to occasions for applying to the Assembly for supplementary or excess grants. Q. 832.
- (5) Re-appropriations from anticipated savings are permissible in principle, but care should be taken to see that there is a reasonable prospect of the savings materialising, and also that, whenever such re-appropriations are made, a specific reduction should be made under the head in respect of which savings are anticipated, though a certain amount of discretion may be allowed for the present, in this connection, to the Financial Commissioner, Railways, in view of the peculiar circumstances in which he has to work. Care should also be taken to see that the actual expenditure does not exceed the reduced appropriation. App. XIII-17.
- (6) It is essential, if the controlling officers are to fulfil efficiently their responsibility for financial control, that their figures should agree with those of the Accounts officers. We would emphasise the fact that it is for the Controlling officers to prove to the latter, before the accounts of the year are finally Q. 835.

Principles  
to be  
followed in  
estimating.



closed, that their own figures are correct in order that the discrepancies may be settled before the Appropriation Accounts are prepared.

**Excess votes.**

13. With these remarks we recommend that the Assembly assent to the excess grants for 1926-27, which the Governor-General in Council will place before them, for the following sums in respect of the heads referred to in paragraph 8 above :—

	Rs.
Expenditure charged to Revenue ..	12,71,476
Expenditure charged to Capital ..	27,57,963
Disbursements of Loans and Advances ..	4,25,746
Total ..	44,55,185

**Irregular Reappropriations.**

14. Rule 52 (2) of the Indian Legislative Rules requires that we should bring to the notice of the Assembly every re-appropriation from one grant to another grant ; every re-appropriation within a grant, which is not made in accordance with such rules as may be prescribed by the Finance Department ; and all expenditure which the Finance Department have requested should be brought to the notice of the Assembly. We are glad to be able to report that there have been no re-appropriations falling under these categories during the year : nor have the Finance Department requested us to bring to the notice of the Assembly any particular item of expenditure.

**Lump cuts in Revised estimates.**

15. Before turning from this aspect of the Appropriation Accounts, we would refer to an interesting suggestion made by the Accountant-General, Posts and Telegraphs, in paragraph 45 of his Report. With reference to certain lump cuts made by the Finance Department in the revised estimates, he remarks that they were all absolutely justified in the event, but that the reduction should have been carried down to the detailed heads. We have given careful consideration to the suggestion and have come to the conclusion that, in view of the fact that the final revised estimate is not built up from below and is settled late in the year, the further distribution of lump cuts, which are already being made under sub-heads, would be impracticable and would confer no appreciable advantage. Under the arrangements now in force, revised estimates do not represent modified appropriations, and there is no obligation on subordinate authorities to work up to such estimates. In the circumstances, we are of opinion that it is unnecessary to pursue the matter.

Q. 78.

## II.—Comments on matters outstanding from previous Reports.

**Discussion of Report in Assembly.**

16. Our predecessors recommended last year that Government should consider the best method of giving effect to the strong desire expressed in the Assembly that the House should be given an opportunity to discuss in general terms the report of the Public Accounts Committee on which the excess grants were based. We have been informed that efforts made by Government in this direction proved infructuous but

Q. 7.

that steps are being taken, in connection with the deliberations of the Statutory Commission, to provide a constitutional procedure which would meet the wishes of the committee in the matter. We desire, however, to reaffirm the recommendation made last year and to suggest that the Government of India should reconsider the matter without waiting for the deliberations of the Statutory Commission.

17. Our predecessors also recommended that the financial position and prospects as well as other aspects of the whole of the scheme of salt supply from the Sambhar lake and Khewra should be comprehensively examined and put on a business footing at a very early date. We have discussed the whole question at some length. We are assured that various reforms and economies have recently been introduced in the working of the Northern India Salt Revenue Department as a result of a close investigation conducted by an officer on special duty working directly under the Central Board of Revenue; that, in consultation with the Audit Officer, new arrangements have been devised to enable a real control over expenditure to be exercised; that the old policy of manufacturing the maximum amount of salt irrespective of the volume of demand has been replaced by a new policy of working up to a definite output every year based on ascertained demand and existing stocks; that some portions of the ambitious development schemes approved by the Standing Finance Committee as early as 1922 have been abandoned and that, by these and other means, definite efforts have been made to improve administratively and financially the system of salt supply in the Department. We have also been assured that the possibility of further economies and improvements is receiving the unremitting attention of the Central Board of Revenue. Seeing that the accounts have been commercialised and that future Appropriation Accounts will show the cost price of salt at its source in accordance with the recommendation which we make elsewhere, it will be possible for future Committees to judge how far the hopes expressed are really justified by the results and it will be open to them to suggest, if necessary, that Government should re-examine the whole situation in order to see whether any measures cannot be taken to make production more economical. In the circumstances, we are of the opinion that no further action is necessary on our part at the moment.

18. We now turn to the recommendation of the Committee of last year that as the generating plant at Sambhar is in operation only during a year of scanty rainfall and then only for about six weeks, the Central Board of Revenue should examine whether some other method of supplying the power cannot be devised, the present electric power house being dismantled. We have considered the memorandum (Appendix VI) presented by the Board on this question as also Mr. Pitkeathly's report (Appendix VII) on the same subject. These documents show that it would be undesirable to jettison the power house and replace it by a system of separate prime movers, etc. The electric scheme was deliberately introduced after careful consideration by the expert advisers of Government to replace a similar scheme in which pumps were driven by separate engines and we feel that we cannot take the responsibility, at this stage, of advising Government to change over now to an alternative which might involve further expenditure. We desire at the same time that Government should take necessary action on the lines of the specific recommendations made in paragraph 10 of Mr. Pitkeathly's report and should so administer the whole undertaking as to reduce the cost of production as far as possible. We hope that it

Sambhar  
and Khewra  
Salt  
Schemes.

Q. 736.

Sambhar  
Electrification  
Scheme.

Q. 739.

will be possible for such reductions to be made : In any case, the remarks in the penultimate sentence of the previous paragraph hold good in this specific case also. We further consider, in regard to important schemes of development generally, that careful attention should be paid by the authorities concerned, when the schemes are taken up, to their anticipated effect upon the cost of production, having regard to any probable limitations that may exist upon the extent to which output can be usefully expanded.

**Khewra  
Electrifica-  
tion Scheme.**

**Q. 389.**

19. The Committee of last year thought that it was too early then to judge whether, considered from the economical aspect and with due regard to the displacement of labour involved, this scheme had turned out to be a success and they accordingly left it to their successors to obtain from the Central Board of Revenue a full memorandum on its working. We have obtained and considered that memorandum (Appendix V) and find that, as commercial accounting has only recently been introduced it is not possible to draw any inferences which can be regarded as at all conclusive in regard to the financial effect of the scheme. We are gratified to hear that the electrification providentially proved most helpful in connection with the recent subsidence and we were informed that steam or oil engines could not have been obtained promptly or, when obtained, moved readily from place to place as emergency arose. We have no desire at this stage to explore the remote past but would content ourselves with repeating the general recommendation contained in the last sentence of the preceding paragraph.

**Important  
outstanding  
items.**

20. We shall now proceed to refer briefly to the more important items in previous reports, the disposal of which is in various stages of progress. We recommend that in each case the disposal should be expedited as far as it is possible to do so :—

**Q. 859.**

(1) *Contracts.*—The Government of India have accepted the general principles recommended by our predecessors last year. We understand that a draft statement of general principles regarding contracts has been circulated to various authorities for their opinions, and that it is intended to follow up the enunciation of general principles with a manual of detailed instructions indicating the powers of various authorities in respect of different kinds of contracts and prescribing rules to govern points connected with or arising out of agreements.

**Q. 16.**

(2) *Treatment of losses.*—We have been informed that the Auditor General has submitted a report on this subject and that the considered opinions of Provincial Governments have now to be obtained in the matter.

**Q. 17.**

(3) *Recovery of losses and Disciplinary action.*—We have been told that, here again, a draft statement of general principles and procedure to regulate the enforcement of responsibility for losses sustained by Government through fraud or negligence of individuals has been prepared and circulated to the Departments of the Government of India for their observations.

**App. III-2.**

(4) *Inventory of Government property.*—We understand that the Auditor General has forwarded to the Government of India a report on the question of the preparation and maintenance of an inventory and that it is under consideration.

**App. III-12.**

(5) *Sea Customs Act.*—We have been told that an amending bill has been drafted.

(6) *Audit of Receipts.*—We understand that the Secretary of State has been addressed on the question of the audit of receipts but that a decision is not likely to be reached when the Statutory Commission is still sitting. As regards the allied question of internal check of Customs receipts, we have been told that the Central Board of Revenue submitted certain proposals to the Government of India who considered them to be unduly expensive and have returned them to the Board for reconsideration. Q. 15.

(7) *Powers of Departments of Government of India.*—We understand that, with changes in the constitution impending, it is not considered desirable to attempt a new codification of powers but that it is proposed to make *interim* arrangements in accordance with which financial sanctions issued by other Departments of the Government of India will be communicated to audit by the Finance Department, so that Audit would no longer have any difficulty in the matter, as the responsibility for seeing that other Departments did not exceed their powers would then rest with the Finance Department. We have also been informed that Audit may act on the assumption that the Financial Adviser, Military Finance, as a Joint Secretary to the Government of India, has been given full authority and has been constituted the sole mouthpiece of the Finance Department in matters of Military Finance. Q. 13.

(8) *Profit and Loss account of Posts and Telegraphs.*—It has been stated to us that the settlement of claims as between the Posts and Telegraphs and the Railway Departments, the ascertainment of the pensionary liability of the Posts and Telegraphs Department, the institution of a separate account for the Radio Department and the control of the Indo-European Telegraph Department are all matters which are still under consideration. Q. 23.

(9) *Railway Demands for Grants.*—We understand that a decision on the question of changing the form of these demands has been postponed pending the deliberations of the committee which is to examine the question of the separation of railway accounts from audit. Q. 299.

21. The only specific recommendations we have to make are :—

- (i) *Item (6) above.*—In view of the special importance of Customs receipts to the Central Government, we desire to impress upon them the necessity for arriving at a prompt decision on the question of internal check.
- (ii) *Item (7) above.*—In order to mark the position of the Financial Adviser, Military Finance, orders of the Finance Department which are of general application and should therefore extend—with or without modification—to the military administration, should be communicated to the Army Department, the Military Accountant General and the Director of Army Audit by the Financial Adviser.
- (iii) *Item (8) above.*—While we recognise that the question of settlement of claims and counter-claims as between the Posts and Telegraphs and Railway Departments is a matter of bargaining and will therefore take time, we consider that the question of enhancing the rents due from the canals should be settled without delay.

### III.—Comments on general matters arising out of the present Report.

New  
Service.

Q. 190.

22. In the course of his comments on the Appropriation Accounts, the Auditor General has raised the question of the definition of the term "new service", which appears in rule 50 of the Indian Legislative Rules. That rule requires that a supplementary grant should be obtained from the Assembly when "a need arises during the current year for expenditure, for which the vote of the Assembly is necessary, upon some new service not contemplated in the Budget for that year". As the rule stands, it is necessary that such a demand must be presented for the whole amount involved and not only for a token amount if the service is a new service. As stated elsewhere in this report, the Government of India are taking steps to amend the rule with a view to enabling a token demand to be presented if the expenditure involved can be met by re-appropriation. Even so, it is necessary for the guidance of Administration as well as of Audit to define the term "new service" in order to see whether even a token vote has to be obtained in any particular case. The views of the Auditor General are set out in his "Memorandum on the work of the Public Accounts Committees in India". We have also been supplied by him with a memorandum (Appendix XI) indicating the practice adopted in England in this respect. The conditions there are not quite analogous to those prevailing in this country and while we are inclined to agree in the conclusions set forth in these memoranda, we do not desire to commit ourselves definitely thereto at present. We agree with the Auditor General that, as in England, there should be no cast-iron rule and that the application of the term to concrete cases could best be governed by the evolution of a body of case law. We recommend that, in placing cases before the Standing Finance Committees, the Government of India should state whether the expenditure is in respect of a new service; and that, if Audit holds a different view in particular cases, such cases should be brought to the notice of the Public Accounts Committee through the Appropriation Accounts.

Q. 386.

Q. 337.

23. During our examination of the Appropriation Accounts for 1926-27 we have had occasion to examine the issues involved with reference to certain specific cases. We have held that neither the safeguarding of a source of revenue nor the substitution of one instrument of service for another can be considered to be a new service. On the other hand, we have held that a grant-in-aid to a new Provincial hospital, amounting to rupees one lakh, should be considered to be a new service within the meaning of the rule referred to above. We have thus already started evolving a body of case law, and look to Audit to bring to our notice any difficulties which may arise in the interpretation of the term in future.

Scope of a  
Grant.

Q. 92.

24. An important point has been raised by the Accountant General, Posts and Telegraphs, which relates to the propriety of combining both capital and revenue expenditure in one grant. We agree with the Accountant General that the procedure adopted by the Government of India would have been open to objection if the capital expenditure in question were expenditure charged outside the revenue account. As a matter of fact, however, we find that the practice is to combine in one grant the ordinary revenue expenditure and the capital expenditure charged to revenue. This practice is in conformity with that which has

prevailed in the United Kingdom for years. Moreover, the matter is one which, under rule 44 of the Indian Legislative Rules, is for the decision of the Finance Member and involves no question of either convenience or principle. In the circumstances, we do not desire to pursue the point.

25. The question was also raised in the Committee as to the propriety of debiting Ecclesiastical charges incurred in connection with the Army to the head "Ecclesiastical" in the Civil Estimates. We understand that the same question was raised by the Retrenchment Committee and carefully considered by the Government of India, who decided in 1925 that any change should be left over until the whole question of Chaplains and Churches could be dealt with comprehensively after the Indian Church Measure was adopted. Now that this measure has come into operation from the 1st January 1928, we desire that the Government of India should take up the question.

Ecclesiastical Charges.

Q. 892.

26. We have given very careful consideration to the facts brought out in paragraph 104 of the Report of the Accountant General, Central Revenues, and in the memorandum furnished by the Auditor General (Appendix IX) on the subject of the loss, or risk of loss, in connection with the collection of marble at New Delhi. The most important of the points raised relates to the relaxation of the specifications and the possible aggravation of loss due to such relaxation. The New Capital Committee examined the officers concerned at length and came to the conclusion, among others, that the form of the contract for the supply of marble was unsuitable, but that the relaxation of its conditions did not lead to loss or to increase in wastage. We agree that the contract was most unbusinesslike, and recommend that, if similar defects should be noticed in contracts in future, steps should be taken forthwith to revise them in a suitable manner.

Delhi Marble.

Q. 452.

27. We have already suggested that the promulgation of general principles regulating contracts and the manual of detailed instructions in connection therewith should be expedited. We would add that such principles should also be made applicable to contracts relating to the Railway and the Military Departments as far as possible. If the formal promulgation is likely to take time, we consider that it would be advisable to issue orders without delay, impressing upon the officers concerned the necessity for observing the general principles suggested in paragraph 13 of the Report of last year, as also the following ones which have suggested themselves to us during the course of our examination of the Appropriation Accounts for 1926-27 :—

Contracts.

Q. 171.

App. XIII-24.

- (1) Conditions of contracts should be settled and reduced to writing before the works are started, and, once a contract is signed, departures from its terms should rarely, if ever, be permitted, and even then, only with the sanction of competent authority. Q. 199.
- (2) If, however, at any stage it is found that the terms of a contract are contrary to the original intentions, or otherwise defective, steps should be taken forthwith to revise it in a suitable manner. Q. 478.

- Q. 221. (3) Irregular concessions to contractors should on no account be granted, and the grant of such concessions, if any, should be brought to notice in the Appropriation Accounts.
- App. XIII-55. (4) If circumstances are likely to arise which might justify *ex gratia* payments to contractors, steps should be taken to give such timely notice as would tend to reduce the amounts so payable. Further, before making any such payment, the advice of the Government Solicitor should be obtained in regard to the legal aspect of the case.
- App. XIII-59. (5) When a civil suit is instituted against a contractor, it should not be withdrawn without the sanction of competent authority, which term should be suitably defined to avoid misapprehension.
- Q. 199. (6) It is theoretically advantageous to enter into lump sum contracts rather than into contracts which provide for the payment of actual cost *plus* a certain percentage on account of profit. If experience proves that any contract of the latter type actually entered into by Government is not in the financial interests of Government, it should be brought to notice through the Appropriation Accounts.
- Concessions to Firms  
Q. 69. 28. The Accountant General, Posts and Telegraphs, has brought to notice a case in which the representative of an important business concern with which the Posts and Telegraphs Department has large business transactions, had been allowed for some years a free use of the trunk telephone line between two important places as an act of courtesy. It has been contended that the grant of such concession is not unusual between bodies having business relationships with each other. Nevertheless, it is conceivable that an extension of the system may easily lead to abuse, and the Committee accordingly recommend that such concessions should be given in future only by the Government of India, who should scrutinise the cases jealously and communicate their sanctions to Audit.
- Recovery of losses and Disciplinary action.  
Q. 53. 29. We have already indicated that the question of formulating general principles and procedure to regulate the enforcement of responsibility for losses is under the consideration of Government. We consider that, in this connection, it is necessary to emphasise the value, in preventing frauds and financial irregularities of all kinds, of careful selection of officers to be entrusted with responsibility; of conscientious supervision and obedience to rules; of deterrent punishment of those guilty of dishonesty or of deliberate or negligent disregard of rules; and of frequent and thorough inspections. As in the case of the principles relating to contracts, we suggest that these general principles also should be made applicable to the Railway and the Military Departments with any necessary modifications, which, however, should be carefully scrutinised by the Government of India before final adoption. In addition to these general comments, we desire to make the following specific suggestions:—
- Q. 117  
App. XIII-61. (1) As a matter of general principle, the fact that certain officers who were guilty of frauds or irregularities, have been demobilised or have retired and have thus escaped punishment, should not be made a justification for absolving those who are also guilty but who still remain in service.

- (2) It should be laid down whether in cases of financial loss occurring in the Military Department, the final authority to settle the question of disciplinary action should be His Excellency the Commander-in-Chief or the Government of India. App. XIII-61.
- (3) It should also be carefully considered whether losses in connection with central transactions, conducted by Provincial Governments as agents of the Central Government, and directly due to the neglect of the servants of the agents, should not be a provincial charge. Q. 849.

30. We are aware that this last point was taken by the Government of India in connection with certain embezzlements in the Burma treasuries, and that it raises important constitutional issues. Nevertheless, it is a matter which demands early consideration. It is relevant to mention, in this connection, that the question has also been raised whether in such cases the Government of India should not be consulted by the Provincial Government concerned in regard to disciplinary action. It was explained to us that, in a matter like this, the Government of India ought not to interfere with their agents whose servants were concerned; that the Government of India have already forwarded to local Governments copies of their letter of September 1927 to the India Office, detailing the measures taken for checking the growth of fraud and embezzlement of public revenues; and that, when the general principles regulating disciplinary action are settled by the Government of India, they would also be likewise communicated. In the circumstances, we do not wish to pursue the suggestion. Q. 883.

31. Our predecessors devoted considerable attention to the question of making the Indian Stores Department self-supporting by extending its activities, and, in particular, by securing continual and increasing support from the Army and Railway Departments. The Army Department have already been placing large orders and we are gratified to hear that such co-operation has been forthcoming latterly from the Railway Department to a very appreciable extent, and that the loss on the working of the Stores Department is expected to be very considerably reduced in the near future. We have also found a certain amount of evidence of the realisation by departmental authorities of the advisability of reducing stocks generally. We have, however, to make the following observations in regard to the purchase and accommodation of stores in the light of the facts which came to our notice in the current year :— Stores. Q. 503. Q. 103.

- (1) It is not businesslike to purchase stores in dribblets: periodical indents should be prepared, and as many articles as possible should be obtained by means of such indents. Q. 241.
- (2) Care should be taken not to purchase stores much in advance of actual requirements if such purchase is likely to prove unprofitable to Government. Q. 441.
- (3) It is necessary and economical, in the long run, to provide suitable accommodation for valuable and combustible stores which would prevent the possibility of large losses by fire or other accidents. App. XIII-48.



**Land and Buildings.**

**Q. 62.**

32. A case was brought to our notice in which a plot of land was purchased for the Posts and Telegraphs Department much in advance of the construction of a building thereon. It was explained to us that this was done in view of the desirability of obtaining suitable sites at the favourable rates then prevailing. We do not, of course, see anything unbusinesslike about this particular procedure, but would suggest that the building programme of the Department should be prepared with due regard to considerations of economy.

**Miscellaneous Irregularities.**

**Qs. 172, 182 & 487.**

33. We find that a considerable number of irregularities has occurred during the year in connection with the taking of measurements and the upkeep of measurement books and other initial accounts ; that there has been some disregard of the financial interests of Government generally ; that irregular procedure has been adopted with a view to evading audit objections ; that expenditure has been misclassified with a view to evading the detection of irregularities ; and that audit objections have not been disposed of with the requisite promptitude. We need hardly stress the fact that these irregularities are serious, and we would suggest that the Government of India should consider the question of issuing general instructions in the matter and of impressing upon all officers the desirability of observing the rules.

**Orders with limited currency.**

**App. XIII-21.**

34. The Committee of last year dwelt on the gravity of signing certificates without a sense of responsibility. We find that perfunctory signing of certificates led to large over-payments of proficiency pay to soldiers in almost all the districts for a considerable length of time. We would repeat the recommendation made last year that cases of this kind should be visited with severe displeasure and penalty in future. In the particular instances referred to, we consider that the incorrect issue of proficiency pay could probably have been avoided by suitable action on the part of the Military Accounts Department and that some automatic arrangements should be introduced in the Accounts Offices generally, which will help to diminish the possibility of expenditure being incurred under orders which have a limited currency, after the currency of those orders has expired.

**Depreciation and Reserve Funds.**

**Q. 43.**

35. It has been explained to us that the rates of depreciation laid down by the engineering authorities in connection with the commercialisation of the accounts of the Posts and Telegraphs Department were provisional and would require revision in the light of experience. We suggest that the scrutiny of the rates should be accelerated and that alternative methods of applying such scrutiny should also be considered. We would also commend for the consideration of the Government of India the question whether the Department might not use its accumulations in the Depreciation Fund for avoidance of debt to the Government of India on account of capital outlay on new assets, particularly as, under present arrangements, the Department earns, on its accumulations in the Fund, a smaller rate of interest than it has to pay on the capital lent to it. We notice in this connection that the kindred question of investment of balances in the Railway Depreciation and Reserve Funds is under the consideration of the Railway Department.

**Audit on Company Lines.**

36. In paragraph 71 of the Report of last year, our predecessors recommended that the question whether audit on Company lines could be improved by increasing the staff of Government Examiners should be considered in the light of the experience on the East Indian Railway.

We have been informed by the Auditor General that he has been devoting Q. 18. considerable attention to this question, and that he is at present engaged in working out a model scheme of audit applicable to both State lines and Company lines. We are told that the Railway Board fully agree as to the necessity for an extension of the scope of the audit by Government Q. 181. Examiners and for more frequent inspections by them of initial records. The effect of the tightening of audit on the Bengal Nagpur Railway, at any rate, is visible practically throughout the Report of the Accountant General, Railways. The seriousness of the cumulative effect of the cases Q. 162. of financial irregularities relating to this Railway has been admitted, and we have been assured that the great majority of them are under investigation and that the next Report of the Accountant General would show the result of the special action contemplated. In the circumstances, we leave it to our successors to consider the whole position next year when full facts will be made available to them. We would also leave for considera- Q. 169. tion next year the question of the comparatively small ratio of the expenditure on replacements and renewals to gross earnings on the same Railway, which is also at present under the consideration of the Railway Department.

#### IV.—Comments on matters relating to particular Departments arising out of the present Report, etc.

##### *Section I of the Home Auditor's Report on the Secretary of State's accounts.*

37. *Paragraph 2 of the Report.*—We understand that the mistakes in Q. 885. the classification of pension have arisen from erroneous entries in last pay certificates. We suggest that the Finance Department should issue general orders with a view to obviating such errors in future.

38. *Paragraph 3 *ibid.**—We should like to know in due course the re- Q. 886. sult of the negotiations between the Government of India and the War Office in connection with the various claims and counter-claims in question.

39. *Paragraph 19 *ibid.**—We should also be interested to hear next year Q. 885. about the progress made in the settlement of the claims regarding refugees with the Foreign Governments concerned.

##### *Section I of the Home Auditor's Report on the High Commissioner's accounts.*

40. *Paragraph 15 of the Report.*—We should like to know in due course Q. 723. the final decision reached in regard to the outstanding balance of the advance made to the Taj Mahal Trading Company.

##### *Report of the Accountant General, Central Revenues.*

###### *Grant 18-Salt.*

41. *Paragraph 39 of the Report.*—We suggest that the profit and loss Q. 378. accounts of the Northern India Salt Revenue Department for two successive years should be incorporated in future Appropriation Accounts together with a statement for a series of years showing the quantity of salt produced and the cost of production at different sources.

42. *Paragraph 41 *ibid.**—We consider that the balance sheet, which we Q. 381. understand is actually prepared by the Director of Commercial Audit, can usefully be incorporated in future Appropriation Accounts.

*Grant 21-Forest.*

- Q. 654. 43. *Paragraph 50 ibid.*—We observe that greater care is necessary in controlling expenditure against appropriation and in estimating the requirements of the closing months of the year.
- Q. 657. 44. *Paragraph 52 ibid.*—We would request Government to consider the question of issuing an up-to-date edition of the Forest Department Code without waiting for the recommendations of the Statutory Commission, though these might conceivably affect the future administration of the Department.
- Q. 668. 45. *Page 158 ibid.*—We should be glad to know in due course whether the account of timber shipped from Burma and placed with the timber agents in London for disposal has been finally settled.

*Grant 22-Irrigation, Navigation, etc.*

- Q. 416. 46. *Page 164 ibid.*—We are content to leave to the Auditor General the initiation of the question of reconsidering the system of *pro-rata* distribution of establishment charges.

*Grant 30-Foreign and Political Department.*

- Q. 527. 47. *Paragraph 54 ibid.*—We consider that adequate arrangements should be made to control expenditure against the grant and to obtain additional grants, if necessary, in good time.

*Grant 46-Survey of India.*

- Q. 586. 48. *Paragraph 61 ibid.*—We would request that the consideration of the question of the form in which the accounts relating to the Mathematical Instrument Office, Calcutta, should appear in the Appropriation Accounts should be expedited.

*Grant 49-Botanical Survey.*

- Q. 592. 49. *Paragraph 131 (6) ibid.*—We understand that the Director of Commercial Audit has submitted a report to the Government of Bengal in regard to the system of keeping cinchona accounts on a commercial basis and, further, that the question of keeping similar accounts in respect of the Government of India's transactions is closely connected with the analogous question relating to Bengal as also with the recommendations of the Royal Commission on Agriculture on the subject of cinchona plantations. We request that the consideration of the question should be taken up as early as possible.
- Q. 611. 50. *Page 226 ibid.*—We consider that the form of the certificate of verification of stock is not satisfactory. We were informed by the Director of Commercial Audit that the arrangements for stock verification at Mungpoo were capable of improvement and would suggest that steps should be taken to place matters on a satisfactory footing.
- Q. 588. 51. *Page 229 ibid.*—We have examined the position in regard to the large stocks of quinine sulphate and are of the opinion that the Government of India should terminate or modify the contract with Messrs. Howard & Co., as early as possible so as to avoid further over-stocking.

*Grant 55-Medical Services.*

52. *Paragraph 64 ibid.*—With regard to the variations in the receipts Q. 681. from paying patients credited to the X-Ray Institute, we were informed that the settlement of the question awaits a decision regarding the transfer of the administration of the institute to the Military Department. We recommend that the Government of India should consider whether the system of allocation of fees should not be stopped and whether the officers should not be debarred from private practice, a suitable compensation being given, if necessary.

*Grant 57-Agriculture.*

53. *Pages 266 and 267 ibid.*—It would be useful in this case also if the Q. 640. trading and profit and loss accounts could be given for two successive years in future Appropriation Accounts. We propose to leave the examination of the loss on the Karnal Farm to our successors who will have later figures for purposes of comparison.

*Grant 58-Civil Veterinary Services.*

54. *Paragraphs 67 and 68 ibid.*—We suggest the desirability of the Q. 646. audit irregularities and connected questions relating to the accounts of the Imperial Institute of Veterinary Research and Diary at Muktesar being disposed of by Government as early as possible ; and also of steps being Q. 651. taken to improve the administration of the grant.

*Grant 66-Indian Stores Department.*

55. *Pages 312 to 316 ibid.*—Here again we suggest that the profit and Q. 507. loss accounts for two successive years should be included in the Appropriation Accounts in future.

*Grant 68-Mint.*

56. *Paragraph 71 ibid.*—We hope that a final decision in regard to the Q. 559. form of the profit and loss accounts and balance sheet of the mints will be reached in time for these to appear in the Appropriation Accounts next year.

*Grant 69-Civil Works.*

57. *Paragraphs 72 to 74, 76 and 77 ibid.*—We shall be glad to be in- Q. 421. formed next year of the progress made in the disposal of the cases relating to the issue of Supplementary and Financial Rules, etc., relating to the provision of residences to Government servants and to members of the Indian Legislature ; the adequacy of rents charged for Government residential buildings in Delhi ; the incidence of the expenditure on the residences, etc., of His Excellency the Commander-in-Chief ; and of the recovery from Commercial Departments of the loss incurred in connection with the residential buildings supplied to them.

*Grant 76-Baluchistan.*

58. *Paragraph 35 ibid.*—We should like to know, in due course, of the Q. 550. decision regarding the procedure for depositing collections in the treasury.

*Grant 79-Andamans and Nicobar Islands.*

- Q. 817. 59. *Paragraph 87 ibid.*—We hope that the question of the form in which the *pro forma* profit and loss accounts in respect of “ S.S. Maharaja ” should be prepared as also that of placing the Commissariat Department on a commercial basis and of maintaining suitable *pro forma* accounts in this connection will be settled in time to enable the accounts to be placed before us next year.
- Q. 822. 60. *Paragraph 88 ibid.*—In view of the fact that the irregular shipping service between India and the Andamans and other conditions make it difficult to watch the progress of expenditure, we suggest that the desirability of instituting a local Pay and Accounts Office with reference to the needs of the situation be considered at an early date.
- Q. 827. 61. *Pages 489 and 490 ibid.*—We are of the opinion that it would be useful if the expenditure relating to the Moplah settlement could be shown under a separate sub-head and request that the feasibility of such exhibition be considered.

*Ecclesiastical.*

- Q. 718. 62. *Paragraph 92 ibid.*—We hope that the revision of the Ecclesiastical Rules will be expedited.

*Political.*

- Q. 870. 63. *Paragraph 94 ibid.*—We should be interested to know in due course the result of the correspondence between the Government of India and the Secretary of State regarding the audit of secret service expenditure.
- Q. 871. 64. *Paragraph 131 (9), (10) and (11) ibid.*—We should also be interested to have a report next year showing the progress of the settlement of the various outstanding claims referred to in this paragraph.

*Grant 85-Capital Outlay on Security Printing.*

- Q. 882. 65. *Paragraph 97 ibid.*—We hope that it will be possible to settle the form of the accounts of the Security Printing Press in time to enable the accounts to be presented to us next year.

*Grant 91-Delhi Capital Outlay.*

- Q. 434. 66. *Paragraph 98 ibid.*—We were informed that steps have been taken to secure a more effective watch over the liabilities and to facilitate control of expenditure. We trust that the Accountant General will be able to record an improvement in these directions in his report for the year 1928-29.
- Q. 450. 67. *Paragraph 100 ibid.*—We hope that the capital and revenue accounts of residential buildings in New Delhi will be prepared as soon as possible.

*Grant 93-Loans and Advances bearing interest.*

68. *Paragraph 112 ibid.*—We trust that the Government of India will Q. 863. be able, in the near future, to reach a decision on the points referred to in paragraphs 4 and 6 of the Auditor General's memorandum on the working of the Provincial Loans Fund (Appendix X).

*Report of the Accountant General, Posts and Telegraphs.*

69. *Paragraph 51 of the report.*—We desire to record our apprecia- Q. 80. tion of the very distinct improvement in the estimating of the total revenue expenditure noticed in this paragraph. As regards the large variations under repairs to buildings, however, we are informed that the real explanation is a defect in the machinery for executing repairs. We suggest that the possibility of remedying this defect be considered.

70. *Paragraph 54 ibid.*—The savings under radio expenses were stated Q. 86. to be due to shortage of supervising staff. We are not satisfied with this explanation and would suggest that steps be taken to avoid over-estimating expenditure under this head.

71. *Paragraphs 63, 70 and 89 ibid.*—We are of the opinion that the Qs. 93 & 106. defects brought to light in these paragraphs deserve the careful attention of the authorities responsible for framing the estimates ; that they indicate the desirability of a greater knowledge of the progress of expenditure and stricter control of it on the part of the controlling officers, etc. ; and that steps should particularly be taken to make a more adequate estimate of the credit on account of stores returned to stock in future.

72. *Paragraph 88 ibid.*—We shall be interested to see, in due course, Q. 107. the results of the detailed enquiry which, we understand, is being conducted in regard to the comparative cost of running the Indian Posts and Telegraphs Department and the Indo-European Telegraph Department.

*Report of the Accountant General, Railways.*

73. *Paragraph 15 of the report.*—We share the anxiety of the Q. 168. Auditor General that a speedy improvement should be attained in the Accounts office. We are informed that an appreciable improvement has latterly occurred.

74. *Paragraphs 63 to 65 ibid.*—We consider that steps should be Q. 177. taken to keep a careful watch on the progress of expenditure, as also on probable liabilities. These and other defects brought to light in the report suggest the necessity for devising suitable means of securing more satisfactory budgetary arrangements. As already stated elsewhere, we were informed that the report of the officer placed on special duty in this connection would be received and considered by the Railway Department very shortly, and we hope that the Appropriation Accounts for future years will indicate considerable improvement in this connection.

75. *Paragraphs 74 and 75 ibid.*—We are gratified to note the further Q. 179. substantial decrease in the payments for goods lost or damaged. From a statement produced before us, we found that there has also been a considerable decrease in the number of actual claims.

- Q. 183. 76. *Paragraph 92 ibid.*—We should be glad to be informed next year of any improvements in the procedure relating to sales of stores which may be effected meanwhile.
- Q. 198. 77. *Paragraph 118 ibid.*—We should also be interested to be informed next year of the decisions taken regarding the recommendations of the State Railway Workshops Committee on the piece-work and bonus systems and the introduction of cost accounting in workshops.
- Q. 203. 78. *Paragraph 128 ibid.*—We hope that the report which will be presented to us next year will indicate that the building at Nagpur has been disposed of.
- Q. 204. 79. *Paragraph 129 ibid.*—We should be glad to be informed next year whether the defect in the shipping arrangements in this case was due to a defect in the contract itself and when exactly the fraud came to light.
- Q. 231. 80. *Paragraph 170 ibid.*—We desire to emphasise the fact that unless expenditure is recorded by sub-heads of work under each sub-work and the quantities of work estimated for and actually executed are clearly recorded, it is impossible to watch effectively the progress of expenditure and to prevent or anticipate excesses.
- Q. 260. 81. *Paragraph 193 ibid.*—We suggest that the Accountant General might obtain from the Railway Board, and give in his report next year, figures comparing the expenditure on the Crew system on the lines on which it is in force with the recoveries made from passengers travelling without tickets.
- Q. 271. 82. *Paragraph 195 ibid.*—We should be glad to be informed of the decisions, if any, regarding the report of the officer on special duty who investigated the procedure obtaining in departmental offices in connection with the loss of revenue brought to light in this paragraph.
- Q. 287. 83. *Paragraph 234 ibid.*—We were informed that under present arrangements a railway cashier attends every auction at which railway property is sold and receives the sale proceeds. We suggest that the Railway Department might ascertain the rules which are in force on the Army side with a view to their adoption if necessary.

*Report of the ad hoc Committee.*

84. We have already dealt with the main recommendations made by the *ad hoc* Committee (Appendix XIII). For the rest, we would draw particular attention to the following paragraphs.

Paragraph 1—Preparation of statements of outstandings.

Paragraph 2—Inclusion in the Appropriation Accounts of a statement comparing the net actuals under the military heads with the original net appropriation and the modified net appropriation.

Paragraph 4—Results of the concentration of Military Accounts offices.

Paragraph 7—Points of financial interest relating to the measures adopted on the recommendations of the Ordnance Supply Committee.

Paragraph 9—Inclusion in the Appropriation Accounts of a *pro forma* account of the transactions of the Land Sale Suspense Fund with suitable foot-notes.

Paragraph 28—Revision of the rates in the priced vocabulary of medical stores.

Paragraphs 36 and 37—Improvement in the methods of estimating and of controlling expenditure.

Paragraph 40—Utilisation of the I. A. S. C. for the provision of supplies to the Royal Indian Marine.

Paragraph 46—Earlier production of the Appropriation Accounts.

*Miscellaneous observations.*

85. *Paragraph 49 of the Report of the Accountant General, Posts and Telegraphs.*—We concur in the view expressed by the Auditor General with Q. 70. reference to the Posts and Telegraphs Appropriation Accounts that it is undesirable to multiply detailed account heads, and suggest that their number should be cut down wherever it is possible to do so without causing any appreciable inconvenience.

86. *Paragraph 43 of the Report of the Director of Army Audit.*—It App. XIII-36 has been stated that the delay in the issue of correction slips to the Civil Service Regulations has caused considerable inconvenience on the Army side. We need hardly point out that it is very desirable that modifications in the Regulations should be notified to all concerned by the issue of correction slips with as little delay as possible. We understand that a reprint of the Regulations corrected up to date is now in hand.

87. *Paragraph 24 of the Report of the Accountant General, Central Revenues.*—We agree that cases of authorisation of expenditure in anti-Q. 848. cipation of the approval of the Standing Finance Committee, or of provision of funds, need not be detailed in the Accountant General's report in future when such provision is either not necessary or has subsequently been obtained, or when a supplementary grant is found to be necessary and has subsequently been obtained. In other words, the cases to be shown in the report should be those only in which Audit considers that the approval of the Standing Finance Committee is necessary, in accordance with the principles laid down by that Committee, but has not actually been obtained.



88. We have suggested in certain cases, in the preceding paragraphs, that, where trading and profit and loss accounts appear in the Appropriation Accounts, they should be given for two successive years in future for purposes of comparison. We should be glad if this procedure could be adopted as a matter of practice in other similar cases as well.

89. We desire that, in order to facilitate our work, the Appropriation Accounts and connected documents should, in future, be supplied to the members as they are ready ; and further that copies of any Administration Reports which are likely to be useful to us in the course of our deliberations, should likewise be supplied.

90. In conclusion, we desire to record our appreciation of the thorough manner in which the *ad hoc* Committee have dealt with the Appropriation Accounts of the Army, Marine and Military Engineer Services and the connected documents, as also of the very valuable assistance which has been given to us by the Auditor General and his staff throughout our proceedings as in previous years. We also desire to acknowledge the very able and ungrudging services of Mr. H. Shankar Rau, our Secretary.

B. N. MITRA.

S. C. MITRA.

ABDUL MATIN CHAUDHURY.

C. S. RANGA IYER.

T. A. K. SHERVANI.

B. DAS.

CHOWDHURY MD. ISMAIL KHAN.

M. C. RAJAH.

H. A. J. GIDNEY.

W. ALEXANDER.

ABDUL AZIZ.

We desire to record our sense of appreciation of the tact, patience and courtesy with which Sir Bhupendra Nath Mitra, our Chairman, has conducted the proceedings of the Committee, and of the wide administrative experience which he has placed unreservedly at the disposal of the Committee and which has been most helpful to us in the course of our deliberations.

S. C. MITRA.

ABDUL MATIN CHAUDHURY.

C. S. RANGA IYER.

T. A. K. SHERVANI.

B. DAS.

CHOWDHURY MD. ISMAIL KHAN.

M. C. RAJAH.

H. A. J. GIDNEY.

W. ALEXANDER.

ABDUL AZIZ.

*The 1st September 1928.*

## V.—PROCEEDINGS OF THE COMMITTEE.

Proceedings of the First Meeting of the Public Accounts Committee held on Wednesday, the 15th August 1928, at 11 a.m.

### PRESENT :

- |   |   |                           |
|---|---|---------------------------|
| (1) The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> . | } | <i>Members.</i>           |
| (2) Mr. S. C. Mitra.  |   |                           |
| (3) Mr. Abdul Matin Chaudhury.                              |   |                           |
| (4) Mr. C. S. Ranga Iyer.                                   |   |                           |
| (5) Mr. B. Das.   |   |                           |
| (6) Rao Bahadur M. C. Rajah.                                |   |                           |
| (7) Mr. W. Alexander.                                       |   |                           |
| (8) Khan Bahadur Mian Abdul Aziz.                           |   |                           |
| (9) Sir Frederic Gauntlett, Auditor General.                | } | <i>Were also present.</i> |
| (10) Mr. J. E. C. Jukes, Controller of Civil Accounts.      |   |                           |
| (11) Mr. G. Kaula, Accountant General, Central Revenues.    |   |                           |
| (12) Mr. D. C. Campbell, Director of Comml. Audit.          |   |                           |
| (13) Mr. B. Nehru, Assistant Auditor General.               |   |                           |

The Hon'ble Mr. E. Burdon, Financial Secretary, *Witness*.

At the outset the Chairman welcomed the members to the deliberations and made a few preliminary remarks. He said that many of them, including himself, were new to the work, but all were nevertheless seekers after truth in the matter of the accounts of the Central Government for 1926-27. He added that the time at their disposal was, as usual, rather limited, and that it would be necessary to confine themselves to matters which were strictly relevant to those accounts.

2. At this stage the question was raised whether a nominated official member of the Assembly can be nominated as a member of the Public Accounts Committee. One of the members contended that this was an innovation, and four non-official members out of the five present at the time were of opinion that such nomination should not be made. The Chairman pointed out that it was not an innovation, that he himself was an official, that Rule 51 of the Indian Legislative Rules provides for the nomination of a certain number of members by the Governor-General without restricting such nomination to any particular class of members of the Legislative Assembly, and that the Public Accounts Committee was, therefore, precluded from raising the question, although it would be open to the Legislative Assembly to recommend that the Statutory rule should be amended. The

same members then desired that the Committee should express the hope that the Governor-General would not make such a nomination in future. Finally, the Chairman, in consultation with the Legislative Department, ruled\* that the Committee, in so doing, would be exceeding its functions.

3. The question was also raised whether, before a Departmental witness was called in, it would not be advisable to have a preliminary consultation with the Auditor General as a matter of ordinary procedure and following the English practice. It was realised that the Auditor General's letters forwarding the Appropriation Accounts to the Government of India would normally contain an indication of the more important points for discussion, as also his views on those points. It was also pointed out that a procedure of the kind suggested was actually in force in the past—although the proceedings were, contrary to home practice, actually recorded—but had been given up last year with a view to saving time. The Committee decided, however, that in future the first ten minutes should be devoted each day to a preliminary consultation, during which witnesses would not be present and the proceedings would not be recorded.

4. The Committee then turned to the consideration of the Finance Department Resolution (Appendix I) on the Report of the Public Accounts Committee on the Accounts of 1925-26, which indicates the action taken on that Report, the statement prepared by the Finance Department (Appendix II) showing the action taken on points raised by the Committee but not dealt with in the Resolution, and also the statement similarly prepared (Appendix III) showing the recommendations of previous Committees on which action is still outstanding. The Committee wished to record its appreciation of the promptitude with which the Resolution was issued in January 1928.

5. *Paragraph 2 of the Resolution.*—It was explained that the Resolution was issued after the year 1926-27 had closed, and that consequently no considerable improvement could be expected in that year in the matter of over-estimation voted expenditure. The Finance Department and the Financial Advisers always bore in mind the necessity for scrupulously avoiding *deliberate* over-estimation.

6. *Paragraph 4, ibid.*—It was explained that the reference to works expenditure in this paragraph did not in any way conflict with the statement in paragraph 2 of the Resolution that the tendency to *deliberate* over-estimation was not noticeable, and that Works expenditure was of a special nature and required careful watching. With reference to the principle that lump cuts should, where possible, be distributed under the various detailed heads, the Committee wished to examine the representative of the Railway Department as regards the practice adopted in framing the Railway Demands for Grants.

7. *Paragraph 6, ibid.*—On the question of giving the Assembly an opportunity to discuss in general terms the Report of the Public Accounts Committee, the Financial Secretary explained that Sir Basil Blackett had tried to implement the promise made in this paragraph last year. The President of the Assembly first expressed the opinion that, if there was any general desire amongst the members to raise a general debate on the first motion for excess grants, he would have no objection but no such desire was actually evinced in March last, and later, he gave a ruling in the house to the effect that no questions of policy can be raised on such occasions except in so

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\*This ruling was given at the Second Meeting held on the 16th August 1928.

far as such policy is brought before the House by the items contained in the demands presented. It was explained that steps were being taken in connection with the deliberations of the Statutory Commission to provide a constitutional procedure which would meet the wishes of the Committee in the matter. Nevertheless, the Committee desired to reaffirm the previous year's recommendation.

8. *Paragraphs 9 and 10, ibid.*—It was decided to examine the representative of the Central Board of Revenue on these questions.

*Paragraphs 12 and 15, ibid.*—It was decided to examine a representative of the Department of Industries and Labour on these questions.

9. *Paragraph 16, ibid.*—The Auditor General informed the Committee that he had no observations to make with reference to the action taken by the Government of India in regard to the question of the grant to him of facilities for direct access to the Secretary of State.

10. *Paragraph 17, ibid.*—The Financial Secretary informed the Committee that the discussion of the proposals for codifying the financial powers of the Departments of the Government of India had advanced considerably and that the requisite action would probably be taken in the very near future. With changes in the constitution impending, it was obviously not desirable to attempt a new codification of such powers, but *interim* arrangements would probably be made in accordance with which financial sanctions issued by other Departments of the Government of India would be communicated to Audit by the Finance Department. Audit would no longer have any difficulties in the matter as the responsibility for seeing that other Departments of the Government of India did not exceed their powers would then rest with the Finance Department. The Auditor General stated that he would be satisfied with the proposed arrangements.

11. *Paragraph 19, ibid.*—The Financial Secretary explained that, in connection with a concrete case relating to the extent of audit of receipts, the Secretary of State had been addressed on the whole question of such audit. The Auditor General doubted whether the communication was comprehensive enough. It was stated that, in any case, the Government of India were not in a position to place their considered views before the Committee at the moment, and the Committee agreed that it did not appear possible to reach a separate decision in the matter when the Statutory Commission is still sitting.

12. *Paragraph 20, ibid.*—The Financial Secretary informed the Committee that the further report referred to in this paragraph had been received from the Auditor General, but the considered opinions of Provincial Governments had also to be obtained, and a decision would take some time.

13. *Paragraph 21, ibid.*—The Financial Secretary told the Committee that a draft of the general principles and procedure to regulate the enforcement of responsibility for losses sustained by Government through fraud or negligence of individuals had been prepared and circulated to the Departments of the Government of India for their observations. He promised to show the draft to any member of the Committee who desired to see it.

14. *Paragraph 23, ibid.*—With reference to the question of improving the audit on Company lines, the Auditor General informed the Committee that he was engaged in working out a model scheme of audit applicable to both State lines and Company lines.

15. *Appendix II.*—The Committee desired to examine the representative of the Central Board of Revenue on items Nos. 1 and 5, and the representative of the Railway Department on item No. 24.

16. *Appendix III.*—The Committee wished to record its appreciation of the trouble taken by the Auditor General to prepare his report on the question of the preparation and maintenance of an inventory of Government property, buildings, etc. (item 2 of the Appendix). It also wished to examine the representative of the Central Board of Revenue in regard to item 7.

17. At this stage the Committee adjourned till 11 A.M. on Thursday, the 16th August 1928.

Proceedings of the Second Meeting of the Public Accounts Committee  
held on Thursday, the 16th August 1928, at 11 a.m.

PRESENT :

1. The Hon'ble Sir Bhupendra Nath Mitra, *Chairman.*

2. Mr. S. C. Mitra.

3. Mr. Abdul Matin Chaudhury.

4. Mr. T. A. K. Shervani.

5. Mr. B. Das.

6. Rao Bahadur M. C. Rajah.

7. Mr. W. Alexander.

8. Khan Bahadur Mian Abdul Aziz.

9. Sir Frederic Gauntlett, Auditor General.

10. Mr. Jagat Prasad, Accountant General,  
Posts and Telegraphs.

11. Mr. S. P. Varma, Financial Adviser, P.  
and T.

12. Mr. T. Ryan, Joint Secretary, Department  
of I. and L.

13. Mr. P. N. Mukerjee, Assistant Dir. General,  
P. and T.

14. Mr. B. Nehru, Assistant Auditor General.

} *Members.*

} *Were also present.*

Mr. P. G. Rogers, Director General, Posts and Telegraphs, *Witness.*

18. At the outset the Chairman expressed his appreciation of the work of Mr. Badenoch, the late Accountant General, P. and T., whose initiative and assistance had largely contributed to the improvements noticeable in the Appropriation Accounts of the Posts and Telegraphs Department in various directions. The Committee then considered the Appropriation Accounts and the Report of the Accountant General thereon, together with the relevant paragraphs of the Auditor General's forwarding letter.

19. *Appendix I to the Report.*—The Committee was informed that the position as regards the various outstanding items of previous years was as follows :—

*Item 1.*—Adjustments between the Posts and Telegraphs and other Departments. The consideration of the case has well advanced, and the case is expected to be settled in two or three months.

*Item 2.*—Credits due to the P. and T. Dept. for railway telegraphs. The presentation of claims by the P. and T. Dept. against the Railways has been met by counter-claims, and it may be a considerable time before a final settlement is reached.

*Item 3.*—Pensionary liability of the Department. The Government Actuary has promised to take up the requisite calculations very shortly and his proposals are awaited.

*Item 4.*—Separate Profit and Loss Account for the Radio Department. The question has been pursued steadily with reference to the conditions of each wireless station. The principle has been accepted, but the requisite figures required by the Finance Department are being collected and it is hoped that it will be possible to prepare a separate account for the year 1929-30. A reference to the Secretary of State will be required in this connection.

*Item 5.*—Transfer of the control of the Indo-European Telegraph Dept. to India—*vide* item 23 of Appendix II.

*Item 6.*—Principles to be followed in the matter of disciplinary action—*vide* item 8 of Appendix III, and also paragraph 13 of these proceedings.

*Item 7.*—Co-operation between the Railway and the P. and T. Departments in the matter of budgeting for certain works. Instructions have been issued with a view to securing closer co-operation, and their effect is being watched.

*Item 8.*—Improvements in the arrangements for purchases of stores. Action has been taken in various directions. The stores balance has been reduced considerably during the last few years, orders are being placed in accordance with regular forecasts of Directors of Telegraph Engineering, and the programme of purchases is subject to the scrutiny of the Financial Adviser. The system of classification and stocking is being overhauled.

20. The Committee desired that the disposal of the outstanding questions should be expedited as far as possible.

21. *Paragraph 8 of the Report.*—It was explained that the rates of depreciation laid down by the Engineering authorities were provisional and required revision in the light of experience. The Committee desired that the scrutiny of the rates should be accelerated and that alternative methods of applying such scrutiny should be considered. It also commended for the consideration of the Government of India the question whether the Department might not use its accumulations in the Depreciation Fund for avoidance of debt to the Government of India on account of capital outlay on new assets.

22. *Paragraph 9, ibid.*—It was explained that the Master, Security Printing, does not manufacture with a view to maintaining reserves so that the reserves are not so important as to justify a separate calculation of interest on this account. A percentage addition is made to the prices to cover interest as well as other general charges.

23. *Paragraph 11, ibid.*—The Committee was informed that the payment by general revenues to the Post Office for undertaking savings banks and cash certificate business had since been increased with reference to the calculations made by the Accountant-General.

24. *Paragraph 13, ibid.*—While the Committee recognised that the question of settlement of claims and counter-claims as between the Posts and Telegraphs and Railway Departments was a matter of bargaining and would, therefore, take time, it desired that the question of enhancing the rents due from canals should be settled without any avoidable delay.

25. *Paragraph 14, ibid.*—The Committee wished to record its appreciation of the fact that the telephone branch, which previously worked at a loss, showed a profit in 1926-27. It was informed that the apparent anomalies in the rates for trunk calls were probably the result of a desire to popularise the Calcutta-Delhi line, and of an anticipation of larger traffic on that line.

26. *Paragraph 17 (b), ibid.*—The Committee agreed with the Accountant General and the Auditor General that it was necessary to emphasise the value, in preventing frauds and financial irregularities of all kinds, of careful selection of officers to be entrusted with responsibility, of conscientious supervision and obedience to rules, of deterrent punishment of those guilty of dishonesty or of deliberate or negligent disregard of rules, and of frequent and thorough inspections. It was informed that, in promoting officers to the gazetted rank, their fitness to undertake the requisite responsibility was carefully examined and that the particular instances were exceptions rather than the rule.

27. *Paragraph 19, ibid.*—The Committee was told that, in the case in which the Accountant General considered the disciplinary action as being inadequate, the punishment had since been adequately increased.

28. *Paragraphs 20 and 21, ibid.*—It was pointed out that, having regard to the very large number of men on comparatively low rates of pay who were handling cash in the Department, the number of mis-appropriations was comparatively small, and, as remarked by the Accountant General in paragraph 17 of the Report, the smallness of the loss was amazing. The question of risk insurance had been considered and given up, as it would be more expensive than the present arrangements.

29. *Paragraph 22 (b), ibid.*—The Committee considered that the suggestion of the Accountant General that inspecting officers should check a certain number of pass-books with the savings bank journals in the course of their inspections would involve considerable practical difficulties and would cause annoyance to the public and need not be pursued.

30. *Paragraph 32, ibid.*—It was explained that the purchase of land well in advance of the construction of the building was due to the fact that the Department considered it desirable to obtain suitable sites at the favourable rates then prevailing—a procedure about which the Committee did not see anything unbusinesslike. At the same time it desired to endorse the



Accountant-General's suggestion that the building programme of the Department should be prepared with a greater view to economical expenditure of public money. The Committee understood that the building was under construction.

31. *Paragraph 34, ibid.*—With reference to the inadequacy of the disciplinary action referred to by the Accountant General in this case, the Committee was informed that the irregularity had been noted in the character-sheet of the officer concerned, and it was assured that the point would be considered at the time of his promotion. The question whether an irregularity had or had not led to loss to Government was one of the factors taken into consideration in deciding the character of the disciplinary action, in regard to which the formulation of general principles was separately under the consideration of the Government of India (*vide* paragraph 13 of these progs.):

32. *Paragraph 39, ibid.*—The Committee was informed that the delays in question were due to the action of an Indian State, and that normally such delays should not recur.

33. *Paragraph 40, ibid.*—On the very important question of the propriety of Government Commercial Departments granting concessions to firms with which they had large commercial undertakings, the Committee considered that, while it was not unusual to grant such concessions in ordinary commercial practice, they should be given in future only by the Govt. of India, who should scrutinise the cases jealously and communicate their sanctions to audit.

34. *Paragraphs 43 and 79, ibid.*—In regard to the large savings in the grant for capital expenditure, it was admitted that prior to 1927-28 the capital programme was neither carefully scrutinized nor placed before the Standing Finance Committee. Since then, however it is subjected to very careful scrutiny by the Financial Adviser as well as by the Departmental authorities, and, further, the Finance Department insist on making lump cuts wherever they think that there is any over-estimation. Occasions for large lapses of the kind should, therefore, be rare in future.

35. *Paragraph 45, ibid.*—With reference to the suggestion made by the Accountant General, *viz.* that the lump reductions in the revised estimates should have been carried down to the detailed heads, the Chairman explained the process of estimating at length. In view of the fact that the final revised estimate was not built up from below and was settled late in the year, the Committee felt that the distribution of lump cuts, which were being made under minor heads under present arrangements, would be impracticable and would confer no appreciable advantage. Revised estimates did not, under the arrangements now in force, represent modified appropriations, and there was no obligation on subordinate authorities to work up to such estimates. In the circumstances, the Committee decided not to pursue the matter and the Auditor General agreed.

36. *Paragraph 49, ibid.*—The Committee endorsed the view expressed by the Accountant General and the Auditor General that it was undesirable to multiply detailed account heads.

37. *Paragraph 51, ibid.*—The Committee desired to record its appreciation of the very distinct improvement in the estimating of the total

revenue expenditure noticed in this paragraph. As regards the large variation between estimates and actuals under "Repairs to buildings", the Committee was informed that the real explanation was not over-estimating but a defect in the machinery for executing repairs.

38. At this stage the Committee adjourned till 2-30 p.m.

**Proceedings of the Third Meeting of the Public Accounts Committee  
held on Thursday, the 16th August 1928, at 2-30 p.m.**

**PRESENT :**

- |  |   |                           |
|--|---|---------------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> .                 | } | <i>Members.</i>           |
| 2. Mr. S. C. Mitra.  |   |                           |
| 3. Mr. Abdul Matin Chaudhury.  |   |                           |
| 4. Mr. B. Das.   |   |                           |
| 5. Rao Bahadur M. C. Rajah.  |   |                           |
| 6. Mr. W. Alexander.   |   |                           |
| 7. Khan Bahadur Mian Abdul Aziz.   |   |                           |
| 8. Sir Frederic Gauntlett, Auditor General.                                | } | <i>Were also present.</i> |
| 9. Mr. Jagat Prasad, Accountant General, Posts and Telegraphs.             |   |                           |
| 10. Mr. S. P. Varma, F. A., Posts and Telegraphs.                          |   |                           |
| 11. Mr. T. Ryan, Joint Secretary, Department of Industries and Labour.     |   |                           |
| 12. Mr. P. N. Mukerjee, Assistant Director General, Posts and Telegraphs.  |   |                           |
| 13. Mr. B. Nehru, Assistant Auditor General.                               |   |                           |
| Mr. P. G. Rogers, Director General, Posts and Telegraphs, <i>Witness</i> . |   |                           |

39. The Committee resumed the consideration of the Posts and Telegraphs Appropriation Accounts and the Accountant General's Report thereon.

40. *Paras. 53-55 of the Accountant General's Report.*—The Committee examined the allegation that over-budgeting was serious under various heads and was informed that the position was as follows :—

*Temporary establishment.*—Charges on account of officers on special duty were budgeted for under this head, but accounted for under "Pay of officers". Steps have been taken to see that this does not recur.

*Stationery and Printing.*—Some of the new Codes, which it was expected to finish in 1926-27, will not, as a matter of fact, be

completed till some time in 1928-29 ; in other words, the expenditure which was expected to be incurred and was budgeted for in the former year has actually been spread over a series of years.

*Radio Expenses.*—The savings under this head were explained as due in a large measure to the shortage of supervising staff. (The Committee, however, did not consider this explanation adequate and desired that steps should be taken to avoid over-estimating the expenditure under this head.)

*Liveries and Uniforms.*—It was suggested that one reason for the savings was the fact that purchases were made through the Indian Stores Department at cheaper rates than anticipated at the time of the preparation of the budget, which contemplated departmental purchases. Orders have since been issued about the scales of liveries, etc., and it is hoped that variations of the kind would not recur.

*Travelling Allowance.*—The savings under this head were accounted for by the fact that Railways, which granted free passes to Mail service subordinates, had latterly withdrawn the concession, and the overestimating was due to the absence of data at the time the estimates were framed.

41. *Para. 57, ibid.*—On the important point raised by the Accountant General in this para., viz., that of the propriety of combining in one grant both capital and revenue expenditure, the Chairman pointed out that the capital expenditure in question was that which was charged to revenue, that the practice was in conformity with that which prevailed in the United Kingdom for years, and that when the question was raised on a previous occasion, Sir Basil Blackett, with his experience of the English practice, had definitely ruled out the suggestion. The matter was one which, under Rule 44 of the Indian Legislative Rules, was for the decision of the Finance Member, and involved no question of either convenience or principle. In the circumstances, the Committee decided not to pursue the point.

42. *Para. 63, ibid.*—The Committee examined the various cases of defective budgeting brought to notice in this paragraph. It was explained in regard to the variation under "Direction—Contingencies" that the original intention was to transfer the whole office of the Director General, Posts and Telegraphs, from Calcutta to Delhi in 1926-27, but that owing to lack of residential accommodation, a portion of the office had to come later in the following year. The variation was thus due to exceptional circumstances. The same fact accounted for certain other variations under "Travelling allowance." As regards the lapse under "Repairs to apparatus and plant", the Committee desired that steps should be taken to make a more adequate estimate of the credit on account of stores returned to stock in future. Generally, the Committee was of opinion that the defects brought to light deserved the careful attention of the authorities responsible for framing the estimates.

43. *Para. 70, ibid.*—The Committee endorsed the opinion of the Auditor General that, while the total under "Postal expenses" as a whole indicated close budgeting, the considerable variations under many of the detailed heads showed that greater knowledge of the progress of expenditure and stricter control of it on the part of controlling officers were desirable.

44. *Para. 79, ibid.*—With reference to recoveries effected during the year on account of works done for other departments during the previous years, the Committee emphasized the importance of making a suitable allowance in the estimates for unrealised assets as well as for undischarged liabilities.

45. *Para. 80, ibid.*—It was explained that the Committee referred to in this paragraph worked from June 1926 to June 1928, met about once a month during the period, and dealt with obsolete and over-valued stores to the extent of about 17 lakhs. The Public Accounts Committee noted with satisfaction that a larger proportion of stores was purchased in India in the year under review than in the previous one:

46. *Para. 83, ibid.*—Here again the Committee was gratified to see that the working of the Indo-European Telegraph Department during the year resulted in a profit of more than Rs. 3 lakhs against a loss of more than Rs. one lakh in the preceding year.

47. *Para. 88, ibid.*—The Committee was informed that the Departmental authorities had since agreed to conduct, and were conducting, a detailed enquiry into the comparative cost of running the Indian Posts and Telegraphs Department and the Indo-European Telegraph Department.

48. *Para. 89, ibid.*—The Committee endorsed the opinion of the Accountant General that more care is needed on the part of the Directors both in studying the progress of expenditure and in forecasting the expenditure of the last few months.

49. *Para. 97, ibid.*—The Committee was told that instructions had since been issued with a view to seeing that re-appropriations are effected where necessary and possible.

50. The Committee finally examined the question of introducing a Stores Suspense account for stamps (*vide* para. 61 of the Report of the Committee on the Accounts of 1925-26, and item 19 of Appendix II). It came to the conclusion that, although such an account would have been necessary when stocks of stamps were obtained from England, it was not required in present conditions under which stamps were manufactured in India and the stocks in hand generally did not represent more than mere till money.

51. At this stage the Committee adjourned till 2-30 P.M. on Friday, the 17th August 1928.

**Proceedings of the Fourth Meeting of the Public Accounts Committee  
held on Friday, the 17th August 1928, at 2-30 p.m.**

**PRESENT :**

- |  |                   |
|--|-------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> . |                   |
| 2. Mr. S. C. Mitra.  | } <i>Members.</i> |
| 3. Mr. Abdul Matin Chaudhury.                              |                   |
| 4. Mr. T. A. K. Shervani.                                  |                   |
| 5. Mr. B. Das.   |                   |
| 6. Rao Bahadur M. C. Rajah.                                |                   |
| 7. Mr. W. Alexander.                                       |                   |
| 8. Khan Bahadur Mian Abdul Aziz.                           |                   |
| 9. Sir Frederic Gauntlett, Auditor General.                |                   |
| 10. Mr. A. F. L. Brayne, Army Secretary.                   |                   |
| 11. Mr. A. G. Barr, Director of Army Audit.                |                   |
| 12. Mr. B. Nehru, Assistant Auditor General.               |                   |
- Mr. A. Macleod, Financial Adviser, Military Finance, *Witness*.

52. The Committee considered the Report of the *ad hoc* Committee (Appendix XIII) on the Appropriation Accounts for the Army, Marine and Military Engineer Services for 1926-27, and the Report of the Director of Army Audit thereon. It desired to record its appreciation of the thorough manner in which the *ad hoc* Committee had dealt with these documents and expressed its concurrence in the conclusions and recommendations of that Committee subject only to the following observations.

53. *Para. 13 of the ad hoc Committee's Report.*—In regard to the application of general principles regulating the enforcement of responsibility for losses, the Committee desired that if the general principles, which may be adopted for Civil Departments, are intended to be applied with any modifications to the Military administration, such modifications should be carefully considered by the Government of India before they are adopted.

54. *Para. 61 and Annexure A, ibid.*—The Committee considered that as a matter of general principle, the fact that certain officers had been demobilised or had retired and had thus escaped punishment should not be made a justification for absolving those who were guilty but still remained in service.

55. The Committee adjourned till 11 A.M. on Saturday, the 18th August 1928.

Proceedings of the Fifth Meeting of the Public Accounts Committee held  
on Saturday, the 18th August 1928, at 11 a.m.

PRESENT :

1. The Hon'ble Sir Bhupendra Nath Mitra, *Chairman*.

2. Mr. S. C. Mitra.

3. Mr. Abdul Matin Chaudhury.

4. Mr. T. A. K. Shervani.

5. Mr. B. Das

6. Rao Bahadur M. C. Rajah.

7. Mr. W. Alexander.

8. Khan Bahadur Mian Abdul Aziz.

*Members.*

9. Sir Frederic Gauntlett, Auditor General.

10. Mr. J. M. Hartley, Accountant General,  
Railways.

11. Mr. B. Nehru, Assistant Auditor General.

Were also present.

Mr. A. A. L. Parsons, Financial Commissioner,  
Railways.

Mr. P. R. Rau, Director of Finance, Railway  
Board.

*Witnesses.*

56. The Committee took up the consideration of the Appropriation Accounts of Railways in India for 1926-27 and the Report of the Accountant General, Railways, thereon, together with the relative paragraphs of the Auditor General's letter forwarding these documents.

57. *Paragraph 4 of the Accountant General's Report.*—With reference to the savings noticed in this paragraph, it was explained that those in Grant No. 11 were due to incorrect adjustment by Railways of certain English payments, which would be rectified in the following year, and that Grants Nos. 12 and 13 merely represented balancing entries. As regards the savings in Grant No. 14, the Committee was told that these were due to the closing of certain subsidiary workshops on the North-Western Railway with a view to economy. In this connection it was pointed out that, while it was undesirable that expenditure not provided for in the budget should be incurred, there was no reason why savings not provided for therein should not be secured, if it was possible to do so. As regards Grant No. 15 the savings were explained as having arisen partly from the difficulty of getting English material owing to the strike at Home, and partly from the difficulty of knowing when bills for such materials would actually come in for payment. The Committee, however, was not satisfied about the need for obtaining a supplementary grant in this case, and expressed the hope that the Government of India would devise suitable means of securing more satisfactory hudgetary arrangements.

58. As regards the instances quoted in paragraph 4 (b) of the Auditor General's letter, the Financial Commissioner admitted that the present budgetary arrangements on the North-Western Railway were not quite satisfactory. The Committee thought that they indicated the desirability of effecting an improvement in the present arrangements for watching the progress of expenditure against appropriation, and hoped that it would be possible for the Government of India to effect such improvement in the near future.

59. *Paragraph 13 of the Accountant General's Report.*—The Committee was informed that the report of the special officer deputed to investigate and report on the system of preparing budget estimates by State-worked Railways would be submitted to the Railway Department and be considered by them very shortly.

60. *Paragraph 15, ibid.*—The Committee shared the anxiety of the Auditor General that a speedy improvement should be attained in the Account office. It was told that appreciable improvement had latterly occurred.

61. *Paragraphs 17 and 18, ibid.*—It was explained that Company lines were being persuaded to join the clearing house. The Financial Commissioner promised to circulate a memorandum on the whole subject (*vide para. 135, infra*).

62. *Paragraph 21, ibid.*—The Financial Commissioner stated that the Railway Board fully concurred in the remark of the Accountant General as to the necessity for an extension of the scope of Government Examiners' audit and more frequent inspections by them of initial records. The Auditor General explained the action which he was taking in this connection.

63. *Paragraph 24, ibid.*—The Financial Commissioner admitted the seriousness of the cumulative effect of the cases of financial irregularities relating to the B. N. Railway. He stated that the great majority of them were under investigation and preferred not to be examined at present on such cases. The Committee was assured that the next report of the Accountant General would show the result of the special action contemplated. In the circumstances, the Committee decided not to pursue the irregularities, relating to this particular railway, which have been set forth in the present report.

64. *Paragraph 48, ibid.*—With reference to the comparatively small ratio of the expenditure on replacements and renewals to gross earnings on the Bengal Nagpur Railway, it was explained that the Railway Board had taken up the question with the Railway Company and that Government's power in this connection was necessarily restricted by the terms of the contract.

65. *Paragraph 13 of the Auditor General's letter.*—With reference to the fact brought out by the Auditor General, *viz.*, that a large number of irregularities occur in connection with contracts and the dealings of departmental officers with contractors, the Chairman pointed out that the Government of India had already accepted the principles suggested by the Public Accounts Committee last year, and that the question of issuing rules to regulate the control of contracts was under their consideration. The Committee desired that these general rules should also be applied to railways as far as possible.

66. *Paragraphs 14-15, ibid.*—The Committee thought that the Government of India should consider whether the risk of irregularities in connection with the taking of measurements and the upkeep of measurement books and other initial accounts could not be reduced by the issue of general instructions explaining the fundamental importance of these documents and impressing upon all officers the desirability of observing the rules relating thereto. The same remark applied also to irregularities arising from a disregard of the financial interests of the railways, and the adoption of irregular procedure with a view to evading audit objections.

67. *Paragraph 60 of the Accountant General's report.*—It was explained that the delay in the accounting of salaries and the omission to make the requisite provision in the original estimate were due to an error on the part of two Accounts officers, and that steps would be taken to prevent a recurrence of such irregularities.

68. At this stage the Committee adjourned for lunch till 2-30 P.M.

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**Proceedings of the Sixth Meeting of the Public Accounts Committee, held on Saturday, the 18th August 1928, at 2-30 p.m.**

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PRESENT :

[As at the 5th Meeting.]

69. The Committee resumed the consideration of the Railway Appropriation Accounts and the Accountant General's report thereon.

70. *Paragraphs 63-65 of the A. G.'s report.*—The Committee desired that steps should be taken to keep a careful watch on the progress of expenditure, as also on probable liabilities.

71. *Paragraph 68, ibid.*—The Financial Commissioner admitted that the case dealt with in this paragraph had not been properly handled, but that action was being taken with a view to amending the form of agreement so as to prevent claims of the kind in future.

72. *Paragraphs 71-72, ibid.*—The Financial Commissioner explained how the additional allotments in these cases happened to be made, and stated that normally such allotments are made only on the specific requests of Railway Administrations.

73. *Paragraphs 74-75, ibid.*—The Committee was gratified to note the further substantial decrease in payments for goods lost or damaged. A statement of the number of actual claims which was subsequently produced, showed that there had been a considerable decrease in these also.

74. *Paragraph 82, ibid.*—The Committee endorsed the remarks of the Accountant General and the Auditor General that accounts should always represent facts, and that a mis-classification of expenditure with a view to evading detection of an irregularity is a serious matter.



75. *Paragraph 92, ibid.*—The loss in connection with certain stores brought out in this paragraph was explained as having been the result of a change in policy. The Committee was assured that the question of improving the procedure would be considered in connection with Sir Arthur Dickinson's Report.

76. *Paragraph 97, ibid.*—In the first of the two cases of defective agreements noticed in this paragraph, the Financial Commissioner explained that there was actually no loss. It was hoped that cases of the kind would not recur in future in view of the principles already accepted by the Government of India, one of which was that the conditions of contract must be clear and definite.

77. *Paragraphs 101 and 112, ibid.*—It was explained that, when the system of lump cuts was first introduced on the railway side, the Railway Administrations were deliberately encouraged to spend without reference to such cuts, and that this was the first occasion when the system of over-allotment had led to an excess.

78. *Paragraph 102, ibid.*—The Financial Commissioner pointed out that the additional allotments referred to by the Accountant General had not really been made, and that the remark was due to a mis-apprehension.

79. *Paragraph 104, ibid.*—The Committee considered at some length the question raised by the Auditor General whether the new construction works, referred to in this paragraph, should not have been regarded as "New services not contemplated in the Budget", within the meaning of Rule 50 of the Indian Legislative Rules. The Auditor General agreed to inform the Committee later how similar cases were dealt with according to the English practice (*vide para. 294, infra*).

80. *Paragraph 106, ibid.*—The Financial Commissioner agreed with the Auditor General that the 2nd Executive Engineer apparently misrepresented facts in this case. He stated that the officer was no longer in service.

81. *Paragraph 109, ibid.*—The Committee was informed that the contractor in question had been debarred from further employment.

82. *Paragraph 110, ibid.*—It was explained that, having regard to the terms of the agreement, the case was really not one of over-payment, and that there was no case for disciplinary action.

83. *Paragraph 115, ibid.*—The Financial Commissioner stated that Railway Administrations had no power to make transfers between the Indian and English portions of the grants without the sanction of the Railway Board, and that the procedure adopted was in accordance with the principles accepted by the Committee last year.

84. *Paragraph 117, ibid.*—It was stated that in this case the allotment had been made in anticipation of savings; and that, in accordance with

the procedure approved by the Committee last year, savings were not being actually withdrawn.

85. *Paragraph 118, ibid.*—The Committee was informed that no decision had yet been arrived at on the recommendations of the State Railway Workshop Committee referred to in this paragraph.

86. *Paragraph 119, ibid.*—With reference to the Accountant General's remarks regarding the financial implications of contracts which provided for actual cost *plus* a certain percentage on account of profit, it was explained that normally no contractors of standing would take advantage of the terms so as to enhance the cost, with a view to increasing their percentage of profit, as this would necessarily lead to loss of custom. The Committee did not desire to make any remarks on the point, but hoped that, if experience proved that the system was working against the financial interests of Government, the Accountant General would bring the cases to notice in future reports.

The Committee agreed with the Accountant General and the Auditor General that conditions of contracts should be settled and reduced to writing before the works are started and that once a contract is signed, departures from its terms should rarely, if ever, be permitted.

87. *Paragraphs 121 and 236 (iv), ibid.*—On the question of the inclusion of the balances of materials lying unused at the site of works in the annual return of stores, the Financial Commissioner informed the Committee that a decision had been held up in connection with the consideration of Sir Arthur Dickinson's Report, but that he hoped to be able to issue instructions before the end of the month.

88. *Paragraph 128, ibid.*—It was stated that, as a matter of fact, no firm offer had been received for the purchase of the building at Nagpur. The Committee desired that early steps should be taken to dispose of the building.

89. *Paragraph 129, ibid.*—The Financial Commissioner explained that the contractor, who was guilty of fraud in this particular case, had fulfilled previous contracts to the satisfaction of the Engineers. He promised to ascertain whether the defect in the shipping arrangements was due to a defect in the contract itself, and when exactly the fraud came to light.

90. *Paragraph 130, ibid.*—The Financial Commissioner agreed that vacuum brake fittings should not have been stripped off the wagons if the wagons so fitted were wanted elsewhere, and said that instructions had been issued to other Railway Administrations with a view to making the best possible use of the material.

91. *Paragraph 133, ibid.*—The Financial Commissioner stated that the loss was due to a fault in the design of the traversers, for which the makers were not responsible.

92. *Paragraph 148 (i), ibid.*—The Committee was informed that the Agent was competent to sanction the new works in question within the

limits of his own powers, and that the revised estimates, which had been sanctioned long after they were prepared, proved seriously in excess owing partly to a subsequent decrease in rates, and partly also to an attempt made to reduce the cost.

93. *Paragraph 152, ibid.*—It was explained that the clerk responsible for the omission had a large amount of work, and that this was his only mistake ; and that, in the circumstances, no further disciplinary action was considered necessary.

94. *Paragraph 153, ibid.*—It was explained that in this case there was no intention to defraud the Railway, and that requisite instructions had been issued with a view to preventing irregularities of the kind.

95. *Paragraph 156, ibid.*—The Financial Commissioner stated that this was not a case of irregular allocation in order to avoid an audit objection, but that two works had been started in anticipation of the framing of estimates as they were both urgent ; that it was expected that only one estimate would have to be framed, but that, as a matter of fact, two were framed later, with consequent readjustments.

96. *Paragraph 158 (1), ibid.*—The Committee was told that, of the clerks responsible for the irregularities, one was dismissed and others were warned.

97. *Paragraph 159, ibid.*—The Committee was informed that in this case most of the defects had already been remedied, and that the remaining ones would be remedied in the near future.

98. *Paragraph 160, ibid.*—It was explained that the quarters had been constructed and were being used mostly for departmental labour, and that only a small proportion was being used for contractor's labourers ; that it was economical for the Railway to house these men, as otherwise the contractor's rates would have to be increased, and that the concession was not being allowed except with reference to such rates.

99. *Paragraph 161 (a), ibid.*—It was stated that the omission to enforce penalty according to agreement related only to one Division ; and that, as a rule, penalties were enforced.

100. *Paragraph 161 (b), ibid.*—The Auditor General promised to instruct the Chief Auditor to bring to notice in future reports, irregular concessions granted to contractors.

101. *Paragraph 163, ibid.*—The Committee agreed with the Auditor General that it was undesirable to employ staff on duties other than those for which they were sanctioned. It was informed that the Agent had already issued instructions in the matter.

102. *Paragraph 164, ibid.*—It was explained that the previous practice of having a standing imprest of ten lakhs of bricks at Lucknow had since been given up, and that the case might be considered as closed.

103. At this stage the Committee adjourned till 11 A.M., on Monday, the 20th August 1928.

Proceedings of the Seventh Meeting of the Public Accounts Committee,  
held on Monday, the 20th August 1928, at 11 a.m.

PRESENT :

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|--|---|--------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> . | } | <i>Members.</i>    |
| 2. Mr. S. C. Mitra.  |   |                    |
| 3. Mr. Abdul Matin Chaudhury.                              |   |                    |
| 4. Mr. C. S. Ranga Iyer.                                   |   |                    |
| 5. Mr. T. A. K. Shervani.                                  |   |                    |
| 6. Mr. B. Das.   |   |                    |
| 7. Haji Chaudhury Mohammad Ismail Khan.                    |   |                    |
| 8. Rao Bahadur M. C. Rajah.                                |   |                    |
| 9. Lieutenant-Colonel H. A. J. Gidney.                     |   |                    |
| 10. Mr. W. Alexander.                                      |   |                    |
| 11. Sir Frederic Gauntlett, Auditor General.               | } | Were also present. |
| 12. Mr. J. M. Hartley, Accountant General,<br>Railways.    |   |                    |
| 13. Mr. B. Nehru, Assistant Auditor General.               |   |                    |
| Mr. A. A. L. Parsons, Financial Commissioner, Railways.    | } | <i>Witnesses.</i>  |
| Mr. P. R. Rau, Director of Finance, Railway Board.         |   |                    |

104. The Committee resumed the further consideration of the Railway Appropriation Accounts and the Accountant General's Report thereon.

105. *Paragraph 168 of the Accountant General's Report*.—It was reported that the irregular practice of appointing labourers as daily-paid clerks had since been stopped.

106. *Paragraph 169, ibid.*—It was explained that in this case also steps had been taken to prevent losses due to the cartage of coal being paid for without weighment.

107. *Paragraph 170, ibid.*—The Financial Commissioner agreed with the Accountant General and the Auditor General that, unless expenditure is recorded by sub-heads of work under each sub-work and the quantities of work estimated for and actually executed are clearly recorded, it is impossible to watch effectively the progress of expenditure and to prevent or anticipate excesses therein. It was explained that necessary steps have been taken in this direction.

108. *Paragraph 171, ibid.*—As regards clause (a), the Financial Commissioner agreed that to book charges against the sanctioned works pending sanction of the work to which the expenditure is correctly debitible, is improper. As regards clause (e), however, he explained that it was not a case of deliberate falsification of dates, the irregularity having arisen from a misapprehension in the Accounts office that bills received up to the 31st March had to be incorporated in the accounts of the closing year. It was explained that requisite instructions had been issued in the matter.

109. *Paragraph 172, ibid.*—On the question of the supply of inferior coal, the Financial Commissioner informed the Committee that there was no stipulation in the contract that coal should be supplied from a particular source, and that, as a matter of fact, the coal supplied was of the burning power contemplated.

110. *Paragraph 174, ibid.*—It was explained that in this case the irregularity was noticed only after the officer at fault had left the service.

111. *Paragraph 175, ibid.*—The Financial Commissioner agreed that it would normally be advantageous to enter into lump sum contracts, and that departures from the terms of contracts should not be sanctioned except by competent authority. It was reported the case was still under investigation. The Committee desired that the Accountant General should bring to notice next year the action taken on cases which had not yet been closed.

112. *Paragraph 176, ibid.*—The Financial Commissioner admitted that it was not businesslike to purchase stores in driblets in the manner stated in this paragraph, that the remedy was to have annual indents and to place more articles on such indents, which was being done. With reference to the question of purchasing railway stores through the Indian Stores Department, he explained that, in respect of stores which that Department made it its business to purchase, the Railway Department would normally have no objection to hand over the work and, as a matter of fact, had latterly done so to a considerable extent. But it was not worth while handing over the entire work of purchase to the Indian Stores Department when the Railways had themselves a staff for the purpose. The Committee decided to pursue the question with the representative of the Department of Industries and Labour.

113. *Paragraph 177, ibid.*—Here again the Financial Commissioner admitted that the revision of rates was unbusinesslike, but that more could not be recovered.

114. *Paragraph 183, ibid.*—The Committee was informed that the proportion in which the expenditure relating to the Railway Clearing Accounts Office should be borne by the various Railways had since been fixed.

115. *Paragraph 186, ibid.*—The Financial Commissioner stated that the provision in the agreement under which one seer was taken as equivalent to two lbs. was deliberately inserted, as the climate at Quetta was dry and the weight of provisions was, therefore, subject to a slight reduction when transported to that place. He admitted, however, that this was a haphazard way of providing for the reduction in weight, but stated that the agreement had since terminated.

116. *Paragraph 187, ibid.*—The Committee was informed that the over-allotment in question was the result of the omission to withdraw savings, which was in accordance with the plan approved by the Committee last year.

117. *Paragraph 193, ibid.*—As regards the Crew System, the Committee was told that the Railway Board had not come to a final decision; that the scheme was still in an experimental stage and had to be tried for a longer time and on more railways before it could be adopted as a permanent measure; that to a large extent it did stop travelling without tickets, but, at the moment, seemed rather expensive, although no statistics could be made available. The Committee desired that the Accountant General might obtain from the Railway Board and give in his report next year figures comparing the expenditure on the Crew System on the lines on which it was in force, with the recoveries made from passengers travelling without tickets.

118. *Paragraph 194, ibid.*—The Committee was informed that the recommendations of the Indian Railway Conference Association regarding the design of railway tickets had since been accepted by the Railway Board.

119. *Paragraph 195, ibid.*—It was stated that the report of the Officer on Special Duty, who investigated the procedure obtaining in Departmental offices, had since been submitted and was under consideration.

120. *Paragraph 211, ibid.*—With reference to the inadequacy of disciplinary action referred to by the Accountant General in this case, the Financial Commissioner explained that the Railway Administration could not prove definitely that particular individuals were guilty, that the Railway Board had accepted that view and that, in the circumstances, the action should not be considered as having been inadequate.

121. *Paragraph 222, ibid.*—The Committee was informed that the agreed amount had probably not been recovered.

122. *Paragraph 224, ibid.*—The Committee was told that the procedure in the Chief Mechanical Engineer's Office had since been improved.

123. *Paragraph 228, ibid.*—It was stated that a new procedure had since been established with a view to seeing that the verification was properly carried out.

124. *Paragraph 230, ibid.*—The Committee was informed that the defects noticed in regard to the check of the opening numbers of tickets had since been remedied, and that there had latterly been considerable improvement in the matter.

125. *Paragraph 232 (a), ibid.*—The Financial Commissioner explained that formerly the check of invoices and overcharge returns was only a test check, and that since then additional checkers had been put on to the work, and it had been arranged that supervising officers would review a portion of each man's work in future.

126. *Paragraph 233 (vi), ibid.*—The Committee was told that the Firm's guarantee had since been obtained in the form recommended by the Railway Board.

127. *Paragraph 234, ibid.*—As regards item (1) the Committee was informed that nothing could be proved against the officer concerned, who had since retired, and that no action could be taken against him for this reason among others. As regards item (11), the Financial Commissioner admitted that the status of the contracting firm had not been properly

ascertained, and that it went out of existence almost immediately after the contract was given out ; the Accountant General explained that the procedure had since been changed and that a railway cashier would be present at every auction and receive the sale proceeds. The Committee desired that the Financial Commissioner might ascertain the rules which were in force on the Army side, with a view to their being adopted if necessary. As regards item (13) relating to the question of investment of balances in the Depreciation and Reserve Funds, it was explained that the matter was still under consideration.

128. *Paragraph 235, ibid.*—The Committee was assured that the requisite action had been taken in most of the cases referred to, and that similar action was being taken as regards the few remaining ones.

129. *Paragraph 236, ibid.*—As regards item (viii) the Financial Commissioner explained that he was not anxious to adopt in regard to establishment charges the system of making a lump cut under the grant as a whole, but preferred to make the cuts, where necessary, under individual heads. As regards item (x), it was stated that the absence of co-ordination between estimating and accounting officers was receiving careful attention, and would be watched from year to year.

130. *Paragraph 237, ibid.*—As regards item (9) relating to the form of the Demands for Railway Grants (*vide* item 24 of Appendix II), the Financial Commissioner explained that his practice was to place the whole Railway Budget before the Railway Standing Finance Committee before it was put before the Assembly ; that the work was done under very great pressure ; that the documents were already complicated enough, and that it was really a question of putting the material into a more handy form. A decision had to be postponed pending the deliberations of the Committee which is to examine the question of separation of Railway accounts from audit.

As regards item (17), which referred to the effect of reduction in passenger rates, it was stated that it was not possible to be quite conclusive on the point, though the general conclusion was that a reduction of passenger fares, when it is substantial, has the effect of increasing railway earnings.

131. *Paragraph 96 of the Auditor General's letter.*—It was explained that the heavy savings referred to here were with reference to the gross amounts and did not allow for the lump cuts, which, on the whole, were fairly accurate.

132. *Paragraphs 129 and 130 of the Auditor General's letter.*—With reference to the Auditor General's observations regarding defective budgeting generally, the Financial Commissioner admitted that the budgetary arrangements, especially on the North-Western Railway, were not quite satisfactory, but hoped that there would, probably, be considerable improvement in the matter when the Railway Board had an opportunity of considering the report of the special officer deputed to investigate and report on the system of preparing budget estimates.

133. The Committee then went through the various Appropriation Accounts and obtained the requisite explanations from the Financial Commissioner.

134. The question of carrying lump sum cuts down to detailed heads, referred to in paragraph 4 of the Finance Department Resolution of the 5th January 1928, was then discussed. The Financial Commissioner stated that lump cuts were being made only in capital grants; that in 1927-28 expenditure had actually exceeded the grants, and that he was trying to get the Agents to make closer estimates as far as possible, and hoped that the necessity for lump cuts would gradually be reduced.

135. The Committee then discussed the memorandum on the Railway Clearing Accounts Office (Appendix XII) which was presented by the Financial Commissioner with reference to paragraph 61 of these proceedings.

136. The Committee then adjourned for lunch till 2-30 p.m.

**Proceedings of the Eighth Meeting of the Public Accounts Committee,  
held on Monday, the 20th August 1928, at 2-30 p.m.**

**PRESENT :**

- |  |   |                    |
|--|---|--------------------|
| <ol style="list-style-type: none"> <li>1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i>.</li> <li>2. Mr. S. C. Mitra.</li> <li>3. Mr. Abdul Matin Chaudhury.</li> <li>4. Mr. C. S. Ranga Iyer.</li> <li>5. Mr. T. A. K. Shervani.</li> <li>6. Mr. B. Das.</li> <li>7. Haji Chaudhury Mohammad Ismail Khan.</li> <li>8. Rao Bahadur M. C. Rajah.</li> <li>9. Lieutenant-Colonel H. A. J. Gidney.</li> <li>10. Mr. W. Alexander.</li> </ol>        | } | <i>Members.</i>    |
| <ol style="list-style-type: none"> <li>11. Sir Frederic Gauntlett, Auditor General.</li> <li>12. Mr. J. E. C. Jukes, Controller of Civil Accounts.</li> <li>13. Mr. G. Kaula, Accountant General, Central Revenues.</li> <li>14. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department.</li> <li>15. Mr. D. C. Campbell, Director of Commercial Audit.</li> <li>16. Mr. P. N. Mukherji, Audit Officer, Indian Stores Department.</li> </ol> | } | Were also present. |

Mr. A. H. Lloyd, Member, Central Board of Revenue, *Witness*.

137. The Committee took up the consideration of the Appropriation Accounts relating to the Central Board of Revenue, together with the



relevant paragraphs of the Report of the Accountant General, Central Revenues, and of the Auditor General's letter in that connection.

*Grant 16—Customs.*

138. *Paragraph 35 of the Accountant General's Report.*—Mr. Lloyd explained that this was the second Budget which the Central Board of Revenue had to prepare, and that, so far as they were concerned, lump cuts had not then been introduced. He hoped that later years would show considerable improvement. As regards control of expenditure, he stated that the Board had issued a circular on the subject in May 1927, that the position had since improved, and that the question of the desirability of having Pay and Accounts officers for all Departments under the Board was being considered.

*Paragraph 129, ibid.*—As regards item 8 relating to the internal check on customs receipts, it was explained that the Board had submitted proposals to the Government of India, who considered them as being expensive and had returned them to the Board for re-consideration.

*Grant 17—Taxes on Income.*

139. *Pages 119—121, ibid.*—Here again Mr. Lloyd explained that the lump cuts had since been introduced, and that the position would normally show an improvement in the future.

*Grant 18—Salt.*

140. *Paragraph 39, ibid.*—With reference to the Profit and Loss accounts relating to the Northern India Salt Revenue Department, Mr. Lloyd explained that, in principle, the Department should be self-supporting, but that prices could not be altered every year with reference to the cost of production as ascertained from time to time, but that they had to be fixed with reference to the normal or average cost of production over a series of years. The Committee desired that the figures of the Profit and Loss accounts for two successive years should be incorporated in future Appropriation Accounts, as also a statement for a series of years showing the quantity produced and the cost of production at different sources.

141. *Paragraph 41, ibid.*—The Director of Commercial Audit explained that, while the Trading and Profit and Loss Accounts showed the results of a single year, the Balance Sheet exhibited the cumulative results and was very useful. The Committee understood that a balance sheet was actually prepared by the Director, and, that being the case, it desired that it should be incorporated in future Appropriation Accounts.

142. *Paragraph 42, ibid.*—The Committee was informed that the facts of the case did not indicate inadequate knowledge of the progress of

expenditure or lack of control over expenditure, but a mistake in the Commissioner's office, which overlooked the deduct entry in making re-appropriations and surrenders. The Committee was told that the Commissioner's attention had been drawn to this.

143. *Paragraph 43, ibid.*—It was explained that the orders of the Government of India did indicate the apparent primary cause of the loss, *viz.*, the incorrect specification, by reference to earlier correspondence, though not specifically.

144. *Paragraph 45, ibid.*—Mr. Lloyd explained that final measurements could not be taken until the works were completed and that delay in the completion of works was often inevitable.

145. *Pages 122—135, ibid.*—The Committee went through the Appropriation Accounts and obtained the requisite explanations. Mr. Lloyd stated that, as in the case of the previous two Demands, the principle of the lump cut had since been extended to "Salt" as well.

146. *Page 127, ibid.*—With reference to the Auditor General's point whether new works of the magnitude of those detailed here should not be considered as "new services not contemplated in the Budget", the Committee considered that, neither the safeguarding of a source of revenue (items 6 and 7) nor the substitution of one instrument of service for another (item 8), could be considered to be a new service. The question in so far as it related to item 9 was reserved for further consideration. The Chairman explained that the Government of India were taking steps to amend the Indian Legislative Rules with a view to enabling token votes to be obtained in respect of expenditure required for new services when such expenditure could be met by re-appropriation.

147. *Page 131, ibid.*—With reference to the remark that no verification of the stock of salt was made by departmental authorities by physical stock-taking, Mr. Lloyd explained that stock-taking of uncleared salt by actual weighment would be far too expensive even if it was possible and that the Department was therefore concentrating upon checks on delivery into stock, speedy clearance of salt, and estimation of stocks by external measurements, wherever practicable.

148. *Page 135, ibid.*—The Committee was informed that the Central Board of Revenue had since laid down a programme of manufacture with a view to reducing the stocks at Bombay to about one year's consumption, which represented the extent of normal stocks.

149. *Appendix II, Item 1.*—The Committee then discussed the memorandum presented by the Central Board of Revenue (Appendix V) regarding the results of the Electrification Scheme at Khewra with reference to paragraph 28 of the Committee of last year. The discussion had not yet terminated when the Committee adjourned till 11 a.m., on Tuesday, the 21st August 1928.

**Proceedings of the Ninth Meeting of the Public Accounts Committee held on Tuesday, the 21st. August 1928, at 11 a.m.**

**PRESENT :**

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|---|------------------|-------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra.                                | <i>Chairman.</i> |                   |
| 2. Mr. S. C. Mitra.   | }                | <i>Members.</i>   |
| 3. Mr. Abdul Matin Chaudhury.   |                  |                   |
| 4. Mr. C. S. Ranga Iyer.  |                  |                   |
| 5. Mr. T. A. K. Shervani.   |                  |                   |
| 6. Mr. B. Das.  |                  |                   |
| 7. Haji Chowdhury Mohammad Ismail Khan.                                 |                  |                   |
| 8. Rao Bahadur M. C. Rajah.   |                  |                   |
| 9. Lt.-Col. H. A. J. Gidney.  |                  |                   |
| 10. Mr. W. Alexander.   |                  |                   |
| 11. Sir Frederic Gauntlett, Auditor General.                            |                  |                   |
| 12. Mr. J. E. C. Jukes, Controller of Civil Accounts.                   |                  |                   |
| 13. Mr. G. Kaula, Accountant General, Central Revenues.                 |                  |                   |
| 14. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department. |                  |                   |
| 15. Mr. B. Nshru, Assistant Auditor General.                            |                  |                   |
| Mr. J. L. Sale, Chief Engineer, Delhi P. W. D.                          | }                | <i>Witnesses.</i> |
| Mr. D. Macfarlane, Superintending Engineer, Simla Imperial Circle.      |                  |                   |

150. The Committee took up the consideration of the Appropriation Accounts relating to the Department of Industries and Labour.

*Grant 22.—Irrigation, etc., charged to Revenue.*

151. *Page 161 of the Accountant General's Report.*—The Committee was informed that instructions had since been issued with a view to making budget provision on the basis of actuals and not on average rates of pay.

152. *Page 162, ibid.*—The Accountant General explained that it had since been arranged with the High Commissioner that a distribution of English charges should be made by circles of account.

153. *Page 163, ibid.*—The Committee was informed that the system of lump outs had since been extended to this grant also.

154. *Page 164, ibid.*—It was explained that the establishment charges appeared disproportionately high as compared with the works charges for the reason that the canals were working canals and works expenditure did not entirely represent the cost of construction, and further that the share of establishment charges was calculated with reference to the established rules. The Committee left it to the Auditor General to initiate the question of reconsideration of the system of *pro-rata* distribution of establishment charges.

With reference to the Accountant General's remarks relating to the incorrect preparation of Part II-A of the Demand for this Grant, the Committee was assured that steps had been taken to prevent a recurrence of similar errors.

*Grant 69.—Civil Works.*

155. *Paragraphs 72-73, ibid.*—The Committee was informed that the question of issuing supplementary and financial rules as well as administrative orders under the Fundamental Rules relating to the provision of residences for Government servants was still under the consideration of Government, and that the analogous question relating to the provision of residences for members of the Indian Legislature in Simla was under correspondence with the Secretary of State.

156. *Paragraph 74, ibid.*—The Committee endorsed the decision of the New Capital Committee that the question of the adequacy of rents charged for Government residential buildings in Delhi should be reviewed after another year.

157. *Paragraph 75, ibid.*—The Committee was informed that the surplus furniture in question would be required for furnishing additional quarters for members of the Legislature, and that there was, therefore, no question of its disposal.

158. *Paragraph 76, ibid.*—It was stated that no decision had yet been reached on the question of the incidence of the expenditure on the residences and furniture of His Excellency the Commander-in-Chief.

159. *Paragraph 77, ibid.*—The Committee was told that it had since been decided to recover from Commercial Departments, with effect from the 1st April 1929, rent in respect of office buildings supplied to them by the Public Works Department, and that the analogous question of recovering from those Departments the loss incurred in connection with residential buildings had been referred to the Departments of the Government of India for their observations. The Committee expressed the hope that early orders would be issued in this latter case as well.

160. *Paragraph 123 (3), ibid.*—The Committee had no comments to make at this stage on the form of the statement of expenditure on important new works appearing on pages 342 to 352 of the Report.

161. *Page 338, ibid.*—It was explained that the considerable savings on the total voted appropriation under this Grant were largely due to the fact that certain items of expenditure had been transferred from the voted to the non-voted category during the course of the year, e.g., expenditure relating to ecclesiastical works amounting to about Rs. 7½ lakhs, travelling allowance of officers whose pay was non-voted, etc.

162. *Page 339, ibid.*—With reference to the question raised by the Auditor General, namely whether expenditure on a new service not contemplated in the Budget could properly be incurred out of the provision made in the budget under the head "Reserve" in the Civil Works Grant, the Chairman explained that the question had been raised in paragraph 51 of the Report of the Public Accounts Committee on the accounts of 1923-24, and that, in paragraph 28 of the Finance Department Resolution of the 1st June 1926 on that Report, it had been decided that allotments from the reserve should not be made except to cover lapses in grants in previous years.

163. *Page 353, ibid.*—As regards stocks which were in excess of actual requirements, it was explained that efforts had been made to sell them by auction, but that no satisfactory prices were forthcoming, and that, in the circumstances, the stocks were being worked off as opportunity arose.

*Grant 91.—Delhi Capital Outlay.*

164. *Paragraph 98, ibid.*—The large savings in the total net grant were explained as having been due partly to changes of policy or of allocation, partly to legal difficulties and partly also to the desire not to hamper the progress of the work as a result of want of funds in view of the fact that the contract with the architects was terminating shortly. As regards control of expenditure, it was stated that payments were made by cheques, so that there was no difficulty about the watching of cash transactions. The real difficulty was in connection with the watching of liabilities, and in this respect a detailed circular letter has since been issued, and additional staff has been provided and suitable registers have been prescribed with a view to facilitating control of expenditure. The Accountant General was requested to notice in the Report for the year 1928-29 how far improvement had taken place.

165. *Paragraph 99, ibid.*—The Committee was informed that stocks had been reduced from about Rs. 43 lakhs on the 31st March 1924 to about Rs. 18 lakhs on the 31st March 1928; that the loss expected to be incurred in connection with the disposal of surplus stores was about Rs. 12½ lakhs, but that, having regard to the fact that Government had made money in this connection in other directions, there was really no loss on the whole. It was also explained that some of the losses were not due to defective supervision or defective custody, but to defective contracts, as also to want of adequate arrangements for accounting. In view of the action which the Government of India were taking in regard to the control of contracts generally, the Committee did not consider it necessary to pursue the matter, but expressed the hope that care would be taken not to incur expenditure on stores, much in advance of actual requirements, if such expenditure was likely to prove unprofitable to Government. The Committee was assured that action was being taken on the lines suggested in paragraph 121 of the Auditor General's letter forwarding the Appropriation Accounts of the Central Government (Civil) for the year 1925-26.

166. *Paragraph 100, ibid.*—The Committee expressed the hope that the Capital and Revenue accounts of residential buildings in New Delhi would be prepared as soon as possible.

167. *Paragraph 103, ibid.*—With reference to the Orthodox Bachelor Clerks' Quarters at New Delhi, it was admitted that the cost of construction was excessive in comparison with the probable return, but that they were being let out in the best way possible having regard to circumstances.

168. *Paragraph 104, ibid.*—The Committee considered at length the Memorandum (Appendix IX) furnished by the Auditor General regarding the loss or risk of loss in connection with the collection of marble in New Delhi. It agreed that the contract was most unbusinesslike, and that, if similar defects should be noticed in contracts in future, steps should be taken forthwith to revise them in a suitable manner.

169. The Committee then adjourned for lunch till 2-45 P.M.

**Proceedings of the Tenth Meeting of the Public Accounts Committee held on Tuesday, the 21st August 1928, at 2-45 p. m.**

**PRESENT :**

- |   |                     |
|---|---------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra.                                | <i>Chairman.</i>    |
| 2. Mr. S. C. Mitra.   | } <i>Members.</i>   |
| 3. Mr. Abdul Matin Chaudhury.   |                     |
| 4. Mr. C. S. Ranga Iyer.  |                     |
| 5. Mr. B. Das.  |                     |
| 6. Haji Chowdhury Mohammad Ismail Khan.                                 |                     |
| 7. Rao Bahadur M. C. Rajah.   |                     |
| 8. Lt.-Col. H. A. J. Gidney.  |                     |
| 9. Mr. W. Alexander.  |                     |
| 10. Sir Frederic Gauntlett, Auditor General.                            |                     |
| 11. Mr. J. E. C. Jukes, Controller of Civil Accounts.                   |                     |
| 12. Mr. G. Kaula, Accountant-General, Central Revenues.                 |                     |
| 13. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department. |                     |
| 14. Mr. P. N. Mukherji, Audit Officer, Indian Stores Department.        |                     |
| Mr. J. L. Sale, Chief Engineer, Delhi P. W. D.                          | } <i>Witnesses.</i> |
| Lt.-Colonel F. C. Shelmerdine, Director, Civil Aviation.                |                     |
| Lt.-Col. K. M. Kirkhope, Chief Controller of Stores.                    |                     |
| Mr. S. Lall, Deputy Secretary, Department of Industries and Labour.     |                     |
| Mr. Tin Tut, Under Secretary, Department of Industries and Labour.      |                     |

170. The Committee resumed the discussion of the Appropriation Accounts relating to the Department of Industries and Labour.

*Grant 91—Delhi Capital Outlay—contd.*

171. *Paragraph 105 of the Accountant-General's Report.*—The Committee<sup>e</sup> was informed that the departure from the terms of the original contract in this case was connected with the transactions of an Indian State. In the circumstances it did not desire to pursue the matter.

172. *Paragraph 106 ibid.*—The discrepancies in the accounts of bricks were stated to be due to mistakes in the preparation of the Stock account and had since been cleared up. It was also stated that the deficiency in the quantity of ballast had since been made good by the contractor.

173. *Paragraph 108 ibid.*—Mr. Rajagopalan explained that, as Finance member of the New Capital Committee, he always tried to ensure that audit objections received prompt attention. The Committee desired, however, to emphasise the importance of taking general action, which would ensure their prompt disposal.

174. *Paragraph 131 ibid.*—The action taken with reference to items (3) (12) and (13), which had been outstanding from the Audit and Appropriation Accounts for 1924-25, was explained to the Committee.

175. *Page 579 ibid.*—The Committee was informed that all certificates relating to verification of stores had been received from the executive officers concerned.

*Grant 60—Aviation.*

176. Colonel Shelmerdine gave the Committee the information which certain members asked for on points connected with aviation generally.

*Grant 39—Department of Industries and Labour.*

177. *Paragraph 57 of the Accountant-General's Report.*—The Committee was assured that steps had been taken to remedy the defects in the administration of the Grant noticed in this paragraph.

178. *Page 194 ibid.*—It was pointed out by the Auditor-General that the savings in this Grant, as also in the other Grants relating to General Administration, were partly due to the inclusion in the budget of provision for conveyance allowance from Raisina to Old Delhi which became unnecessary owing to the location of the Secretariat at New Delhi during the year.

*Grant 47—Meteorology.*

179. *Page 221 ibid.*—It was explained that the system of lump cuts had since been extended to this Grant.

*Grant 62—Emigration Internal.*

180. *Page 300 ibid.*—It was explained that the excess under this Grant was a very small one and was due to the late receipt by the Department of information relating to the promotion and leave allowances of certain officers. It was decided to examine the Financial Secretary on the question of the omission to regularise the allotment made from the reserve at the disposal of the Finance Department by presenting a supplementary demand to the Legislative Assembly.

*Grant 66—Indian Stores Department.*

181. *Page 309 ibid.*—The Committee was informed that the excess under "Inspection Circles—Supplies and Services" was due to the change in classification referred to by the Accountant-General, which was decided upon in October 1926. It desired to reiterate the principle accepted by the Government of India as early as 1924 that no change in classification should ordinarily be brought into effect except at the beginning of a financial year if such change will have the effect of accounting for expenditure under a head other than that in which funds have been provided for it.

182. The Committee then proceeded to discuss at some length the question of co-ordination of purchases for various Departments and making the Indian Stores Department self-supporting (*vide* paragraphs 20 and 21 of the Report of last year, and paragraph 15 of the Finance Department's Resolution thereon). It was gratified to hear that the loss on the working of the Department in 1927-28 would be only about half a lakh of rupees. It was informed that the purchases of the Department for the Railways, which had hitherto stood at about

Rs. 75 lakhs per annum, would be increased to about Rs. 2½ crores under the arrangements recently arrived at with the Railway Department. On these purchases the Department would receive a commission of 1% for the first 175 lakhs, ¾% on the next 25 lakhs and ½% on any excess over these amounts, the percentage being exclusive of any charge for tests and inspection and the whole position being subject to review after a period of 3 years. It was also stated that the Army Department, which hitherto had been the biggest customer, gave the Indian Stores Department orders to the extent of about Rs. 1½ crores per annum. The Committee desired that, as in the case of the Northern India Salt Revenue Department, the net results of the Profit and Loss accounts should be shown in the Appropriation Accounts for a period of two successive years. The members also desired that copies of the Administration Report of the Indian Stores Department, as also of similar other Reports which were likely to be useful in the course of their deliberations, should be supplied to them in future.

*Grant 71—Stationery and Printing.*

183. *Paragraph 83 of the Accountant-General's Report.*—The Committee was informed that the amalgamation of the Simla Central Press and the Mono-type Press was under consideration in 1923 when the supply of the spare parts in question had already started and could not be stopped.

184. *Page 361 ibid.*—The large savings in the provision in the Grant for “Stationery Office—Supplies and Services” were accounted for by the fact that, under the procedure in force at the time when the budget was framed, the cost of production of railway tickets was being paid for by the Stationery Office in the first instance and eventually recovered from the Railways. As a matter of fact, however, Railways, with one exception, made direct payments with the result that the greater portion of the provision was not utilized. The matter was presumably being discussed during the course of the year 1926-27 and orders regarding direct payment were actually issued in July 1927.

185. This closed the examination of the Appropriation Accounts relating to the Department of Industries and Labour, and the Committee resumed the discussion of the Memorandum presented by the Central Board of Revenue (Appendix V) regarding the results of the Electrification Scheme at Khewra (*vide* paragraph 149 of these proceedings). It finally decided that the matter need not be investigated further, but desired that in future, whenever a scheme of importance is taken up, careful attention should be paid to the probable increase in the extent of output and also in the cost of production.

186. The Committee then adjourned till 11 A.M. on Wednesday, the 22nd August 1928.



**Proceedings of the Eleventh Meeting of the Public Accounts Committee held on Wednesday, the 2nd August 1928, at 11 a. m.**

**PRESENT :**

- |  |                  |
|--|------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra,                                   | <i>Chairman,</i> |
| 2. Mr. S. C. Mitra.  | }                |
| 3. Mr. Abdul Matin Chaudhury.  |                  |
| 4. Mr. C. S. Ranga Iyer.   |                  |
| 5. Mr. T. A. K. Shervani.  |                  |
| 6. Mr. B. Das.   |                  |
| 7. Haji Chowdhury Mahammad Ismail Khan.                                    |                  |
| 8. Rao Bahadur M. C. Rajah.  |                  |
| 9. Lieutenant Colonel H. A. J. Gidney.                                     |                  |
| 10. Mr. W. Alexander.  |                  |
| 11. Sir Frederic Gauntlett, Auditor General.                               |                  |
| 12. Mr. J. E. C. Jukes, Controller of Civil Accounts.                      |                  |
| 13. Mr. G. Kaula, Accountant General, Central Revenues.                    |                  |
| 14. Mr. B. Nehru, Assistant Auditor General.                               |                  |
| Mr. K. Sanjiva Row, Assistant Secretary, Foreign and Political Department. | }                |
| Rai Sahib Chuni Lal, Foreign and Political Department.                     |                  |
| Rai Sahib Rama Nand, Foreign and Political Department.                     |                  |

187. The Committee took up the consideration of the Appropriation Accounts relating to the Foreign and Political Department.

*Grant 30—Foreign and Political Department.*

188. *Paragraph 54 and page 179 of the Accountant General's Report.*—It was explained that the expenditure in March actually turned out to be larger than was anticipated at the time the surrenders were made. The Committee was not satisfied as to the reasons which led to the excess under "Allowances," and desired that the Department should make adequate arrangements to control expenditure against the grant and to obtain additional grants, if necessary, in good time.

*Grant 75—North-West Frontier Province.*

189. *Page 415, ibid.*—The Committee was informed that the decision to make a grant-in-aid to the new Provincial Hospital at Peshawar was arrived at in June 1926. The Committee agreed that under the Auditor General's interpretation of the term 'New service not contemplated in the Budget,' this grant-in-aid should be treated as such, but left over the general question for further consideration.

190. *Page 419 ibid.*—It was explained that in this case the orders of the Government of India regarding the arrear payment of overhead charges on stamps were issued during the course of the year 1926-27.

191. *Pages 421 and 427, ibid.*—The Committee considered that the question whether provision should or should not be made for annual increments in the Budget was a debatable one in view of the over-estimating usually noticed under establishment charges. The Auditor General stated that he was awaiting a decision of the Government of India in the matter.

192. *Page 428, ibid.*—As regards the excess under “Arms and ammunitions,” it was explained that the Departmental figures and the Accountant General’s figures did not agree, but the Committee desired that the liabilities should be carefully watched. As regards the excess under ‘Contingencies’ which arose from the fact of the provision for certain works having been made under a different head, the Committee wished to draw attention to the instructions contained on the subject in paragraph 17 of the Finance Department Resolution of the 5th May 1927.

193. *Para. 131 (25), ibid.*—The Committee was informed that disciplinary action had since been taken against the officers through whose lack of supervision the mis-appropriation was rendered possible in this case.

76—*Baluchistan.*

194. *Para. 85, ibid.*—With reference to the suggestion made in audit that collection should be required to be directly deposited in the Treasury, it was explained that the distances were great and the people backward, so that, if the money was not received when it was tendered, there was the possibility of its not being paid to Government at all. The question of revising the procedure was nevertheless under consideration of the Local Administration.

195. *Page 444, ibid.*—The heavy expenditure on account of entertainment charges on the occasion of Sir Frederick Johnston’s impending departure from Baluchistan was explained as having been necessary in accordance with tribal custom, and that the departure of the officer had not been foreseen at the time of the Budget.

78—*Ajmer-Merwara.*

196. *Pages 478-479, ibid.*—With reference to certain variations noticed here, it was stated that there were differences between the figures of the controlling and accounts officers, and that a system of reconciliation had been introduced with effect from the year 1927-28.

*Political.*

197. *Paragraph 94, ibid.*—The Committee was informed that the question of the audit of secret service expenditure was engaging the attention of the Government of India, and that a Despatch on the subject was expected to be issued to the Secretary of State in a month or two.

198. *Paragraph 95, ibid.*—The Committee was informed that the Residency building at Gwalior was constructed more than 15 years ago, and the concessional rate of rent was due to the fact that the building includes a large Durbar room intended mainly for public purposes.

199. *Paragraph 131 ibid.*—The position as regards the outstanding item relating to the Foreign and Political Department was explained as follows :—

*Item (9).*—The claim against the Persian Government is still under discussion between them and His Majesty's Government.

*Item (10).*—The outstandings against the Indian States have been considerably reduced, although satisfactory accounts are not yet being received from one of them.

*Item (11).*—Most of the claims against Foreign Governments in respect of subjects interned at Ahmedabad during the War have been settled, while others are under correspondence between the Secretary of State and His Majesty's Government.

#### *Territorial and Political Pensions.*

200. *Page 542, ibid.*—The excess under "Nizam Family Pensions" was accounted for by heavy arrear payments in two Provinces. The expenditure was being watched by the Accountant-General concerned.

#### *Western India States Agency.*

201. *Page 556, ibid.*—The excess under "Allowances" was due to expenditure on passages, some of which could not be foreseen in time, and there was also a change in the classification during the course of the year. That under "Establishment charges recovered from other Governments, etc." arose from the fact that the Agency Office, which had been formed only in 1925, was under the erroneous impression that an additional grant was not necessary to cover an excess caused by short recoveries. The Committee was informed that necessary instructions had since been issued in the matter.

202. *Paragraph 129 ibid.*—With reference to item (17) relating to the question whether the staff of the Aitchison College, Lahore, should be treated as on foreign service, it was stated that in the analogous case of the Rajkumar College, Rajkot, (item 8 in paragraph 130 of the Report) the staff was stated to have been treated as on regular foreign service, and that the point would be pursued with the Accountant-General.

203. The Committee then considered paragraph 19 of the Home Auditor's Report upon the accounts of the Secretary of State. It was informed that the refugees in question had found their way into India from various quarters, that the absence of information as to their nationality had led to the accounts of expenditure being kept together for all nationalities, which in turn resulted in delay in the settlement of the claims with certain of the Foreign Governments concerned, and that the matter was receiving attention.

204. The Committee adjourned till 11 A.M. on Thursday, the 23rd August 1928.

Proceedings of the Twelfth Meeting of the Public Accounts Committee,  
held on Thursday, the 23rd August 1928, at 11 a.m.

PRESENT :

1. The Hon'ble Sir Bhupendra Nath Mitra, *Chairman*.
  2. Mr. S. C. Mitra.
  3. Mr. Abdul Matin Chaudhury.
  4. Mr. C. S. Ranga Iyer.
  5. Mr. T. A. K. Shervani.
  6. Mr. B. Das.
  7. Rao Bahadur M. C. Rajah.
  8. Lieut.-Col. H. A. J. Gidney.
  9. Mr. W. Alexander.
- } *Members*
10. Sir Frederic Gauntlett, Auditor General.
  11. Mr. J. E. C. Jukes, Controller of Civil Accounts.
  12. Mr. G. Kaula, Accountant General, Central Revenues.
  13. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department.
  14. Mr. D. C. Campbell, Director of Commercial Audit.
  15. Mr. B. Nehru, Assistant Auditor General.
- } *Were also present.*
- Mr. A. B. Reid, Joint Secretary, Department of Education, Health and Lands. *Witness.*

205. The Committee took up the consideration of the Appropriation Accounts relating to the Department of Education, Health and Lands.

*Grant 46—Survey of India.*

206. *Paragraph 61 of the Accountant-General's Report.*—The Committee was informed that the question of the form in which the accounts relating to the Mathematical Instrument Office, Calcutta, should appear in the Appropriation Accounts had very recently been referred to the Finance Department and was under consideration.

207. *Pages 210-15, ibid.*—It was pointed out that the expenditure relating to "Survey Parties—General" and "Survey Parties—Working

for the Provincial Governments, etc." should be considered together, and that for the head as a whole it was rather difficult to frame accurate estimates as a considerable portion of the work was done for Provincial Governments from whom recoveries had to be effected.

208. *Pages 216-17, ibid.*—It was explained that the Director of Commercial Audit had since taken over the audit of the store account of the Mathematical Instrument Office and would see that the stores are re-valued periodically.

*Grant 49—Botanical Survey.*

209. *Paragraph 131 (6), ibid.*—The Committee was told that the Director of Commercial Audit had submitted a report to the Government of Bengal in regard to the system of keeping cinchona accounts on a commercial basis. The question of keeping similar accounts in respect of the Government of India's transactions was closely connected with the analogous question relating to Bengal, as also with the recommendations of the Agricultural Commission on the whole subject of cinchona plantations. It was stated that the matter was under consideration of the Government of India and would be discussed very shortly with the Government of Bengal.

210. *Page 229, ibid.*—With reference to the Auditor General's remarks regarding the large stocks of quinine sulphate, it was explained that the Government of India had to purchase quantities sent in by Messrs. Howard & Co. under the contract entered into with them by the Secretary of State in 1918 ; that it was not quite certain that it would be possible to terminate the contract in 1928 in view of its connection with the firm's own contract with the Java producers, and that the policy had been to increase the stocks to 450,000 lbs. At the same time the Department bore in mind the necessity for increasing Indian production consistently with the terms of the contract and the Royal Commission on Agriculture had also made recommendations on this question. The Committee desired that the Government of India should take steps to terminate or modify the contract so as to avoid further over-stocking.

211. *Page 226, ibid.*—The Committee considered that the form of the certificate of verification of stock was not satisfactory. It understood from the Director of Commercial Audit that the arrangements for stock verification at Mungpoo were capable of improvement and desired that the Government of India should consider the question with a view to placing matters on a satisfactory footing.

*Grant 57—Agriculture.*

212. *Page 259, ibid.*—The Committee was told that the system of lump cuts had since been extended to this grant.

213. *Page 256, ibid.*—It was stated that the Supply Grant for works at the Sugarcane Station, Coimbatore, was based on the Engineer's estimates,

but that the whole building programme could not be completed during the year.

214. *Page 257, ibid.*—The Committee was informed that 72 cows died as a result of intravenous injections and that the officer concerned had been duly censured.

215. *Page 258, ibid.*—The large savings in the grant for Anand Cremery were due to the raising of the question of closing down the concern as early as possible as it was not self-supporting.

216. *Pages 266-267, ibid.*—The Committee desired that the net results of the Trading and Profit and Loss Accounts should be given in this case also for two successive years in future Appropriation Accounts. It decided to leave the examination of the loss on the Karnal Farm to the Committee of next year, who would have later figures for purposes of comparison.

217. *Page 285, ibid.*—As regards the loss shown by the Anand Cremery it was stated that the institution would probably be closed in about 3 years.

#### *Grant 58—Civil Veterinary Services.*

218. *Paragraph 67, ibid.*—The Committee desired that the audit irregularities and connected questions relating to the accounts of the Imperial Institute of Veterinary Research and Dairy at Muktesar should be disposed of by the Government of India as early as possible. It was explained in this connection that the selling price of milk had since been raised and that the accounts for 1927-28 showed a profit.

219. *Paragraph 68, ibid.*—The Committee desired that steps should be taken to improve the administration of the Grant.

220. *Page 288, ibid.*—It was stated that the savings in the Grant were due to special reasons, of which the more important ones appeared in the Appropriation Accounts in explanation of the variation under "Purchase of chemicals and apparatus", and that there did not appear to be any justification for a lump cut.

#### *Grant 72—Miscellaneous.*

221. *Page 394, ibid.*—The omission to distribute the Supplementary appropriation in respect of the expenditure of the Agricultural Commission before the close of the year was explained as having been due to the usual difficulty of obtaining detailed budgets from Commissions.

222. At this stage the Committee adjourned for lunch till 2-30 P.M.

Proceedings of the Thirteenth Meeting of the Public Accounts Committee, held on Thursday, the 23rd August 1928, at 2-20 p.m.

PRESENT :

- |   |   |                           |
|---|---|---------------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> .              | } | <i>Members.</i>           |
| 2. Mr. S. C. Mitra.   |   |                           |
| 3. Mr. Abdul Matin Chaudhury.   |   |                           |
| 4. Mr. C. S. Ranga Iyer.  |   |                           |
| 5. Mr. T. A. K. Shervani.   |   |                           |
| 6. Mr. B. Das.  |   |                           |
| 7. Rao Bahadur M. C. Rajah.   |   |                           |
| 8. Lieut.-Col. H. A. J. Gidney.   |   |                           |
| 9. Mr. W. Alexander.  |   |                           |
| 10. Sir Frederic Gauntlett, Auditor General.                            | } | <i>Were also present.</i> |
| 11. Mr. J. E. C. Jukes, Controller of Civil Accounts.                   |   |                           |
| 12. Mr. G. Kaula, Accountant General, Central Revenues.                 |   |                           |
| 13. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department. |   |                           |
| 14. Mr. D. C. Campbell, Director of Commercial Audit.                   |   |                           |
| Mr. Ram Chandra, Depy. Secy., Dept. of E. H. & L.                       | } | <i>Witnesses.</i>         |
| Mr. J. A. Woodhead, Joint Secy., Commerce Dept.                         |   |                           |
| Mr. G. H. Spence, Joint Secy., Legislative Dept.                        |   |                           |
| Mr. A. H. Lloyd, Member, Central Board of Revenue.                      |   |                           |

223. The Committee resumed the discussion of the Appropriation Accounts relating to the Dept. of Education, Health and Lands.

*Grant 21—Forest.*

224. *Paragraph 50 of the Accountant General's Report.*—The Committee observed that greater care was necessary in controlling expenditure against appropriation and estimating the requirements the closing months of the year.

225. *Paragraph 52, ibid.*—The Committee suggested that the Govt. of India should consider the question of issuing an up-to-date edition of

the Forest Dept. Code without waiting for the recommendations of the Statutory Commission, though these might affect the future administration of the Department.

226. *Paragraph 53, ibid.*—It was stated that the question of framing a set of rules governing the procedure regarding advances to ministerial subordinates of the Department to meet current expenses entrusted to their charge was under correspondence with minor Local Governments and would be settled in the very near future.

227. *Page 157, ibid.*—The Committee was told that the omission to cover the excess under "Temporary establishment on daily labour" was due to a misapprehension on the part of the Inspector-General of Forests and that his attention would be drawn to it.

228. *Page 158, ibid.*—As regards the outstandings under suspense on account of timber shipped from Burma and placed with the timber agents in London for disposal, it was explained that the High Commissioner had been asked to settle the accounts with the agents and that he would be reminded in the matter.

#### *Grant 55—Medical Services.*

229. *Paragraph 63 (a), ibid.*—The Committee was informed that the proposal to transfer the administration of the X-Ray Institute at Dehra Dun to the Military Department was under consideration and that a decision would be reached in the near future; further that debits were at present being raised against that Department for supplies made to it, although the question of readjusting the cost of the supplies made in the years 1922-23 and 1923-24 was still under the consideration of Government.

230. *Para. 64, ibid.*—With regard to the variations in the receipts from paying patients credited to the Institute and their alleged connection with the private practice set up by a former Superintendent, it was stated that settlement of the question had been kept pending a decision on the question of the transfer of the administration of the Institute to the Military Department, but had recently been taken up. The Committee desired that the Government of India should consider whether the system of allocation of fees should not be stopped and whether the officers should not be debarred from private practice, a suitable compensation being given, if necessary.

231. *Para. 65, ibid.*—It was explained that this was a case of a difference of opinion between two experts in regard to the utility of the apparatus in question.

232. *Page 241, ibid.*—The excess under "Grants-in-aid to non-Government Medical Institutions" was explained as having been due to the omission on the part of the Simla Municipality to claim the payments for 1923-24 and 1924-25 at the proper time with the result that they had to be made later. The savings under "Grants for Medical Services" were due to certain expenditure having been recorded by the Accountant General under a different sub-head subsequently opened.

233. *Page 244, ibid.*—With reference to the disposal of surplus and obsolete stores at the X-Ray Institute, it was stated that, in consultation with the Director General, Indian Medical Service, orders had recently



been issued with a view to making them over to local Governments who needed them.

*Grant 77—Delhi.*

234. *Page 475, ibid.*—The Committee was shown the Audit Report on the accounts of the Lady Hardinge Medical College, Delhi, which had since been received by the Government of India.

This concluded the discussion of the Appropriation Accounts relating to the Department of Education, Health and Lands, and the Committee took up those relating to the Commerce Department.

*Grant 45—Ports and Pilotage.*

235. *Page 209, ibid.*—It was explained that the savings in this grant were due to special circumstances, including the withdrawal of the Royal Indian Marine Vessel "Clive" and the non-completion of the work of converting the "Dufferin" into a training ship before the close of the year, and that there was no justification for making a lump cut.

*Grant 61—Commercial Intelligence and Statistics.*

236. *Page 297, ibid.*—It was stated that, although Provincial Governments had a right to put forward claims in respect of Frontier Trade Registration, they had not actually done so, which led to considerable savings in the Grant, and that the provision on this account had been reduced in subsequent years.

*Ecclesiastical.*

237. *Para. 92, ibid.*—The Committee was informed that the revision of the Ecclesiastical Rules was under the consideration of the Government of India.

238. *Page 529, ibid.*—It was explained that the savings occurred largely in the pay of Bishops and Chaplains and compared favourably with the savings in previous years. The question was raised in this connection whether Ecclesiastical charges incurred for the Army should not be charged to the Army Department. It was decided to examine the Financial Secretary in this connection.

*Grant 72—Miscellaneous.*

239. *Page 392, ibid.*—It was admitted that the omission to distribute the Supplementary Grant for the Tariff Board under the appropriate sub-heads was a pure mistake.

*Grant 84—Expenditure in England under the control of the High Commissioner for India.*

240. *Para. 15 of the Home Auditor's report.*—The Committee was informed that no final decision had yet been reached in regard to the outstanding balance of the advance made to the Taj Mahal Trading Company.

241. This concluded the discussion of the Appropriation Accounts relating to the Commerce Department. The Committee then considered the Grants pertaining to the Legislative Department and obtained certain explanations on general points. Finally, it took up once again the Grants relating to the Central Board of Revenue.

*Grant 18—Salt.*

242. *Para. 131, ibid.*—As regards item (1), the Committee was informed that final orders had been issued in June 1928 in connection with advances drawn for the purchase of blasting powder and that the officers concerned had been censured. As regards item (2), which related to the loss due to the introduction of the mechanical haulage system in connection with the Sambhar Improvement Scheme, it was stated that orders of the Government of India had been issued, but that they would require modification in the light of Mr. Emerson's report.

*Grant 19—Opium.*

243. *Para. 49, ibid.*—It was explained that the withdrawal of the fixed monthly allowance for the purchase of stationery had since been made absolute.

244. *Page 138, ibid.*—With reference to the large savings in this grant, it was explained that a substantial portion was due to short deliveries of opium as a result of climatic conditions, which could not be foreseen since the opium crop ripened only about the month of April and that a small portion was also due to a reduction in price, which again was decided upon after the Budget had been framed. The new export policy accepted in principle by the Assembly in March 1926, also accounted for some of the savings, which, as a matter of fact, were a novelty, seeing that there had been excesses for a number of successive years in the past.

*Grant 20—Stamps.*

245. *Pages 149-50, ibid.*—The more important variations between the Grants and the expenditure under the different sub-heads were explained to the Committee. The amount recovered from the Posts and Telegraphs Department was actually larger than estimated because the Budget had omitted to provide for the cost of carriage of stamps—a defect which has since been put right. The amount paid to the Security Printing Press for stamps supplied was again considerably less than the estimate as the requirements of the Calcutta Depot proved to be much below the original forecast—a matter which will be pursued by the Central Board of Revenue. On the other hand, the smaller recoveries from Provincial Governments arose from the decision of the Government of India to charge them at the Nasik rates and not at the English rates—a decision which was not communicated till August 1927. The estimate in this case was based on the figures supplied by the various Accountants-General and the Finance Department have recently issued instructions which will minimise variations between estimates of central credits and of corresponding Provincial debits in future. The excess under "Works expenditure" was actually covered by reappropriation. It was stated that this was the first year of working of the Security Printing Press, and that the net excess in the Grant as a whole was practically represented by the loss on the working of the Press. It was expected that the loss would be wiped out in the very near future.

*Grant 74—Refunds.*

246. *Page 405, ibid.*—As regards the delay in the communication, to the Collectors of Customs, of the refunds made at the Frontier Treasuries, the Committee was informed that the delays arose from the fact that the items had to be passed on through the accounts of Kashmir and the Punjab to the Accounts officers concerned and that a circular letter had been issued in August 1927, from which it was hoped that some benefit would result.

247. The Committee then adjourned till 11 a.m. on Friday, the 24th August 1928.

**Proceedings of the Fourteenth Meeting of the Public Accounts Committee, held on Friday, the 24th August 1928, at 11 a.m.**

**PRESENT :**

- |  |   |                           |
|--|---|---------------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman.</i>                  | } | <i>Members.</i>           |
| 2. Mr. S. C. Mitra.  |   |                           |
| 3. Mr. Abdul Matin Chaudhury.  |   |                           |
| 4. Mr. C. S. Ranga Iyer.   |   |                           |
| 5. Mr. T. A. K. Shervani.  |   |                           |
| 6. Mr. B. Das.   |   |                           |
| 7. Rao Bahadur M. C. Rajah.  |   |                           |
| 8. Lieut.-Col. H. A. J. Gidney.  |   |                           |
| 9. Mr. W. Alexander.   |   |                           |
| 10. Sir Frederic Gauntlett, Auditor General.                               | } | <i>Were also present.</i> |
| 11. Mr. J. E. C. Jukes, Controller of Civil Accounts.                      |   |                           |
| 12. Mr. G. Kaula, Accountant General, Central Revenues.                    |   |                           |
| 13. Mr. D. C. Campbell, Director of Commercial Audit.                      |   |                           |
| 14. Mr. P. N. Mukherji, Audit Officer, Indian Stores Department.           |   |                           |
| 15. Mr. B. Nehru, Assistant Auditor General.                               | } | <i>Witnesses.</i>         |
| Mr. A. H. Lloyd, Member, Central Board of Revenue.                         |   |                           |
| Mr. A. G. Khan, Assistant Director (Inspection), Indian Stores Department. |   |                           |

248. The Committee examined Mr. Lloyd on certain important questions relating to the Northern India Salt Revenue Department.

249. *Paragraph 10 of Finance Department Resolution, dated the 5th January 1928 (Appendix I).*—The Committee discussed the financial position and prospects of the whole scheme of salt supply from the Sambhar Lake and Khewra. The Chairman explained that the accounts had been commercialised and that future Appropriation Accounts would show the

cost price of salt at its source ; that, if the cost price showed a progressive fall, the hopes expressed by the Government of India would be justified ; but that, if it showed a progressive rise, the Public Accounts Committee of the future would have reason to examine the matter further. In the circumstances, the Committee agreed that no further action was necessary on its part at the moment.

250. *Paragraph 45 of the Committee's Report for 1925-26 (Item 5 of Appendix II).*—The Committee next considered the Memorandum (Appendix VI) presented by the Central Board of Revenue on the question of an alternative method of supplying power at Sambhar Lake, as also Mr. Pitkeathly's report (Appendix VII) on the same subject, copies of which had since been supplied to the Members. It desired that, in this particular case, Government should take necessary action on the lines of the specific recommendations contained in paragraph 10 of Mr. Pitkeathly's report, and try to run the whole concern with a view to reducing the cost of production as far as possible. The Committee hoped that such reduction would be effected. In regard to schemes of importance generally, it desired that careful attention should be paid, when they are taken up, to the probable increase in the extent of output as well as in the cost of production.

251. This concluded the examination of the Central Board of Revenue, and the Committee adjourned for lunch till 2-30 P.M.

**Proceedings of the Fifteenth Meeting of the Public Accounts Committee, held on Friday, the 24th August 1928, at 2-30 p.m.**

**PRESENT :**

- |   |   |                    |
|---|---|--------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> .              | } | <i>Members.</i>    |
| 2. Mr. S. C. Mitra.   |   |                    |
| 3. Mr. Abdul Matin Chaudhury.   |   |                    |
| 4. Mr. C. S. Ranga Iyer.  |   |                    |
| 5. Mr. T. A. K. Shervani.   |   |                    |
| 6. Mr. B. Das.  |   |                    |
| 7. Rao Bahadur M. C. Rajah.   |   |                    |
| 8. Lieut.-Col. H. A. J. Gidney.   |   |                    |
| 9. Mr. W. Alexander.  |   |                    |
| 10. Sir Frederic Gauntlett, Auditor General.                            | } | Were also present. |
| 11. Mr. J. E. C. Jukes, Controller of Civil Accounts.                   |   |                    |
| 12. Mr. G. Kaula, Accountant General, Central Revenues.                 |   |                    |
| 13. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department. | } | <i>Witnesses.</i>  |
| Mr. J. D. V. Hodge, Deputy Secretary, Home Department.                  |   |                    |
| Mr. Bishen Sarup, Delhi Administration.                                 |   |                    |

252. The Committee took up the consideration of the Appropriation Accounts relating to the Home Department.

*Grant 27—Staff, Household and Allowances of the Governor-General and Grant 28—Executive Council.*

253. *Pages 176-77 of the Accountant-General's report.*—The Committee was informed that detailed instructions had been issued to the officers concerned with a view to making systematic attempts during the course of the year to evaluate the cost of tours.

*Grant 31—Home Department.*

254. *Page 181, ibid.*—It was stated that no secret funds were placed at the disposal of the Bureau of Public Information.

*Grant 43—Administration of Justice.*

255. *Page 200, ibid.*—It was explained that the law charges represented payments made in arrears to the Bombay Government, and that the amount finally settled and paid was less than the amount claimed by them.

*Grant 77—Delhi.*

256. *Page 469, ibid.*—The Committee was informed that the savings in the grants for scholarships and for grants-in-aid for buildings, etc., were due to the non-fulfilment of the prescribed conditions, to the absence of scholars, etc.

*Grant 79—Andamans and Nicobar Islands.*

257. *Paragraph 87, ibid.*—The Committee understood that the question of the form in which the *pro-forma* Profit and Loss Account in respect of S. S. "Maharaja" should be prepared, as also that of placing the Commissariat Department on a commercial basis and of maintaining suitable *pro-forma* accounts in this connection, were under correspondence with the Chief Commissioner.

258. *Paragraph 88, ibid.*—It was explained that it was difficult to watch the progress of expenditure in this case as shipping service between India and the Andamans was not very regular, and the clerical staff was of a comparatively poor quality. It was also stated that the system of returns prescribed in order to facilitate the work of watching the progress of expenditure had been in force only for less than a year. The Committee desired, however, that the Government of India should consider the desirability of instituting a local Pay and Accounts Office with reference to the needs of the situation.

259. *Pages 489 and 490, ibid.*—The Committee was informed that, as a result of a recent change in policy, the penal settlement was being gradually closed down, and that steps would be taken to secure better budgeting in future. The Committee desired, however, that the Government of India should consider the feasibility of showing under a separate sub-head the expenditure relating to the Moplah Settlement.

260. *Paragraph 12 of the Home Auditor's Report on the High Commissioner's Accounts.*—With reference to the mis-classification of the pension of a Judge of a High Court, referred to in this paragraph, the Auditor General stated that the question would be taken up by the Accountant General, Central Revenues.

261. The Committee then adjourned till 11 A.M., on Saturday, the 25th August 1928.

Proceedings of the Sixteenth Meeting of the Public Accounts Committee,  
held on Saturday, the 25th August 1928, at 11 a.m.

PRESENT :

- |  |   |                           |
|--|---|---------------------------|
| <ol style="list-style-type: none"> <li>1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i>.</li> <li>2. Mr. S. C. Mitra.</li> <li>3. Mr. Abdul Matin Chaudhury.</li> <li>4. Mr. C. S. Ranga Iyer.</li> <li>5. Mr. T. A. K. Shervani.</li> <li>6. Mr. B. Das.</li> <li>7. Rao Bahadur M. C. Rajah.</li> <li>8. Lt.-Col. H. A. J. Gidney.</li> <li>9. Mr. W. Alexander.</li> </ol>  | } | <i>Members.</i>           |
| <ol style="list-style-type: none"> <li>10. Sir Frederic Gauntlett, Auditor General.</li> <li>11. Mr. J. E. C. Jukes, Controller of Civil Accounts.</li> <li>12. Mr. G. Kaula, Accountant General, Central Revenues.</li> <li>13. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department.</li> <li>14. Mr. D. C. Campbell, Director of Commercial Audit.</li> <li>15. Mr. B. Nehru, Assistant Auditor General.</li> </ol> | } | <i>Were also present.</i> |
- Mr. E. Burdon, Financial Secretary, *Witness*.

262. The Committee took up the consideration of the Appropriation Accounts relating to the Finance Department, as also other outstanding points.

263. *Paragraphs 3 and 8 of the Auditor General's letter.*—With reference to the excesses in certain Grants and savings in others brought to notice in these paragraphs, the Financial Secretary explained that steps were being

taken to strengthen the superior staff of the Finance Department in order that there might be machinery for correlating the Appropriation Accounts with the original estimates, and that the question of making lump cuts more adequate would receive due attention.

264. *Paragraph 6, ibid.*—The Committee suggested the issue of general orders emphasising the fact that it was for the controlling officers to prove to the Accountant General, before the accounts of the year were finally closed, that his figures were incorrect and thus induce him to correct his figures, so that the discrepancies at the time of the preparation of the Appropriation Accounts might be obviated as far as possible.

265. *Paragraph 7, ibid.*—It was explained that the large savings in the Grant for advances to the Provincial Loans Fund (Grant 93) were due to the fact that Provincial Governments reduced their requirements with reference to the remission of provincial contributions announced in the Budget ; that the head was one under which it was difficult to frame an accurate estimate ; that, in fact, the last year's Committee recommended that the necessity for submitting outgoings to the vote should be examined ; and that this examination would be made in connection with the deliberations of the Statutory Commission.

266. *Paragraph 10 (a), ibid.*—The Committee expressed the hope that, as a result of the orders contained in paragraph 4 of the Finance Department Resolution of the 5th January 1928 (Appendix I), future Appropriation Accounts would show better results.

267. *Paragraph 10 (b), ibid.*—On the question of additional provision in the Budget for leave salary as well as for increments, the Financial Secretary reported the measures taken from 1925 onwards and stated that the intention was to issue final orders in the matter after the results of the next Budget have been scrutinised.

268. *Paragraph 11, ibid.*—It was explained that the omission to obtain supplementary grants in respect of certain Grants, to supplement which allotments had been made from the Reserve at the disposal of the Finance Department, was due to the fact that the revised procedure was not outlined until after the close of the year (*vide* Finance Department Resolution of the 5th May 1927), and that the decision had been reached only on the eve of the presentation of the Supplementary Demands for 1926-27. Of the four cases mentioned by the Auditor General, that relating to Census was an omission, but the excess was under Rs. 2,000, and in the remaining 3 cases the allotments from the Reserve were made after the Supplementary Demands had been presented to the Assembly. The Committee agreed that, in cases of the kind just mentioned, a fresh set of Supplementary Demands need not be presented to the Assembly when the Assembly's general programme of work did not readily permit this, unless of course a question of principle was involved.

269. *Paragraph 24 of the Accountant General's Report.*—The Committee decided that cases of authorisation of expenditure, in anticipation of the approval of the Standing Finance Committee or of provision of funds, need not be detailed in the Accountant General's Report in future when such approval was either not necessary or had subsequently been obtained,

and when a supplementary grant was found to be necessary and had subsequently been obtained. It agreed that the cases to be shown in the Report should be those only in which Audit considered the approval of the Standing Finance Committee was necessary, in accordance with the principles laid down by that Committee, but had not actually been obtained.

270. *Paragraph 33, ibid.*—It was stated that an amendment to the Government of India's Supplementary Rules had recently been issued with a view to the check on the charges for carriage of personal effects being made more effective.

*Grant 25—Interest on Debt and Reduction or Avoidance of Debt.*

271. *Page 169, ibid.*—It was stated that, although this was the first occasion on which a Discount Sinking Fund was instituted in India, it was the normal practice with the Secretary of State to institute such funds in connection with the Sterling loans raised by him. The practice in India is to resort to this method only when the revenue position does not permit of the entire discount being charged to the revenues of the year.

*Grant 26—Interest on Miscellaneous Obligations.*

272. *Pages 170—73, ibid.*—The Financial Secretary explained that the entire excess in the voted expenditure was explained by larger payments to the Post Office for Savings Banks and Cash Certificate work, which were calculated among other things with reference to the number of transactions and number of accounts, and that the excess could not be foreseen in time ; that the variation in the interest on General Provident Fund was small ; that the authority responsible for watching the progress of expenditure was the Audit Officer himself ; and that instructions had since been issued with a view to securing greater co-operation between Pay and Accounts officers and the Accountant General, Central Revenues, in the work of estimating.

*Grant 35—Finance Department.*

273. *Page 187, ibid.*—With reference to the Auditor General's observation regarding the failure to foresee in the Budget estimates the reduction of expenditure on conveyance when the location of the offices was changed from Old to New Delhi, the Committee was informed that the change in the location was not known at the time the estimates were framed.

*Grant 67—Currency.*

274. *Paragraphs 69 and 70, ibid.*—The Financial Secretary admitted that the embezzlements in the Burma treasuries presented a disquieting phenomenon, but that the Government of Burma had asked what effective steps could be taken without incurring a considerable increase in the cost of the management of treasuries. The Auditor General did not agree that the verification of balances should be made part of the responsibilities of Audit, and the matter was receiving attention. The Auditor General's suggestion that writes-off of losses in connection with Central transactions conducted by Provincial Governments as agents of the Central Government, and directly due to the neglect of the servants of the agents, should be a provincial charge, raised important constitutional issues, but the Committee commended it for the careful consideration of the Government of India.

275. *Pages 317 and 318, ibid.*—It was stated that the amount required for " Pay of Establishments " and " Contingencies " was a matter of con-



siderable uncertainty, as it depended, to a considerable extent, on the character of the season, the volume of remittances and the exigencies of storage accommodation. The Financial Secretary stated, however, that a lump cut would be made in future, if necessary.

*Grant 68—Mint.*

276. *Paragraph 71, ibid.*—The Committee hoped that a final decision in regard to the form of Profit and Loss Account and Balance-sheet of the Mints would be reached in time for these to appear in the Appropriation Accounts next year.

*Grant 70—Superannuation Allowances and Pensions.*

277. *Paragraph 82, ibid.*—The Financial Secretary stated that a draft set of rules regarding contracts had been circulated to various authorities for their opinions ; that these would enunciate general principles, but would be followed up with a Manual of Detailed Instructions indicating the powers of various authorities in respect of different kinds of contracts, and prescribing rules to govern points connected with or arising out of agreements ; and that the points raised by the Accountant General had been noted and would be covered by the rules or instructions.

278. *Page 360, ibid.*—It was stated that the excess of net voted expenditure was comparatively small and was more than explained by the very large extra expenditure under “ Superannuation and Retired Allowances ” ; that the large differences under gross expenditure and deductions were due to an error ; and that the Audit officers themselves were responsible for watching the expenditure, which is distributed over all provinces. As regards the defective arrangements in the Central Provinces for estimating and controlling expenditure, it was stated that a report was awaited from the Accountant General.

*Grant 72—Miscellaneous.*

279. *Page 396, ibid.*—It was explained that the fact that provision for payment of rates and taxes on military buildings had been included in the figure, which was supplied by the Accountant General, was not known at the time to the Finance Department, and that provision has since been correctly made.

280. *Page 398 ibid.*—It was pointed out that the Revenue Reserve Fund really represented a purely balancing entry, and that the small difference of about Rs. 13½ lakhs between the estimates and actuals was a matter for congratulation.

*Grant 85—Capital Outlay on Security Printing.*

281. *Paragraph 97 ibid.*—It was stated that the question of the form in which the accounts of the Security Printing Press, should appear in the Appropriation Accounts was still under consideration, and that a decision would be reached in the near future.

*Grant 85-A.—Capital Outlay on Currency Note Printing Press.*

282. *Page 562 ibid.*—It was pointed out that the excess in the voted expenditure was so small that it could hardly have been foreseen ; and that, as a matter of fact, this was an instance of very close budgeting.

*Grant 89.—Capital Outlay on Vizagapatam Harbour.*

283. *Pages 566-67 ibid.*—It was stated that in this case the construction work commenced only in 1925-26, and that in framing the estimates for 1926-27, not even a year's past actuals were before Government ; that it was difficult in the case of large construction works to estimate expenditure during the first year or two until matters had settled down ; and that lump cuts would be made in future if past actuals justified such a course.

*Grant 90.—Commuted Value of Pensions.*

284. *Page 569 ibid.*—It was pointed out that the difficulties in this case were similar to those in the case just mentioned, as 1926-27 was the first year in which commutations of pension began to be charged to capital.

*Grant 92.—Interest Free Advances.*

285. *Page 582 ibid.*—The Committee was informed that the surplus stocks of nickel were due to the extensive purchases which had to be made during the War, when there was a shortage of silver, and that a contract had been entered into with a certain Company for the disposal of 1,500 tons, which represented nearly all the surplus, and would leave a balance which would suffice for the coinage requirements of about 10 years, so that further purchases would not be necessary in the near future.

*Grant 93.—Loans and Advances Bearing Interest.*

286. *Paragraph 112 ibid.*—With reference to the Supplementary Memorandum (Appendix X) forwarded by the Auditor General regarding the working of the Provincial Loans Fund, the Financial Secretary explained that the reduction in the rate of interest on advances granted in 1921-22, was not inconsistent with the terms on which the advances were originally sanctioned, and that the questions, referred to in paragraphs 4 and 6 of the Memorandum were receiving the attention of the Government of India.

*Secretary of State's Accounts.*

287. *Paragraph 2 of Section I of the Home Auditor's Report.*—The Committee understood that mistakes in the classification of pensions arose from erroneous entries in Last Pay Certificates. It desired that the Finance Department should issue general orders with a view to obviating such mistakes.

288. *Paragraph 3 ibid.*—The Committee was informed that the comprehensive settlement of the various claims and counter-claims as between the Government of India and the War Office had not yet been made.

289. *Paragraph 22 ibid.*—The Financial Secretary stated that it would be difficult to make a lump cut in the Secretary of State's estimates.

*High Commissioner's Accounts.*

290. *Paragraph 19 of Section I of the Home Auditor's Report.*—The Financial Secretary stated that there would be no difficulty in making a lump cut in this case in future if the figures indicated the necessity.

291. *Paragraphs 111-112 of the Auditor General's letter.*—The Committee expressed the hope that, in future, provision would be made in the Budget against the head under which the expenditure would be booked in the accounts, and that lump cuts under the head "Establishment" would be made wherever this was considered desirable.

292. *Paragraph 113 ibid.*—The Financial Secretary explained that, in according sanction to the write-off of the loss due to the embezzlement of stamps, the Central Board of Revenue did not wish to criticise the disciplinary action taken by the Government of Bombay—a view in which the Finance Department concurred; that in a matter of this kind the Government of India should not, in his opinion, interfere with their agents, whose servants were concerned; and that the Government of India had already forwarded to Local Governments copies of their letter of September 1927 to the India Office detailing the measures taken for checking the growth of fraud and embezzlement of public revenues. He agreed that, when the general principles regulating disciplinary action were settled by the Government of India, they should also be communicated to Provincial Governments for information.

*Ecclesiastical.*

293. The Committee next considered the question of the incidence of Ecclesiastical charges incurred in connection with the Army. It was informed that the question had been raised by the Retrenchment Committee and carefully considered by the Government of India, who decided in 1925 that any change should be left over until the whole question of Chaplains and Churches could be dealt with comprehensively after the Indian Church Measure was adopted. As this measure came into operation from the 1st January 1928, the Committee desired that the Government of India should take up the question.

294. Finally the Committee considered the question as to what kinds of expenditure should be held to be "New services" within the meaning of rule 50 of the Indian Legislative Rules. The Chairman stated that the rules would very shortly be amended in order to enable token votes to be obtained in respect of new services where the expenditure involved could be met by re-appropriation. The Committee was inclined to agree with the conclusions set forth in the Memorandum (Appendix XI) furnished by the Auditor General on the subject, although it did not desire to commit itself definitely thereto. It agreed with the Auditor General that, as in England, there should be no cast-iron rule and that the application of the term to concrete cases could best be governed only by the evolution of a body of case-law. It desired that, in placing cases before the Standing Finance Committee, the Government of India should state whether the expenditure was in respect of a new service; and that, if audit held a different view in particular cases, such cases should be brought to the notice of the Committee through the Appropriation Accounts.

295. This concluded the examination of the Appropriation Accounts, and the Committee adjourned till 11 A.M. on Saturday, the 1st September 1928.

**Proceedings of the Seventeenth Meeting of the Public Accounts Committee held on Saturday, the 1st September 1928, at 11 a. m.**

**PRESENT :**

1. The Hon'ble Sir Bhupendra Nath Mitra, *Chairman*.

2. Mr. S. C. Mitra.

3. Mr. Abdul Matin Chaudhury.

4. Rao Bahadur M. C. Rajah.

5. Mr. W. Alexander.

} *Members.*

6. Sir Frederic Gauntlett, Auditor General. Was also present.

296. The Committee considered the draft Report and accepted it with certain additions and alterations.

## VI—APPENDICES.

### APPENDIX I.

Finance Department Resolution No. D./3546-A., dated the 5th January 1928.

The Governor General in Council has taken into consideration the Report of the Public Accounts Committee on the accounts of the year 1925-26 and desires in the first instance to express his appreciation of the industry, ability and discretion which mark the Committee's performance of the very important duties entrusted to them. In the time which has elapsed since the Report was presented it has not been possible to come to a decision on every recommendation made but definite conclusions have been reached on several matters of importance and it is thought advisable to announce these without delay, by means of the customary resolution, since it is in the interest of the financial administration of the country that the recommendations of the Committee which have been accepted by Government should be given effect as early as possible.

2. The Governor General in Council observes that if Loans and Advances are excluded the percentage of savings compares favourably with that in the previous year. The Committee have drawn attention to the fact that the savings under voted grants are larger than those under non-voted grants and to the suggestion that this may be due to a tendency to overestimate, in apprehension that excesses under voted grants, requiring as they do the sanction of the Assembly, may not always be readily accepted by that body. The Governor General in Council has not so far noticed such a tendency in any Department, but he agrees that the possibility of its arising cannot be ignored and wishes to impress on all Departments that deliberate over-estimation cannot in any circumstance be justified and should be scrupulously avoided.

3. The Committee recommend that in regard to disbursements under Loans and Advances the necessity for submitting those outgoings to the annual vote should be examined, and that the limits of votability in regard to them should be made clear in accordance with the procedure adopted in England in regard to similar transactions. Similarly, in commenting on the excess under Appropriation to the Reserve Fund in the Railway Department, the Committee observe that the practice of treating such items as expenditure is unreal and confusing, and suggest that the procedure of submitting excess grants for the vote of the Assembly in respect of excess payments under this and other heads, which do not represent real expenditure, should be reviewed. The Governor General in Council is aware of the anomalies in the existing procedure, which arise out of the wording of the existing Section 67-A of the Government of India Act, and is examining the question of altering the section in a suitable manner in connection with any revision of the Act after 1929.

4. The Governor General in Council notes with interests that the system of lump outs introduced in the civil estimates during the year 1925-26 has been justified by results. He hopes that by a larger and more judicious use of the system not only in the civil Department but in other Departments as well it will be possible to present estimates to the Legislative Assembly which will approximate closely to the final outturn of the year. He agrees with the Committee that wherever possible the necessary reduction in the estimates should be made under the various detailed heads. On the other hand it is observed, with regret, that the importance of estimating works expenditure correctly has not been sufficiently realised, and it must once more be impressed upon all officers and Departments concerned that a careful calculation of requirements in respect of such expenditure is imperative so that, as pointed out by the Committee, the estimates under other heads such as Interest and Establishments may not be widely disturbed.

5. The Governor General in Council has carefully examined the causes of the excesses under the various voted grants which have been briefly explained in paragraph 10 of the Report. He agrees with the Committee that excess votes under 'tour expenses' can be avoided by making more systematic attempts during the course of the year to evaluate the cost of probable tours. He accepts the suggestion that in regard to payments to Provincial Governments for a share of the cost of the Provincial Secretariat on account of the administration of Agency subjects, for which budget provision has been made

on an estimate of the expenditure likely to be incurred during the coming year, the payment should be restricted to the Budget provision, and that any excess payable based on the actuals of the year should be provided for and paid in the following year. The Governor General in Council is glad to note that the Central Board of Revenue have taken steps as suggested by the Committee to watch liabilities on account of Customs refunds. The general question of modifying the system of large annual adjustments in accounts that are now made, and substituting accounts arrangements which will represent improved machinery for watching liabilities concurrently with events, is being carefully examined by the Finance Department in consultation with the Auditor General and the other Departments of the Government of India.

6. The Committee have drawn attention to the debates which took place when the demands for the excess grants for the year 1924-25 were placed before the Legislative Assembly, and to the strong desire then expressed that an opportunity should be given to the Assembly to discuss in general terms the Report of the Public Accounts Committee. The Committee sympathise with this natural desire and recommend that the Government should consider the best method of affording such opportunity. The Governor General in Council observes that during the debates on the motion for an excess grant under the head 'Indian Posts and Telegraphs Department' on the 9th of February 1927 the Finance Member undertook to request the Leader of the House to give time for the general discussion of the Report of the Committee, if there was a general desire on the part of the House on any occasion to have such a discussion. The proposal is being carefully examined with a view to an opportunity being given during the forthcoming session for a general discussion in some suitable form, if time permit, of the more important points in the Report.

7. After studying the elaborate set of rules prepared by the Treasury for the placing and control of contracts in England, and after sifting the Audit and Appropriation Accounts and the evidence of departmental witnesses, the Committee have in paragraph 13 of the Report suggested the incorporation in the rules to be issued by the Finance Department of certain broad fundamental principles. The Governor General in Council accepts those principles and hopes that it will be possible to issue, at an early date, rules to regulate the control of contracts in India, a measure which has long been in contemplation.

8. The Committee have studied with evident care and thoroughness the results of the investigation into the accounts of the Delhi Stores and the Delhi Stoneyard. The Governor General in Council agrees with their conclusions that in normal conditions the sound rule in paragraph 360 of the Public Works Department Code, regulating the purchase and manufacture of reserve stock, should be rigidly followed. He observes with satisfaction that steps believed to be adequate have been taken to guard against the recurrence of irregularities similar to those brought to light in the accounts of the Stoneyard.

9. The Committee have given considerable attention to the questions relating to the Sambhar Improvement Scheme which had been reserved by the Committee of 1926. While they endorse the action taken by Government in regard to the departures from the rules made by the Executive Engineer, the Committee regret that they have not been able to carry out a "thorough investigation" of the whole case as enjoined upon them by their predecessors. The accounts of the Scheme have been subjected to a thorough and searching scrutiny, by the Audit Department: the Government of India themselves have acknowledged that all the criticisms of the Auditor are substantially correct, and in these circumstances the Governor General in Council considers, leaving aside the question of the propriety of such a course, that a fresh audit of the whole scheme *ab initio* by the Public Accounts Committee—for that is in essence what is proposed—would hardly be practicable and if undertaken would serve no useful purpose.

10. The Committee further suggest that the financial position and prospects of the whole Scheme of Salt Supply from the Sambhar lake and Khewra should be comprehensively examined and placed on a business footing. In this connection it is important to note that various reforms and economies have in fact recently been introduced in the working of the Northern India Salt Revenue Department as a result of a close investigation conducted by an officer on special duty working directly under the Central Board of

Revenue. Savings in the expenditure on establishment have been effected as a result of improved methods of administration. In consultation with the Audit Officer, now arrangements have been devised to enable the General Managers and the Commissioner to exercise a real control over expenditure. Formerly the department used to excavate and manufacture the maximum amount of salt possible irrespective of the volume of demand : this has been replaced by a new policy of working up to a definite output every year based on ascertained demand and existing stocks. Periodical verifications of stocks are now made, a system of payment by weight has been prescribed, some portions of the ambitious development schemes approved by the Standing Finance Committee as early as 1922 have been abandoned, and by these and other means definite efforts have been made to improve administratively and financially the system of salt supply in the Northern India Salt Revenue Department. The possibility of further economies and improvements is receiving the unremitting attention of the Central Board of Revenue, and the Governor General in Council trusts that succeeding audit reports will show unmistakable evidence of these efforts.

11. The Committee have expressed a hope that every endeavour will be made to expedite the revision of the Sea Customs Act. The Governor General in Council is glad to note that the amending Bill will be ready for introduction in the Legislature during the coming session.

12. The question of presenting a true profit and loss account of the Posts and Telegraphs Department has engaged the attention of the Committee and they trust that when the next Appropriation Accounts are presented all the necessary inter-departmental adjustments will have been determined and carried out and that the statement of profit and loss presented will then be more illuminating. The matter is one of some complexity but it is understood that the need for an expeditious settlement of the outstanding issues is fully recognised by the Department.

13. Steps are being taken to accelerate the opening of the separate Accounts Office at Peshawar. The position at present is that the Military Authorities have offered to transfer to the Finance Department, for the new Accounts Office, the buildings now occupied by the office of the Controller of Military Accounts, Peshawar, and a new office building will be constructed as a charge against the civil estimates at Rawalpindi for the use of the Military Accounts Department. The Chief Commissioner of the North-West Frontier Province has been asked to include in his statement of demands for new civil works for 1928-29 the necessary provision for the proposed building at Rawalpindi.

14. The Committee next refer to the preparation and maintenance of an inventory of all Government property, an arduous task which had been undertaken by the Auditor General and hope that he will be able to report to the next Public Accounts Committee the result of his labours. The Auditor General has submitted a report which is now under consideration in the Finance Department.

15. The Committee refer to the satisfactory results achieved by the Indian Stores Department from year to year. They observe that recourse to the Department is not yet compulsory and that the co-ordination of purchases for various Departments may make it possible to conduct the operations of the Stores Department more economically than at present. The Governor General in Council notes that the proposal to institute a standing committee for the purpose of such co-ordination is receiving careful consideration at the hands of the Industries and Labour Department in consultation with the Army and Railway Departments which are the largest purchasing Departments. A suggestion of the Committee is that the account of the non-commercial portion of the work of the Stores Department, connected with the development of Indian Industries, should be exhibited separately. This important suggestion is being examined in the Department of the Government of India concerned in consultation with the Audit Officer.

16. In paragraph 23 of their Report the Committee, while recording their conclusion that the question of the grant to the Auditor General of facilities for direct access to the Secretary of State is one which should properly be left for examination by the Statutory Commission, have suggested that, in the meantime, in cases where the Auditor General requires the Government of India to obtain the orders of the Secretary of State the reference should

be made with reasonable promptitude. This is obviously desirable and the necessary instructions have already been issued.

17. The Committee have considered in paragraph 25 of their report the question of modifying the financial powers of Departments of the Government of India and the means by which audit may discharge its normal function of ensuring that these powers are not exceeded. The Committee have observed that there appears at present to be some conflict of view as to the apportionment of responsibility in this matter, as it has been contended, on the one hand, that it should be a matter of the internal economy of the Government of India to ensure that Departments other than the Finance Department obtain the concurrence of the latter in cases where such concurrence is necessary; whereas it would appear, on the other hand, that the Public Accounts Committee cannot effectively perform its duties in regard to expenditure incurred under the powers in question without receiving the information and aid which audit alone can provide. The Committee have left it to the Finance Department to examine the question which they have thus raised. This will be done and further material on the subject will be placed by the Finance Department before the next Public Accounts Committee.

18. The Committee draw attention to the advantages and disadvantages of the system of net grants at present applied in the case of military expenditure. They rightly point out that as a permanent arrangement it would impair the full exercise of Parliamentary control over public expenditure. At the same time they are ready to recognise that, in the present abnormal situation when important deficiencies in equipment, etc., have to be made good, the system encourages economy and makes it possible for special demands for expenditure on improving the efficiency of the Army to be met without disturbing the general equilibrium of the budget of the Government of India. The Committee therefore do not suggest the immediate abolition of the existing system. The Governor General in Council concurs in this conclusion of the Committee.

19. The Committee have examined in some detail the question of introducing a more systematic audit of receipts and stores than obtains at present. They have investigated the existing position in regard to this matter and have specially considered the possibility of applying such systematic audit generally to the operations of some of the large revenue collecting departments of the State. They have however appreciated the difficulties involved and have left it to the Government of India to ascertain from the Comptroller and the Auditor General in England the procedure obtaining in that country, and desire that the Government of India should present their considered views on the subject to the Public Accounts Committee next year. Enquiries to this end have already been put in train but it is unlikely that it will be possible to arrive at a final decision in the immediate future.

20. Like the Committee of 1925 their successors have evinced great interest in an early decision on the question how losses of revenue due to fraud, defalcation, etc., should be exhibited in the accounts. They have recommended that the procedure adopted in England in this matter should be followed in India also. Since the presentation of the Report the Auditor General, after a careful scrutiny of all the items of losses and compensations entered in the British Appropriation Accounts for 1924-25, has formulated proposals based on what appear to be the guiding principles which govern the exhibition of losses in the British Report, that is to say, under separate heads in the accounts proper or merely in the general notes appended to the various votes. He has also specifically asked the Comptroller and Auditor General in England whether his interpretation of the practice followed is correct. Meanwhile his proposals were recently discussed at the Conference of the Financial Representatives of Provincial Governments, and they, while agreeing to the general principle on which the Auditor General has so far proceeded, have undertaken to examine the proposals in detail in all their practical aspects. The Governor General in Council awaits a further report from the Auditor General and the result of the further examination by the Provincial Governments.

21. The desirability of formulating general principles to regulate the enforcement of responsibility for losses sustained by Government through fraud or negligence of individuals has engaged the attention of the Committee who have endeavoured to ascertain the basis on which the decision to impose or waive penalties has been taken in every case of financial irregularity brought to their notice. The Committee recognised that the correct



assessment of responsibility must depend very largely on the individual merits of each case, that the factors to be taken into account may be numerous and of great variety, and that consequently it is difficult, if not impossible, to formulate rules of general application. They, however, emphasise the desirability of laying down some broad criteria with a view to avoiding conspicuous and apparently invidious differences of treatment. They recommend that this aspect of the matter should be thoroughly examined and the conclusions of the Government placed before the next Public Accounts Committee. The Governor General in Council observes that in the Army Department certain general principles are being followed in dealing with cases of losses involving the enforcement of responsibility by disciplinary action or the imposition of some other penalty. He agrees with the Committee that it may be desirable to consider whether, without laying down any hard and fast rules, some practical formulæ can be devised for the general guidance of departments and their officers. The matter will receive the careful attention of the Government of India.

22. The Committee refer in paragraph 39 of their Report to the evidence which they have received to the effect that responsible officers have been found to give receipts and certificates which do not accurately represent facts. They express the hope that heads of departments will visit with severe displeasure and penalty all cases of laxity in signing certificates. The Governor General in Council has no hesitation in endorsing the view which the Committee take of such practices, where they exist. It is imperative that every public official should entertain the most scrupulous sense of his responsibility in respect of his signature on documents of financial importance, and that failure to do so should be regarded as a serious breach of duty.

23. The Governor General in Council before concluding this Resolution wishes to refer briefly to two further matters of importance dealt with in paragraphs 68 and 71 of the Report. He is glad to note the assurance of the Auditor General that the serious cases of fraud brought to light in the Audit and Appropriation Accounts of the Military Services belong to the period of the War and the period of disturbance which followed the War, and hopes that with the return of normal conditions such cases of fraud will rarely occur in future. As regards the question of improving audit on Company lines by increasing the staff of Government examiners, the Governor General in Council understands that this has been examined by the Accountant General, Railways, and that his recommendations are now being considered by the Auditor General.

24. The action taken by the Governor General in Council on the other recommendations of the Committee, not mentioned above, and specially on those contained in Section IV of the Report will, as usual, be communicated to the Public Accounts Committee at their next meeting.

## APPENDIX II.

Statement showing the action taken or proposed to be taken on the points which have been noticed by the Public Accounts Committee in their Report on the accounts of 1925-26 but which have not been dealt with in Finance Department Resolution No. D.-3546-A., dated 5th January 1928.

No.	Recommendations or observations made by the Public Accounts Committee.	Reference to Report.	Remarks.
1	Examination of the working of the Khewra Electrification Scheme.	Report of 1927, para. 28.	A memorandum by the Central Board of Revenue is being circulated to the members of the Public Accounts Committee. (Appendix V).
2	Enquiry whether the certificate regarding secret service expenditure furnished by the Secretary of State is in the same form as that prescribed by the Public Accounts Committee in England.	Report of 1927, para. 41.	It has been ascertained that the form of certificate furnished by the Secretary of State for India in respect of secret service expenditure incurred by him is the same, <i>mutatis mutandis</i> , as that given by the other Secretaries of State in accordance with the procedure approved by the Public Accounts Committee in the United Kingdom.
3	Enquiry regarding the correctness of the rate of exchange used for conversion of gold marks into sterling in respect of the amount due to India under the Dawes Scheme.	Report of 1927, para. 42.	The Secretary of State has decided not to take any action on the suggestion of the Home Auditor, <i>vide</i> paragraph 13 in Section I of the Auditor's Report on the Secretary of State's accounts for 1926-27.
4	Proposed institution of an audit of the store accounts of salt.	Report of 1927, para. 45, sub-para. 1.	The Central Board of Revenue are considering the question.
5	Question of the high cost of generation of electric current at Sambhar and the possibility of effecting economies.	Report of 1927, para. 45, sub-para. 2.	A memorandum by the Central Board of Revenue is being circulated to the members of the Public Accounts Committee. (Appendix VI).

No.	Recommendations or observations made by the Public Accounts Committee.	Reference to Report.	Remarks.
6	Advisability of the retention in the Calcutta depot of Expeditionary Force stamps.	Report of 1927, para. 46.	The entire stock has since been destroyed.
7	Transfer of the control of the roads and buildings in the North-West Frontier Province from the Military Engineering Services to the Public Works Department.	Report of 1927, para. 47.	The question was considered by a Committee which submitted a report in March 1927. The report was subsequently forwarded to the Chief Commissioner, North-West Frontier Province, who has deferred the submission of his views pending consideration by the Government of India of certain proposals in connection with the North-West Frontier Province and Baluchistan Irrigation Surveys.
8	Alteration in the form of the trading accounts of the Imperial Cattle Breeding Farm so as to conform to the type adopted by the Director of Commercial Audit, omitting unnecessary details.	Report of 1927, para. 48.	The forms of these accounts have been revised in consultation with the Auditor General and are appended to the Appropriation Account in respect of Grant No. 57-Agriculture for 1926-27.
9	Examination by the Public Accounts Committee of 1928 of the irregularities brought out in the audit and inspection report on the accounts of the Imperial Institute of Veterinary Research and Dairy for 1925-26.	Report of 1927, para. 49.	To ensure satisfactory maintenance of accounts in future the Agricultural Adviser has been directed to visit the Institute at least twice a year with a view to supervising more closely the administration of the Institute. As regards the minor irregularities noticed in the report, the orders of the Government of India are under issue. The accounts of the Dairy attached to the institute have since been prepared on a commercial basis.
10	Observation that special care should be taken by high officials not to ask for furniture which is inadmissible under rules.	Report of 1927, para. 50.	Necessary instructions have been issued by the Industries and Labour Department (P. W. Branch).

No.	Recommendations or observations made by the Public Accounts Committee.	Reference to Report.	Remarks.
11	Impropriety of entrusting a clerk who is responsible for the maintenance of accounts with the disbursement of money.	Report of 1927, para. 51.	Instructions have been issued by the Department of Education, Health and Lands in conformity with the wishes of the Committee.
12	Examination of the question whether the Central Government cannot include in its budget as a receipt from a Provincial Government a sum equivalent to the corresponding expenditure budgeted for by the latter.	Report of 1927, para. 52.	Instructions have been issued by the Finance Department with a view to achieving the desired result.
13	Unreliability of the figures in the statements showing progress of realisation and the store account of the Central Publication Branch, Calcutta, for 1925-26 and incorrect method of showing the value of books issued on book debit.	Report of 1927, para. 53.	Steps have been taken to ensure that the Central Publication Branch prepares and submits in future to the Examiner, Government Press Accounts, for audit correct statements accompanied by necessary details. Under the head "Value of Books issued on Book Debits" the figures based on the average of issues made during two months of the year were furnished through a misapprehension. Actual figures for the whole year will be given in future.
14	Communication of an irregularity to an officer since transferred elsewhere.	Report of 1927, para. 54.	The Chief Commissioner, N. W. F. P., has taken necessary action.
15	Deputation of an officer by the Chief Commissioner, Delhi, to assist the Home Department representative in answering questions asked by the P. A. C. in regard to Delhi expenditure.	Report of 1927, para. 55.	Necessary action has been taken by the Home Department.
16	Examination of the necessity for the continuance of the fixed contract grant sanctioned for Central India.	Report of 1927, para. 58.	It has been decided to discontinue the grant with effect from 1929-30.

No.	Recommendations or observations made by the Public Accounts Committee.	Reference to Report.	Remarks.
17	Recommendation that an opportunity should be given to the P. A. C. or the Legislative Assembly to express their views before the Governor-General declares as non-votable an item of expenditure which has been votable.	Report of 1927, para. 59.	The question will be considered in connection with the Enquiry by the Statutory Commission.
18	Amplification of the information regarding the capital position of the Posts and Telegraphs Department in the Appropriation Accounts.	Report of 1927, para. 60, sub-para. 2.	The wishes of the P. A. C. have been noted by the A. G., P. and T. and steps taken to comply with them.
19	Consideration of the question of introducing a stores suspense account for stamps.	Report of 1927, para. 61.	The question is under consideration.
20	Alteration in the form of the Demands for Grants, the accounts maintained by the Accountant General, the Appropriation Accounts and the Finance and Revenue Accounts in conformity with the scheme of organisation and control in the Posts and Telegraphs Department.	Report of 1927, para. 62.	With effect from the accounts for 1927-28 there will be complete correspondence between the Budget grants, the Appropriation Accounts, the accounts maintained by the A. G., P. and T. and the Finance and Revenue Accounts.
21	Need for co-operation between the P. and T., Railway and other Departments so as to get a closer estimate of construction of telegraph lines.	Report of 1927, para. 64.	Heads of Engineering Circles have been asked to impress upon the local Railway and canal authorities the desirability of following the authorised procedure for the preparation of the forecast and for the provision of funds for works required by them.
22	Exercise of a check over current purchases of stores so as to make sure that they are made with good judgment and to see whether existing arrangements for purchases cannot be improved.	Report of 1927, para. 65.	The principle which is now followed in the P. and T. Department in the matter of control over the purchase and manufacture of Telegraph Stores has been stated in para. 6 of the Memorandum which forms Appendix

No.	Recommendations or observations made by the Public Accounts Committee.	Reference to Report.	Remarks.
			XXIII to the P. A. C.'s Report on the accounts of 1925-26. The Committee's suggestion is being met as orders are placed according to the definite requirements of the Department.
23	Examination of the question of transferring the control of the Indo-European Telegraph Department to India.	Report of 1927, para. 66.	A despatch to the Secretary of State for India on the subject is under preparation and will be sent shortly.
24	Revision of the form of the demands for Railway grants on the lines of the Appropriation Accounts in consultation with the Standing Finance Committee for Railways.	Report of 1927, para. 69.	The question is under consideration.
25	Indication in the table comparing the allotment and the expenditure in grant No. 7-Capital-New construction, of the actual allotment sanctioned by the Legislative Assembly and not the allotment distributed by the Railway Department.	Report of 1927, para. 70.	The recommendation has been given effect to in the Report on the Appropriation Accounts for Railways for 1926-27.
26	Question of issuing general instructions to railway administrations with a view to curtailing the scope of private work orders in workshops.	Report of 1927, para. 72 (sub-para. 1).	The question is under consideration.
27	Steps to be taken for the prevention of loss to Railways owing to defective weightment of goods.	Report of 1927, para. 72 (sub-para. 2).	Ditto.
28	Travelling allowance drawn in excess by a Railway Officer by the use of passes not acknowledged in his travelling allowance bill and question of disciplinary action.	Report of 1927, para. 74.	Ditto.

## APPENDIX III.

Statement showing the recommendations or suggestions made by the Public Accounts Committees of 1923, 1924, 1925 and 1926 on which action is still outstanding.

No.	Recommendations or observations made by the Public Accounts Committee.	Reference to Report.	Remarks.
1	Desirability of amending the leave rules which seem to be unnecessarily complicated.	Report of 1924, para. 33.	The question is under consideration.
2	Preparation and maintenance of an inventory of all Government property, buildings, etc., and the question of the adequacy of the existing system of checking dead stock registers.	Report of 1924, para. 35.	The Public Accounts Committee adverted to this in para. 19 of their Report of 1927. The Auditor General has submitted a report which is now under the consideration of the Finance Department.
3	Introduction of the system of token votes whereby new and important items of expenditure not contemplated when the original estimates were framed and of which the cost can be met from savings within the grant should be brought to the notice of the Assembly.	Report of 1925, para. 20, and Report of 1926, para. 12.	The Government of India submitted their proposals to the Secretary of State who has raised certain points which are under consideration.
4	Establishment of a separate Accounts Office at Peshawar for the N.-W. F. Province.	Report of 1925, para. 28.	Steps are being taken to accelerate the opening of the office.
5	Use of the reserve placed at the disposal of the Finance Department and the question of creating a Civil Contingencies Fund on the English model.	Report of 1925, paras. 30-33 and Report of 1926, para. 12.	Same remarks as against item 3.
6	Treatment of losses of revenue due to fraud, defalcation, etc., as a form of expenditure, thereby bringing them to the notice of the Public Accounts Committee through the Appropriation Accounts.	Report of 1925, para. 38.	The Auditor General has formulated certain rules which are under the consideration of the Government of India.

No.	Recommendations or observations made by the Public Accounts Committee.	Reference to Report.	Remarks.
7	Introduction of a system of internal check on Customs receipts, which will ensure an efficient scrutiny of the collection of such dues.	Report of 1925, paras. 40-41 and Report of 1926, para. 29.	The Central Board of Revenue are considering this in consultation with the Officer on Special Duty.
8	Question of enforcing disciplinary action on an officer who has retired between the date of committing an irregularity and the date of its discovery.	Report of 1925, para. 43.	The Public Accounts Committee adverted to the more general question of recovery of losses and disciplinary action in paras. 36-38 of their Report of 1927 and the whole question is under the consideration of the Government of India.
9	Formulation of rules to regulate the placing and control of contracts in India.	Report of 1925, para. 49 and Report of 1926, para. 18.	The Public Accounts Committee adverted to this question in para. 13 of their Report of 1927 and suggested the incorporation of certain broad principles in the rules to be issued by the Finance Department. A draft resolution embodying those principles was prepared and circulated to several Departments replies from some of whom are still awaited.
10	Question of improving the procedure for preventing technical excesses over Public Works grants caused by the difficulty of estimating accurately the result of the <i>pro rata</i> distribution of joint establishment and tools and plant charges over individual grants.	Report of 1925, para. 52.	Orders sanctioning a fixed percentage of departmental charges have been issued in the case of United Provinces and Madras. As regards the other provinces, the question is under consideration.
11	Exhibition of working expenses of commercial departments in the accounts and estimates.	Report of 1926, paras. 10-11.	Proposals were laid before the Secretary of State in 1927 who has decided to postpone consideration pending receipt of the Report of the Statutory Commission.
12	Revision of the Sea Customs Act of 1878.	Report of 1926, para. 30.	The amending Bill has been drafted.



No.	Recommendations or observations made by the Public Accounts Committee.	Reference to Report.	Remarks.
13	Direct access of the Auditor General to the Secretary of State.	Report of 1926, para. 33.	The Public Accounts Committee adverted to this question in para. 23 of their Report of 1927. The question has been left for examination by the Statutory Commission.
14	Desirability of redrafting Fundamental Rule 45.	Report of 1926, para. 37.	The Fundamental Rules have been revised but the revision of Supplementary, etc. Rules is under consideration in the I. and L. Department (P. W. Branch).
15	Amendment of the Government of India Act in the manner suggested in the Auditor General's memorandum No. T-517, dated 30th July 1926 (Appendix VI in Report of 1926) so as to remove the anomalous relations between him and the Auditor of Indian Home Accounts.	Report of 1926, para. 41.	The question has been referred to the Statutory Commission for examination.
16	Question of making the Indian Stores Department self-supporting by obtaining more employment for it.	Report of 1926, para. 57.	In paras. 20-21 of their Report of 1927 the Committee adverted to this subject which is still under the consideration of the Department of I. and L.

## APPENDIX IV.

Statement comparing expenditure with grants for 1926-27.

Number and name of Grant.	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT.		
			Less than Granted.	More than Granted.	
	Rs.	Rs.	Rs.	Rs.	
<b>PART I.—CIVIL.</b>					
<b>A.—EXPENDITURE CHARGED TO REVENUE.</b>					
16. Customs .. ..	Voted ..	71,84,000	66,56,288	5,33,712	..
	Non-voted ..	13,34,855	13,26,133	8,722	..
17. Taxes on Income ..	Voted ..	63,64,000	57,86,006	5,77,994	..
	Non-voted ..	2,37,800	2,31,150	6,650	..
18. Salt .. ..	Voted ..	99,00,000	81,53,598	17,46,402	..
	Non-voted ..	42,90,700	42,68,100	22,600	..
19. Opium .. ..	Voted ..	1,52,96,000	99,08,844	53,87,156	..
	Non-voted ..	76,400	76,776	..	376
20. Stamp .. ..	Voted ..	1,69,000	2,58,127	..	89,127
	Non-voted ..	84,000	..	84,000	..
21. Forest .. ..	Voted ..	8,69,000	6,81,790	1,87,210	..
	Non-voted ..	4,00,648	3,59,543	41,105	..
22. Irrigation, Navigation, etc.	Voted ..	14,74,000	12,63,720	2,10,280	..
	Non-voted ..	13,87,900	13,68,693	19,207	..
25. Interest on ordinary Debt and Reduction or Avoidance of Debt.	Voted ..	94,40,000	93,27,463	1,12,537	..
	Non-voted ..	10,79,28,000	10,91,13,703	..	11,85,703
26. Interest on Miscellaneous Obligations.	Voted ..	23,96,000	24,70,283	..	74,283
	Non-voted ..	4,88,79,518	4,65,38,223	23,41,295	..
27. Staff, Household and allowances of the Gov- ernor General.	Voted ..	10,00,000	3,76,125	6,23,875	..
	Non-voted ..	9,97,057	10,52,706	..	55,649
28. Executive Council ..	Voted ..	62,000	1,04,501	..	42,501
	Non-voted ..	4,82,610	4,83,224	..	614

Number and name of Grant:	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT.		
			Less than Granted.	More than Granted.	
	Rs.	Rs.	Rs.	Rs.	
29. Legislative Bodies ..	Voted ..	5,69,000	4,45,703	1,23,297	..
	Non-voted ..	1,53,200	1,28,154	25,046	..
30. Foreign and Political Department.	Voted ..	8,22,000	7,49,876	72,124	..
	Non-voted ..	2,04,160	2,09,280	..	5,130
31. Home Department ..	Voted ..	6,07,000	5,18,875	88,125	..
	Non-voted ..	7,29,244	6,94,897	34,347	..
32. Public Services Commission.	Voted ..	1,07,000	63,147	43,853	..
	Non-voted ..	1,41,600	1,38,015	3,485	..
33. Legislative Department	Voted ..	5,61,000	5,28,791	32,209	..
	Non-voted ..	1,77,284	1,68,236	9,048	..
34. Department of Education, Health and Lands	Voted ..	5,49,000	5,07,148	41,852	..
	Non-voted ..	1,52,736	1,49,786	2,950	..
35. Finance Department	Voted ..	9,99,000	9,52,783	46,217	..
	Non-voted ..	3,06,350	2,57,672	48,678	..
36. Separation of Accounts from Audit.	Voted ..	12,30,000	12,01,083	28,917	..
	Non-voted ..	57,800	55,969	1,831	..
37. Commerce Department	Voted ..	2,87,000	2,62,040	24,960	..
	Non-voted ..	87,160	82,265	4,895	..
38. Army Department ..	Voted ..	5,55,000	4,72,898	82,102	..
	Non-voted ..	1,05,465	1,14,549	..	9,084
39. Department of Industries and Labour.	Voted ..	4,85,000	4,42,805	42,195	..
	Non-voted ..	1,01,980	98,941	5,019	..
40. Central Board of Revenue.	Voted ..	1,88,000	1,71,641	16,359	..
	Non-voted ..	1,15,300	1,08,863	6,447	..
41. Payments to Provincial Governments on account of Administration of Agency Subjects	Voted ..	1,44,000	1,31,141	12,859	..
	Non-voted ..	1,30,000	1,37,824	..	7,824
42. Audit ..	Voted ..	71,92,000	71,19,777	72,223	..
	Non-voted ..	6,02,100	6,13,406	..	11,306

Number and name of Grant.	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT.	
			Less than Granted.	More than Granted.
	Rs.	Rs.	Rs.	Rs.
43. Administration of Justice.	Voted .. 1,88,000	1,28,955	61,045	..
	Non-voted .. ..	..	..	..
44. Police .. ..	Voted .. 2,10,000	1,66,590	43,410	..
	Non-voted .. ..	2,256	..	2,256
45. Ports and Pilotage ..	Voted .. 26,27,000	21,21,217	5,05,783	..
	Non-voted .. 12,01,260	11,83,039	18,221	..
46. Survey of India ..	Voted .. 30,40,000	28,54,805	1,85,195	..
	Non-voted .. 8,10,460	7,81,941	28,519	..
47. Meteorology ..	Voted .. 9,17,000	8,10,521	1,06,479	..
	Non-voted .. 51,300	49,819	1,481	..
48. Geological Survey ..	Voted .. 2,12,000	1,60,141	51,859	..
	Non-voted .. 4,09,478	3,97,130	12,348	..
49. Botanical Survey ..	Voted .. 6,86,000	3,61,318	3,24,682	..
	Non-voted .. 28,800	28,314	486	..
50. Zoological Survey ..	Voted .. 1,46,000	1,43,850	2,150	..
	Non-voted .. 26,780	26,311	469	..
51. Archæology ..	Voted .. 16,30,000	15,90,252	39,748	..
	Non-voted .. 61,000	60,138	862	..
52. Mines .. ..	Voted .. 1,73,000	1,49,961	23,039	..
	Non-voted .. 1,05,315	1,04,986	329	..
53. Other Scientific Departments. De-	Voted .. 3,19,000	3,18,413	587	..
	Non-voted .. ..	..	..	..
54. Education .. ..	Voted .. 7,00,000	6,93,076	6,924	..
	Non-voted .. 1,650	1,570	80	..
55. Medical Services ..	Voted .. 7,98,000	7,67,295	30,705	..
	Non-voted .. 2,67,048	2,57,861	9,187	..
56. Public Health ..	Voted .. 10,97,000	10,54,000	43,000	..
	Non-voted .. 1,41,454	1,25,623	15,831	..

Number and name of Grant.	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT.		
			Less than Granted.	More than Granted.	
	Rs.	Rs.	Rs.	Rs.	
57. Agriculture ..	Voted ..	15,29,000	12,78,230	2,50,770	..
	Non-voted ..	2,19,545	2,07,380	12,165	..
58. Civil Veterinary Services.	Voted ..	6,77,000	6,05,598	71,404	..
	Non-voted ..	71,000	66,397	4,603	..
59. Industries ..	Voted ..	43,88,000	43,29,686	58,314	..
	Non-voted ..	41,28,900	38,25,498	3,03,402	..
60. Aviation ..	Voted ..	14,89,000	13,03,440	1,85,560	..
	Non-voted ..	4,000	368	3,634	..
61. Commercial Intelligence and Statistics.	Voted ..	2,47,000	1,95,802	51,198	..
	Non-voted ..	41,537	44,742	..	3,205
62. Emigration—Internal.	Voted ..	45,000	46,045	..	1,045
	Non-voted ..	40,245	40,528	..	283
63. Emigration—External.	Voted ..	85,000	77,841	7,159	..
	Non-voted ..	35,522	35,250	272	..
64. Joint Stock Companies	Voted ..	1,35,000	1,38,364	..	3,364
	Non-voted ..	4,566	3,566	1,000	..
65. Miscellaneous Departments.	Voted ..	2,47,000	2,16,640	30,360	..
	Non-voted ..	76,700	69,445	7,255	..
66. Indian Stores Department.	Voted ..	10,27,000	15,30,136	96,864	..
	Non-voted ..	59,200	55,984	3,216	..
67. Currency ..	Voted ..	60,79,000	58,49,653	2,29,347	..
	Non-voted ..	1,58,700	1,56,369	2,331	..
68. Mint ..	Voted ..	15,71,000	14,44,993	1,26,007	..
	Non-voted ..	86,000	84,919	1,081	..
69. Civil Works	Voted ..	1,61,94,000	1,49,07,358	12,86,644	..
	Non-voted ..	41,24,943	40,28,272	96,671	..

Number and name of Grant.	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT.		
			Less than Granted.	More than Granted.	
	Rs.	Rs.	Rs.	Rs.	
70. Superannuation Allowances and Pensions.	Voted ..	37,06,000	37,34,594	..	28,594
	Non-voted ..	2,24,84,018	2,24,08,970	75,048	..
71. Stationery and Printing.	Voted ..	34,80,000	31,03,713	3,56,287	..
	Non-voted ..	60,833	52,621	8,212	..
72. Miscellaneous	Voted ..	3,03,42,000	3,08,84,571	..	5,22,571
	Non-voted ..	37,13,176	36,66,598	46,578	..
73. Adjustment with Provincial Governments.	Voted ..	6,00,000	4,52,896	1,47,104	..
	Non-voted ..	..	..	..	..
74. Refund ..	Voted ..	76,04,000	69,23,361	6,80,639	..
	Non-voted ..	2,15,53,317	2,03,76,343	11,76,974	..
75. North-West Frontier Province.	Voted ..	1,13,81,000	1,11,93,410	1,87,590	..
	Non-voted ..	1,10,78,164	1,08,90,273	1,87,891	..
76. Baluchistan	Voted ..	27,22,000	26,15,128	1,06,872	..
	Non-voted ..	44,11,590	43,98,357	13,233	..
77. Delhi	Voted ..	35,74,000	34,80,647	84,353	..
	Non-voted ..	2,47,128	2,38,948	8,180	..
78. Ajmer-Merwara	Voted ..	14,81,000	13,71,722	1,09,278	..
	Non-voted ..	1,55,880	1,48,308	7,572	..
79. Andamans and Nicobar Islands.	Voted ..	40,72,000	37,03,903	3,68,097	..
	Non-voted ..	2,10,561	1,90,629	19,932	..
80. Rajputana	Voted ..	5,36,000	4,69,099	66,901	..
	Non-voted ..	7,45,600	7,52,456	..	6,856
81. Central India	Voted ..	5,90,000	5,49,352	40,648	..
	Non-voted ..	6,53,000	6,17,875	35,125	..
82. Hyderabad	Voted ..	77,000	48,990	28,010	..
	Non-voted ..	2,90,500	2,75,830	14,670	..

Number and name of Grant.	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT.		
			Less than Granted.	More than Granted.	
	Rs.	Rs.	Rs.	Rs.	
83. Expenditure in England under the control of the Secretary of State for India.	Voted ..	17,47,000	14,67,950	2,79,050	..
	Non-voted ..	15,63,000	14,83,468	79,532	..
84. Expenditure in England under the control of High Commissioner for India.	Voted ..	16,43,000	13,93,168	2,49,832	..
	Non-voted ..	41,59,150	40,98,109	61,041	..
Ecclesiastical .. .. .	30,74,030	29,98,660	75,370	..	
Political .. .. .	1,78,22,697	1,74,52,535	3,70,162	..	
Territorial and Political Pensions ..	31,27,116	30,60,699	66,417	..	
Bangalore .. .. .	12,26,786	11,96,909	29,877	..	
Western India States Agency ..	12,40,100	12,21,402	18,698	..	
Census .. .. .	..	1,991	..	1,991	
Total .. .. .	Voted ..	18,90,38,000	17,31,74,124	1,66,27,352	7,63,476
	Non-voted ..	27,91,85,776	27,49,90,792	54,83,270	12,88,236
<b>B.—EXPENDITURE CHARGED TO CAPITAL.</b>					
85. Capital outlay on Security Printing ..	16,72,000	16,49,855	22,145	..	
85A. Capital outlay on Currency Note Printing Press.	Voted ..	8,31,000	8,35,839	..	4,639
	Non-voted ..	30,600	30,562	38	..
86. Irrigation works—Not charged to Revenue.	1,000	—70,632	71,632	..	
89. Capital outlay on Vizagapatam Harbour.	48,70,000	31,86,465	16,83,535	..	
90. Commuted value of Pensions.	Voted ..	20,00,000	22,87,124	..	2,87,124
	Non-voted ..	15,00,000	5,98,098	9,01,902	..
91. Delhi Capital outlay ..	Voted ..	97,48,000	55,20,906	42,27,094	..
	Non-voted ..	6,35,650	6,42,211	..	6,561
Total .. .. .	Voted ..	1,91,22,000	1,34,09,557	60,04,406	2,91,963
	Non-voted ..	21,66,250	12,70,871	9,01,940	6,561

Number and name of Grant.	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT	
			Less than Granted.	More than Granted
<b>C.—DISBURSEMENT OF LOANS AND ADVANCES.</b>	Rs.	Rs.	Rs.	Rs.
82. Interest Free Advances .. ..	1,02,85,000	1,07,10,746	..	4,25,746
83. Loans and Advances bearing Interest	9,10,72,000	7,43,00,785	1,67,71,215	..
Total voted .. ..	10,13,57,000	8,50,11,531	1,67,71,215	4,25,746
Total Civil .. ..	59,08,69,026	54,78,56,875	4,57,88,183	27,76,032
Voted .. ..	30,95,17,000	27,15,95,212	3,94,02,973	14,81,185
Non-voted .. ..	28,13,52,026	27,62,61,663	63,85,210	12,94,847



Number and name of Grant.	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT.		
			Less than Granted.	More than Granted.	
	Rs.	Rs.	Rs.	Rs.	
<b>PART II.—POSTS AND TELEGRAPHS.</b>					
<b>A.—EXPENDITURE CHARGED TO REVENUE.</b>					
23. Indian Posts and Telegraphs Department.	Voted ..	10,29,48,000	10,00,89,172	28,58,828	..
	Non-voted ..	72,08,000	64,80,478	7,47,522	..
24. Indo-European Telegraph Department.	Voted ..	33,29,000	24,86,359	8,42,641	..
	Non-voted ..	13,53,023	11,89,829	1,63,194	..
Total	Voted ..	10,62,77,000	10,25,75,531	37,01,469	..
	Non-voted ..	85,61,023	76,50,307	9,10,716	..
<b>B.—EXPENDITURE CHARGED TO CAPITAL.</b>					
87. Capital outlay on Indian Posts and Telegraphs.	Voted ..	60,89,000	34,25,136	26,63,864	..
	Non-voted ..	8,000	4,231	3,769	..
88. Capital outlay on Indo-European Telegraphs.	Voted ..	-1,65,000	-1,70,237	5,237	..
	Non-voted ..	..	..	..	..
Total	Voted ..	59,24,000	32,54,899	26,69,101	..
	Non-voted ..	8,000	4,231	3,769	..
Total Posts and Telegraphs	..	12,07,70,023	11,34,84,968	72,85,055	..
Total	Voted ..	11,22,01,000	10,58,30,430	63,70,570	..
	Non-voted ..	85,69,023	76,54,538	9,14,485	..

Number and name of Grant.	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT.	
			Less than Granted.	More than Granted.
	Ra.	Ra.	Ra.	Rs.
<b>PART III.—RAILWAYS.*</b>				
<b>A.—EXPENDITURE CHARGED TO REVENUE.</b>				
1. Revenue—Railway Board.	{ Voted .. 9,68,000 Non-voted .. 5,15,000	10,50,000 4,94,000	.. 21,000	82,000 ..
2. Revenue—Inspection	{ Voted .. 1,10,000 Non-voted .. 2,71,000	1,08,000 2,96,000	2,000 ..	.. 25,000
3. Revenue—Audit	{ Voted .. 8,74,000 Non-voted .. 64,000	8,01,000 57,000	73,000 7,000	.. ..
4. Revenue—Working Expenses—Administration.	{ Voted .. 12,68,99,000 Non-Voted .. 52,30,000	12,27,16,000 47,09,000	41,83,000 5,21,000	.. ..
5. Revenue—Repairs and Maintenance and Operation.	{ Voted .. 41,44,40,000 Non-voted .. 1,13,000	39,45,86,000 1,08,000	1,98,54,000 5,000	.. ..
6. Revenue—Companies; and Indian States' share of surplus profits and net earnings. (Voted).	1,81,30,000	1,65,56,000	..	4,26,000
7. Revenue—Appropriation to Depreciation Fund. (Voted).	11,05,00,000	10,88,58,000	16,42,000	..
10. Revenue—Appropriation from Depreciation Fund. (Voted).	8,50,00,000	8,04,65,000	45,35,000	..
11. Revenue—Miscellaneous.	{ Voted .. 43,60,000 Non-voted .. 4,40,000	38,43,000 4,03,000	5,17,000 37,000	.. ..
12. Revenue—Appropriation to the Reserve Fund. (Voted).	2,70,07,000	1,48,53,000	1,21,54,000	..
13. Revenue—Appropriation from the Reserve Fund.	7,06,000	..	7,06,000	..
14. Revenue—Strategic Lines.	{ Voted .. 1,70,13,000 Non-voted .. 49,000	1,51,33,000 15,000	18,80,000 34,000	.. ..
State Railways Revenue—Interest on Debt. (Non-voted)	24,45,76,000	24,29,30,000	15,96,000	..
2. Interest on Capital contributed by Companies (Non-voted).	1,59,27,000	1,56,90,000	2,37,000	..
Total	{ Voted .. 80,40,07,000 Non-voted .. 26,71,85,000	75,89,69,000 28,27,52,000	4,55,46,000 24,58,000	5,08,000 25,000

\*In the Audit and Appropriation Account, figures have been given in thousands only. For the sake of uniformity these figures have been shown in this statement by units by adding three noughts to figures given in the months.

Number and name of Grant.	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT.		
			Less than Grants 1.	More than Granted.	
	Rs.	Rs.	Rs.	Rs.	
<b>B.—EXPENDITURE CHARGED TO CAPITAL.</b>					
7. Capital—New Construction.	Voted ..	6,45,07,000	6,58,08,000	..	13,01,000
	Non-voted ..	5,00,000	2,32,000	2,68,000	..
8. Capital—Open line works.	Voted ..	19,98,81,000	20,10,46,000	..	11,65,000
	Non-voted ..	2,59,000	1,29,000	1,30,000	..
15. Capital Strategic Lines	Voted ..	73,43,000	50,35,000	23,08,000	..
	Non-voted ..	57,000	29,000	28,000	..
Capital—Discharge of Debentures (Non-voted).		3,61,85,000	2,63,73,000	98,12,000	..
Total	Voted ..	27,17,31,000	27,18,89,000	23,08,000	24,66,000
	Non-voted ..	3,70,01,000	2,67,63,000	1,02,38,000	..
Total Railways		1,37,99,24,000	1,32,23,73,000	6,05,50,000	29,99,000
	Voted ..	1,07,57,38,000	1,03,08,58,000	4,78,54,000	29,74,000
	Non-voted ..	30,41,86,000	29,15,15,000	1,26,96,000	25,000

Number and name of Grant.	Grant.	Expenditure.	EXPENDITURE COMPARED WITH GRANT.		
			Less than Granted.	More than Granted.	
	Rs.	Rs.	Rs.	Rs.	
<b>PART IV—MILITARY.</b>					
<b>A.—EXPENDITURE CHARGED TO REVENUE.</b>					
<b>Army</b> .. .. .	{ <i>India</i> ..	45,49,88,245	46,17,82,446	..	67,94,201
	{ <i>England</i> ..	9,75,04,000	9,66,88,426	8,15,574	..
<b>Marine</b> .. .. .	{ <i>India</i> ..	48,78,430	46,15,997	2,62,433	..
	{ <i>England</i> ..	19,60,000	19,17,484	42,516	..
<b>Military Engineer Services</b> ..	{ <i>India</i> ..	4,32,46,328	4,37,57,596	..	5,11,268
	{ <i>England</i> ..	4,00,000	4,01,940	..	1,940
<b>Total Military</b> .. <i>Non-voted</i> ..		60,29,77,003	60,91,63,839	11,20,523	73,07,409
<b>Grand Total</b> ..		2,69,45,40,052	2,59,28,78,732	11,47,43,761	1,30,82,441
	<i>Voted</i> ..	1,49,74,56,000	1,40,82,83,642	9,36,27,543	44,55,188
	<i>Non-voted</i> ..	1,19,70,84,052	1,18,45,95,090	2,11,16,218	86,27,256

## APPENDIX V.

Memorandum furnished by the Central Board of Revenue with reference to paragraph 28 of the Report of the Public Accounts Committee on the accounts of 1925-26.

When giving evidence before the Public Accounts Committee in August 1927, Mr. Lloyd, Member, Central Board of Revenue, promised to give the next Committee a statement or report showing the result of the Electrification Scheme at Khewra. This report is accordingly submitted herewith. The subject was not raised in the Audit and Appropriation Accounts upon which Mr. Lloyd was being examined in August 1927, and he had not had occasion to study it closely for a considerable time before that date; he now wishes it to be understood that all that he then said on the subject is superseded by what is stated in this report.

2. The need for electrifying the Khewra Mine had been felt at least since 1913. Electricity was found necessary for various objects: firstly, to light the mine and to ventilate it; secondly, to get rid of oil engines with their exhaust fumes and steam engines with their smoke, both of which pollute the air in the mine; thirdly, to enable salt to be worked at greater depths which becomes necessary as the more easily accessible deposits have been exhausted; and lastly to mechanize, consistently with economy, haulage within the mines, transport from the mines to the Depot and loading there. The practice of running steam locomotives into the mine was objected to years ago by the Chief Inspector of Mines and was originally only tolerated as a war-time concession.

3. There has been no doubt at any time as to the *need* for electricity. In regard to that expert opinion has been unanimous. Whatever delay there may have been in the past, or whatever differences of opinion there may have been among the technical advisers of Government or the officers of the Salt Department, have related only to details of the scheme, the designs and specifications and the extent to which different processes should be electrified.

4. The Scheme has not yet been fully given effect to. Two important parts of the Scheme, *viz.*, traction both within the mines and between the mines and the Depot, and the loading at the Depot have not yet been finally settled. The delay is due to the examination of alternative designs with a view to economy in operating costs. It is hoped that a final decision will be reached soon.

The following is a complete list of purposes to which it has at any time been suggested that electricity should be applied at Khewra:—

1. Haulage in the mine—

(a) to raise salt from the low levels;

(b) to bring loaded tubs from the lines near workings and from the tops of haulage inclines to the marshalling stations in the mine whence they go in rakes to the depot;

- (c) to bring empty tubs back from those stations to the workings and the tops of inclines ;
- (d) for haulage from the marshalling stations to the depot (railway yard) over a mile away, and back again.
2. Air-compressors to drive the drills used in development work.
  3. Working ventilation fans in the mine.
  4. Running the workshop.
  5. Pumping in the mine and (latterly) from the subsidence.
  6. Lighting of mine.
  7. Lighting and fans—
    - (a) in office and workshop ;
    - (b) in bungalows and quarters.
  8. Mechanical cutters.

All the above items, except 1 (Haulage) and a minority of the mine pumps under 5, are now electrically worked. Item No. 8 may also be added to these for the present, since the cutting machines are out of action.

An expert estimate in 1924 of the demand on the power station (excluding locomotives), which gave the total gross number of kilowatts as 512, divided this as follows :—

(A) Items 1 (excluding locomotives) and 8,  $130+40=170$  K. W.

(B) Items 2 to 7,  $250+15+25+25+11+16=342$  K. W.

The power required for the locomotives would be (say) 45 K. W.

Details as to pumps in mines are not available but we might transfer 10 K.W. from (B) to (A) because only the "majority" of the pumps are electrified. Thus, out of a total of 557 K.W., uses (A) representing 225 K.W. (40 per cent.) are not yet adopted and those representing (B) 332 K.W. (60 per cent.) have been adopted.

It may be explained that the adoption of item (a) under 1 above (Transport, raising salt from low levels) was regarded as a matter of urgency in 1913 and during the War, because the more accessible salt was being worked out and horizontal development was prevented by lack of labour : due in the main to the use of the compressed air installation, a more scientific development of the mine has become possible, horizontal development largely taking the place of the easier vertical working, and the need for power to raise salt from lower levels being thereby postponed.

5. It was recognised from the beginning—as early as 1916—that the Electrification Scheme would make it necessary to raise the price of salt. As will have been seen, the objects of Electrification were such that its introduction was necessary, irrespective of the financial results. The only financial consideration before Government therefore has been all along how to keep as low as possible the additional cost that was inevitable.

6. There are as yet no adequate data for estimating the financial effect of the Scheme. What has been carried out was completed only in 1926, and it

is still by no means complete. We do not yet know the results of its working during the year 1927-28, since the accounts of that year have not yet been closed by the Audit Officer. Overhead charges that, when the Scheme has been fully given effect to, will be light, are now comparatively heavy. Moreover, it should be remembered that the financial results depend to a large extent on output. Under the influence of the impression created by the shortage of salt during the war, this Scheme at Khewra was also regarded, like the Sambhar Scheme, partly as an insurance against a possible shortage of salt in India as a whole during a crisis. The Scheme has therefore been designed to cope with an output very much larger than it is necessary to produce under normal conditions. As a consequence the Khewra Mines are being indirectly saddled with a fairly substantial debit which should really be borne by general revenues as representing a premium paid to insure the country as a whole against a shortage of salt. Further, it has been the policy of the Board to limit the output of the various sources to actual requirements—a matter to which sufficient attention had perhaps not been paid in the past. It would be easy enough, but clearly not financially sound, to reduce the cost per unit very largely by recklessly increasing production.

7. For the reason given above, the results of the year 1926-27, which is the latest year for which we have figures, are misleading. With the help of the Audit Officer, however, the Central Board of Revenue has prepared an estimate of cost of production in a normal year for the Salt Range Sources as a whole (not for the Khewra Mines alone). This estimate is of course hypothetical. According to it the cost of production works out at As. 4-11 a maund after taking into account all direct and indirect costs. This shows an increase of 2½ annas a maund over the average cost of production in 1921-23 when miners' wages were last raised at Khewra. Of this increase of 2½ annas, 1 anna 10 pies is accounted for as below :—

	Rs.	A.	P.
Leave, pension and audit charges (not taken into account before or insufficiently taken into account) .. ..	..	0	0 3
Supervision (not taken into account before) .. ..	..	0	0 3
Interest and Depreciation (Depreciation not allowed before and Interest only on a small capital) . . . .	..	0	1 0
Weighment charges (not included before) .. ..	..	0	0 4
		<hr/>	
		0	1 10
		<hr/>	

The increase in the cost of production is therefore largely apparent and not real. It is due to the inclusion in the cost of items that were formerly excluded ; in other words, it is due merely to an improvement in methods of accounting. Part of the 8 pies a maund that still remains to be accounted for is due to increase in salaries and additional establishments ; this cannot be accurately estimated but about 2 or 3 pies a maund may be set against this cause. Another part, no doubt, represents the extra cost of working deposits that become steadily less accessible. This cannot be easily estimated. A part of the balance of a few pies may represent increased operating costs on account of the introduction of

electricity, but until we have fuller data, no definite conclusion is possible as to whether the operating costs have really been higher after electrification than they were before. It is conceivable that operating costs are now lower than before the electrification. Any additional operating costs, as well as a part of the Interest and Depreciation charges, should perhaps be regarded, as already stated, as a form of national insurance to be borne by the general tax-payer, and not by the consumer of Khewra salt. The Audit Officer estimates this figure at 5 pies a maund.

8. As already stated, however, the above figures are all estimates based on a hypothetical output in a normal year. The figures for the different sources in the Salt Range Division have not been hitherto kept separately and it is therefore impossible to work out the true cost of production at Khewra. The accounts have been kept separately for each source since 1st April 1927 and when the Central Board of Revenue is in possession of the results of the year 1927-28 it will study the necessity for any change in the sale price of salt and the possibility of effecting further economies in the mines. The figures are expected to be received from the Audit Officer in August-September.

9. The question of reducing expenditure and improving methods everywhere in the Salt Department is under the constant attention of the Central Board of Revenue. In 1927 the Board reduced the establishment at Khewra by 2 Superintendents and appointed 4 Inspectors instead who cost much less. Quite recently it has decided to alter the basis of payment to miners, thus introducing an effective cross check (which was formerly absent) between issues of salt and payments to miners. It is largely due to the Central Board of Revenue's insistence that no ambitious schemes of mechanization should be undertaken without clear demonstration of the advantages to be secured, whether in the form of economy or otherwise, that the remaining parts of the Electrification Scheme have not yet been introduced and are still under examination.

10. It may be added that the electrification of the mines has providentially proved most helpful in connection with the recent subsidence. If there had been no electricity, it would have been difficult to provide the large power that was unexpectedly required for working the pumps and to convey it to any threatened point according to circumstances; and in any case steam or oil engines would have been unsatisfactory, clumsy and more expensive to work.



## APPENDIX VI.

Memorandum furnished by the Central Board of Revenue with reference to paragraph 45 of the Report of the Public Accounts Committee on the accounts of 1925-26.

In paragraph 45 of their Report on the Accounts for the year 1925-26, the Public Accounts Committee made the following remarks in regard to the Electrical Installation at Sambhar Lake :—

“In view of the fact that the generating plant is in operation only during a year of scanty rainfall, and then only for about six weeks, we consider that the Board should examine whether some other method of supplying the power cannot be devised, the present Electric Power House being dismantled.”

This remark is based upon the following passage in the Report of the Accountant General, Central Revenues, on the Audit and Appropriation Accounts for 1924-25 (paragraph 89, page 66) :—

“The main reason for the installation of the Electric Power House was to work the machinery for pumping brine from the Lake to the Main Reservoir. The period during which this pumping operation lasts is about 6 weeks during a year of scanty rainfall, whereas in a year of heavy rainfall no pumping operations are necessary.”

2. The question has now been thoroughly examined with the assistance, the value of which the Central Board desires gratefully to acknowledge, of Messrs. Pitkeathly, Kirkhope and Khan of the Indian Stores Department.

3. In the first place, as has already been explained by the late Finance Member, Sir Basil Blackett, in his speech in the Legislative Assembly on the 20th March 1928, the statements above quoted from the report of the Accountant General, Central Revenues, are not in accordance with the facts. The Member of the Central Board of Revenue who gave evidence before the Public Accounts Committee on the 8th August 1927 wishes to express his regret that he failed to correct this misunderstanding when the opportunity of doing so was afforded to him, having allowed himself to reply too hastily to a question (No. 407) which took the accuracy of the Accountant General's statement for granted.

4. The facts are, as Mr. Pitkeathly has pointed out, that in 1926-27 the pumps consumed about 30 per cent. of the energy generated, and in the first 10 months of 1927-28 about 44 per cent. In 1926-27 the pumps were worked throughout the year, the proportion of the electricity generated that they consumed varying from less than 10 per cent. in September to 50 per cent. in January. In the first 10 months of 1927-28 also the pumps were used every month, and the proportion of the electricity generated that they

consumed varied from 23·23 in June to 62·17 in November. The percentage used out of the total number of units *accounted for* was of course a good deal higher.

5. Though the question raised was thus due to a complete misunderstanding, it may be well briefly to state the answer to it. This is, shortly, that it would be an extremely extravagant, and in every way injudicious course to scrap the Power House as suggested and replace it by a system of separate prime-movers for each pump or other consumer of energy. It would indeed be surprising were this otherwise, seeing that the electric scheme was deliberately introduced after careful consideration by the expert advisers of the Government to replace a smaller scheme in which pumps were driven by separate engines.

6. As matters stand the only possible alternative to the present scheme is—according to our experts—a system of individual oil-engines. These would be, they consider, more economical than steam-engines, and more suitable in other ways. It must be remembered that the soil of Sambhar is extremely treacherous, and that it is difficult to transport stores about the lake area. Coal and fire-wood would be troublesome to transport as well as expensive. The difficulty of obtaining water that is not brackish affects both steam-engines and internal-combustion engines. Brackish water is unsuitable for the boilers of the former and the cooling-jackets and radiators of the latter.

7. The estimated cost of the installation of a system of separate-units consisting of internal-combustion engines is Rs. 4,52,216. This includes, as it necessarily must, an estimated loss of Rs. 1,64,000 on the value of the existing plant to be scrapped. This figure represents the original cost—Rs. 4,36,473—of the portion of the installation to be dismantled, less the depreciation already written off, and the estimated sale proceeds which Mr. Pitkeathly says would not exceed Rs. 80,000. Having thus incurred an additional capital expenditure of over 4½ lakhs and sacrificed certain services that the Government as benevolent employers cannot regard as unimportant, namely the electric lighting and ventilation of the Offices and official quarters, as well as the possibility of lighting the Kyars with electricity should it become necessary in seasons of intensive working, not to mention the general facility and flexibility that an electric installation affords for dealing with break-downs, replacements and the installation of temporary plant in emergencies, also all the advantages of centralised control and consequent ease of supervision, would the Government find the balance of advantage redressed by large economies in operation? The answer is that they would not. The new separate-unit installation would cost Rs. 10,778 per annum more to run than the existing installation.

It therefore seems to be sufficiently obvious that this subject should not be pursued.

## APPENDIX VII

**Report by Mr. Pitkeathly with reference to paragraph 45 of the Report of the Public Accounts Committee on the accounts of 1925-26.**

I must express my deep regret that I have not been able to deal with this case before now ; but I have been very fully occupied with many urgent matters, and I have found it impossible to find time to deal with the question raised in Mr. Tottenham's note of the 1st October 1927.

2. The first question on which I am asked to express an opinion is the suggestion made by the Public Accounts Committee that the advisability of dismantling the present electrical plant at Sambhar and replacing the same with some other kind of prime movers and pumping plant should be considered.

3. When this suggestion was made by the Public Accounts Committee, it appears that they were given the impression that the pumping plant at Sambhar was only used for a short period during years of unfavourable rainfall. This is not the case. It may be quite true that some individual pumping units at Sambhar are only used for short periods of the year ; but I do not think the fact that one cog of a machine is only called upon to work at intervals is a good reason to condemn the whole machine. It is essential to consider the pumping scheme at Sambhar as a whole, as the entire scheme is part of the machine for the production of a certain commodity, and it is entirely wrong to judge the scheme by the amount of work done by the individual units of the scheme. In order to see to what extent the electrical energy produced in the Power House at Sambhar is used for pumping and for other purposes, I visited Sambhar in March last, and from the records available in the General Manager's Office I obtained some figures which will help us to obtain a correct perspective of the position.

4. I append to this note two statements (I and II), in which I have shown the units generated month by month from April 1926 to March 1927, and from April 1927 to January 1928. I have also shown the units consumed for pumping and for other purposes on the works during the same periods. It will be noted that the total number of units generated in 1926-27 amounted to 433,205, and of these 133,565 units were used in the pumps. The units consumed by the pumps over the whole year represented approximately 30 per cent. of the total units generated. It will also be seen that throughout the whole year the power station was called upon to supply energy for pumping. This demand varied between wide limits. In September 3,267 units, or less than 10 per cent. of the total units produced, were used in the pumps against a consumption in January of 19,961 units, or 50 per cent. of the total units produced. During the first ten months of the year 1927-28, 381,340 units were generated and 167,335 units, or approximately 44 per cent. of the total units generated, were consumed by the pumps. During this year the Power Station was called upon to supply energy for pumping purposes in every month. The demands varied from 6,456 units in June to 37,050 units in November.

5. It is evident from the figures which I have quoted that pumping operations of one kind or another go on throughout the year and are not

confined to a few weeks, as suggested by the Public Accounts Committee. As I have already stated, some of the pumps are only required during certain periods but it is necessary to look at the scheme as a whole when considering the question of the power installation, and I do not think scrapping of the Electrical Installation could be justified on the grounds that some individual pumps are only called into service for short periods and are not in continuous operation throughout the year. Unfortunately the records of the number of hours each pumping unit was in service throughout the years mentioned were not available during my visit, but statements showing the units consumed in each pumping unit month by month have been prepared, and are attached to this note (Appendices III and IV). From these statements it will be seen that all the pumps at Sambhar have been in use at one time or another throughout the whole period, and I think the position should be clearly explained to the Public Accounts Committee.

6. Before expressing an opinion on the merits of the proposal to scrap the Electrical Installation and to substitute some other motive power for pumping, I think it will be well if I endeavour to indicate, even approximately, what this proposal will cost. It is obviously impossible for me to estimate accurately the cost of the change, but I was able to go into the matter on general lines when I visited Sambhar, and I think the figure of cost which I give later may be assumed to be reasonably near the mark.

7. If it is decided to do away with the Electrical Installation, it will be necessary to instal prime movers on each of the pumps and other power using appliances. Steam engine prime movers will not be satisfactory, as there is difficulty about a satisfactory supply of water suitable for steam boilers. Also the cost of operating a number of steam engines, scattered over the large area, covered by the salt works, will be exceedingly high—much higher, in fact, than the cost of pumping by electricity. The only suitable type of prime mover for the purpose is the internal combustion engine, and I have framed my estimate on the assumption that oil engine prime movers will be adopted. It will readily be understood that the substitution of oil engines for electric motors will, in most cases, involve very considerable structural alterations to the buildings. Several of the pumps have been specially designed for electric drive, and many make-shift arrangements will have to be adopted in making the change over. I have endeavoured to estimate the cost of such arrangements, but it is impossible to do so accurately until drawings have been prepared and all arrangements considered in detail.

*Estimate of cost of replacing Electric Motors by oil Engines.*

(1) *Japog pumping Station.*—Two 40 B. H. P. Motors to be replaced by one 80 B. H. P. Oil Engine :—

	Rs.
Extension to building, 400 sq. ft. at Rs. 8 .. ..	3,200
Foundation of Engine, 576 cub. ft. at Rs. 70 % c. ft. ..	400
Counter-shafting to drive two pumps .. ..	1,200
Water storage tanks .. ..	2,750

	Rs.
Water cooling arrangements .. .. .	3,000
Erection of engine and accessories .. .. .	1,500
80 B. H. P. Crude Oil Engine .. .. .	15,000
Overhead Crane in engine room .. .. .	1,500
Belting for countershaft drive .. .. .	250
Oil storage tanks and pipes .. .. .	2,000
Sundry building work .. .. .	500
Dismantling and packing motors .. .. .	250
	31,550
Contingencies and unforeseen 10 % .. .. .	3,155
Total .. .. .	34,705

(2) *Gudha Regulator*.—Two special pumps, each driven by 40 B. H. P. Motor, to be replaced by two 40 B. H. P. Oil Engines :—

	Rs.
Extension to building, 300 sq. ft. at Rs. 8 sq. ft. .. .. .	2,400
Foundation of engines, 700 c. ft. at 70 % c. ft. .. .. .	490
Two 40 B. H. P. Oil Engines at Rs. 7,500 each .. .. .	15,000
Water storage tanks at Rs. 1,200 each .. .. .	2,400
Water cooling arrangements at Rs. 1,000 each .. .. .	2,000
Erection of engines and accessories at Rs. 800 each .. .. .	1,600
Lifting gear in engine room, say Rs. 700 .. .. .	700
Belting at Rs. 200 .. .. .	400
Oil storage tanks, say Rs. 2,000 .. .. .	2,000
Sundry building work, say Rs. 400 .. .. .	400
Dismantling and packing motor at Rs. 125 each .. .. .	250
	27,640
Contingencies and unforeseen 10 % .. .. .	2,764
Total .. .. .	30,404

(3) *Japog Charging Pump*.—One 12' Centrifugal driven by 20 B. H. P. Motor, to be replaced by a 20 B. H. P. Oil Engine :—

	Rs.
Engine foundations .. .. .	200
20 B. H. P. Oil Engine with tanks .. .. .	4,000

	Rs.
Erection of engine .. .. .	400
Belting .. .. .	100
Oil storage tank and piping .. .. .	500
Sundry building work .. .. .	300
Dismantling motor and packing .. .. .	75
	<hr/> 5,575
Contingencies and unforeseen 10 % ..	557
	<hr/> 6,132
Total ..	<hr/> <hr/> 6,132

(4) *Gudha Booster Pumps*.—Two 7·5 B. H. P. Motors to be replaced by 16 B. H. P. Oil Engine :—

	Rs.
Extension to buildings .. .. .	1,400
Foundation of engine .. .. .	200
One 16 B. H. P. Oil Engine with cooling tanks ..	3,500
Countershafting .. .. .	400
Erection of engine .. .. .	400
Belting .. .. .	200
Oil storage tanks and pipes .. .. .	500
Sundry building work .. .. .	400
Dismantling motor and packing .. .. .	100
	<hr/> 7,100
Contingencies and unforeseen 10 % ..	710
	<hr/> 7,810
Total ..	<hr/> <hr/> 7,810

(5) *Gudha Canal Pumps*.—

Same as Japog Charging Pumps .. .. .	6,132
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(6) *Gudha Bitterns*.—6" Centrifugal pump 7·5 B. H. P. Motor to be replaced by 7·5 B. H. P. Oil Engine :—

	Rs.
Engine foundation .. .. .	100
Erection of Engine .. .. .	100
One 7·5 B. H. P. Oil Engine .. .. .	1,300
Belting .. .. .	150

				Rs.
Oil Storage Tank	..	..	..	250
Sundry building work	..	..	..	100
Dismantling motor and packing	..	..	..	50
				<hr/> 2,050
Contingencies and unforeseen 10 %	..			205
				<hr/> 2,255

(7) *No. 1 Charging.*—Two special pumps driven by 10 B. H. P. Motors to be replaced by 10 B. H. P. Oil Engines :—

				Rs.
Extension to building	..	..	..	700
Engine foundations	..	..	..	350
Erection of engines	..	..	..	400
Two 10 B. H. P. Oil Engines	..	..	..	4,500
Countershafting ..	..	..	..	800
Oil storage and piping	..	..	..	1,000
Belting	..	..	..	400
Sundry building work	..	..	..	400
Dismantling motors and packing	..	..	..	100
				<hr/> 8,650
<i>Add contingencies and unforeseen 10 %</i>	..			865
				<hr/> 9,515

(8) *No. 8 Charging.*—One special pump 7·5 B. H. P. Motor to be replaced by a 7·5 B. H. P. Oil Engine :—

				Rs.
Extension to building	..	..	..	600
Foundation of engine	..	..	..	100
Erection of engine	..	..	..	100
7·5 B. H. P. Engine	..	..	..	1,300
Belting	..	..	..	150
Oil Storage Tank..	..	..	..	250
Sundry building work	..	..	..	100
Dismantling of motor and packing..	..	..	..	50
				<hr/> 2,650
<i>Add contingencies and unforeseen 10 %</i>	..			265
				<hr/> 2,915

(9) *No. 9 Charging.*—8" and 12" Centrifugal pumps driven by 15 and 30 B. H. P. Motors to be replaced by oil engines :—

	Rs.
Extension to buildings .. .. .	1,400
Foundation of engines .. .. .	400
One 30 B. H. P. Oil Engine .. .. .	6,000
One 15 B. H. P. Oil Engine .. .. .	3,500
Oil storage and pipes .. .. .	1,000
Erection of engines .. .. .	750
Belting .. .. .	400
Sundry building work .. .. .	400
Dismantling motors and packing .. .. .	100
	<hr/>
	13,950
<i>Add contingencies and unforeseen at 10 %</i> .. .. .	1,395
	<hr/>
<b>Total</b> .. .. .	<b>15,345</b>

(10) *No. 10 Charging.*—

Same as No. 8 Charging .. .. . 2,915

(11) *No. 9 Bitterns* .. .. . 4,500

(12) *New Kyar.*—Three 12" Centrifugal pumps to be replaced by three 15 B. H. P. Oil Engines :—

	Rs.
Extension to buildings .. .. .	1,500
Foundation of engines .. .. .	600
Three 15 B. H. P. Engines at Ra. 3,500 each .. .. .	10,500
Erection of engines .. .. .	750
Oil storage tanks and piping .. .. .	1,000
Belting .. .. .	450
Sundry building work .. .. .	450
Dismantling and packing motors .. .. .	150
	<hr/>
	15,400
<i>Add contingencies and unforeseen at 10 %</i> .. .. .	1,540
	<hr/>
<b>Total</b> .. .. .	<b>16,940</b>

(13) *New Kyar Bitterns.*—

Same as Gudha Bitterns .. .. . 2,255

(14) *Add Energies for workshop and water-supply, etc., etc.* 15,000

**Grand Total** .. 1,56,823



8. It will be noted that my estimate of the cost of replacing the electric motors by oil engines amounts to Rs. 1,56,823. To this figure we have to add the cost of dismantling the whole of the electrical installation and packing the same ready for disposal. I reckon this work will cost, at least, Rs. 20,000. Against this we may expect a credit for the sale of the Electrical Motors, Generating plant and equipment, Transmission line material etc. I hesitate to give any figure of the amount which might be realized from the disposal of this material and plant; but, having regard to the difficulty in finding a market for second hand plant of this description, I am certain that it would not fetch a penny more than seventy-five thousand, or at the outside eighty thousand rupees. Taking the higher figure, the proposal to scrap the electrical installation will involve a write-off of the whole expenditure incurred on the electrical installation and a probable additional expenditure somewhere in the neighbourhood of one lakh of rupees. I hardly think the proposal is one which can be seriously entertained.

9. With regard to the question of economy, which might be expected from the installation of oil engines, I have not thought it worth while to go into the matter in detail; but I can say without hesitation that the oil engine installation will be more expensive and troublesome to maintain and operate than the present electrical installation.

10. I think a very great deal too much has been made of the fact that Mr. Bunting's original estimates of the cost of producing power have been greatly exceeded. In an installation of this kind, where so many indeterminate factors exist, it is far from easy to frame an estimate of the cost of producing power with any degree of accuracy. From my examination of the figures which have been given to me, I am convinced that the installation is not unsound; and I feel that much can be done to improve the efficiency of the installation. I recommend:—

- (1) That the strictest control over all expenditure should be exercised, particularly expenditure incurred in connection with the generation of energy.
- (2) Some officer of greater experience than the present Electrical and Mechanical Engineer should visit Sambhar periodically and satisfy himself that the plant is being properly maintained and efficiently operated.
- (3) Every endeavour should be made to improve the load factor of the generating station, and outside consumers who are obtaining energy from the Power Station on payment should be encouraged to increase their consumption.

11. There are one or two other points in connection with the Electrical Installation at Sambhar on which the late Commissioner, Mr. Ferguson, asked for my opinion before he handed over charge; but as I was not in possession of the necessary information, I was unable to furnish an opinion before he left India.

12. The first point was the alleged high percentage of "line loss". I may explain the expression "line loss" means the electrical energy wasted in overcoming the resistance of the transmission line conductors. It was stated that the "line loss" on the installation amounted to the abnormally high figure of about

40%. This, of course, was a most serious matter and one which called for very careful examination.

12a. During my visit to Sambhar in March last I discovered that up to September or October 1926 there had been faulty connections in some of the meters which registered the power generated and consumed and that all meter readings on which the so-called "line losses" were calculated were inaccurate. I also discovered that the expression "line losses" had been misunderstood and had been taken to mean "Units unaccounted for" and was estimated by deducting from the number metered of units actually consumed the total number of units actually generated as shown on the Power Station meters. It is hardly necessary to explain that the expression "Units unaccounted for" is a very different thing from "line loss". "Units unaccounted for" means all energy which is consumed (1) in the transmission lines; (2) in the transformers and other converting appliances; and (3) any unmetered energy which may be used on the works. I may here explain that the system of transmission at Sambhar is three phase, 3,300 volts, 50 cycles, energy is sent out from the Power House at this pressure and is transformed at various sites to a pressure suitable for the motors and other consuming appliances. Now the loss in transformation under the conditions at Sambhar will amount to at least 5% and as all the meters on the consuming appliances are on the low tension side of the transform the transformation losses will be included in the figures of "Units unaccounted for" arrived at by deducting the total unit metered at the points of consumption from the total units metered in the generating station. It will be noted from statement I that after the faulty connection on the meters was put right in October the "units" stated to be "unaccounted for" dropped from 44.9% in September 1926 to 15.6% in November 1926, and to 10.1% in January 1927. It will also be noted from statement II that during the first ten months of 1927-28 the total number of units accounted for was 343,912 against 381,340 units generated. This is equivalent to approximately 8.2% unaccounted for. I consider this result is entirely satisfactory and the electrical installation in this respect compares very favourably with many larger and more up-to-date power stations in India and England, and I do not think that any criticisms against the installation on this account are justified.

13. The next point on which the Commissioner asked me to express an opinion was the suitability of the charge of 2½ annas per unit which is made for energy supplied to the B. B. and C. I. Railway and the Sambhar City Electrical Supply Company. The Audit Officer had pointed out that energy was being supplied to these consumers at lower rate than the cost of production. In considering this point it is necessary to keep in mind the object the Engineer and the Commissioner, Northern India Salt Revenue, had in mind when the proposal to supply energy to outside parties was under consideration. The primary object of the proposal was to improve the load factor on the generating plant in order to reduce the overall costs of generation. It will be seen from the statements I and II attached that the load on the generating station fluctuates between very wide limits, and it is a matter of some difficulty to design a power station which will efficiently deal with widely varying loads. Sufficient plant must be installed to deal with the maximum demand in the station, but this plant will not be fully utilized for a large part of the time, or it may be working at a load which does not permit it to give its highest efficiency. This difficulty

can be partly overcome by arranging the size of generating units in the power station so that the number and size of units working at any time can be adjusted to suit the load on the busbars. This was the reason, and as far as I know the main reason, for the installation of the 40 K. W. generating set. By installing this small generating unit it was possible to avoid running one of the larger units in order to supply a comparatively small load, but owing to the fluctuating nature of the load on the station there are times when it is necessary to run two or more generating units although it may not be possible to operate them at their most efficient loads.

14. The only way that the cost of generation in such a power station can be kept within reasonable limits is by the improvement of the load factor, and the load factor can only be improved by obtaining consumers to take a supply of electric energy. When conditions such as we have in the power station at Sambhar have to be faced the decision as to the charge to be made for electric energy is one of some difficulty. If the charge is pitched too high the consumer will not be attracted, and the advantage to be gained from the improved load factor will be lost. I think the B. B. and C. I. Railway considered the charge of 2·5 annas per unit very high and it was only after a good deal of discussion that the Executive Engineer was able to persuade the Railway authority to agree to this charge. My own view is that this charge is a reasonable one and having regard to the object in view in giving this supply, I do not think that Government is put to any loss but on the contrary gains considerably. If the supply to Phulera and Sambhar was discontinued to-day it would not be possible to reduce the power station plant in any way. Nor would it be possible to reduce the staff employed in running the power station. The expenditure on repairs and maintenance of the generating plant would not be less, and the oil fuel consumed in the engines is the only item in the cost of generation which would be reduced. It may be said that the lubricating oil used would be reduced, but I do not consider that this would be the case as the consumption of lubricating oil in the type of engines installed in the power station at Sambhar will vary little on different outputs, but in order to be on the safe side we may allow something for the saving in lubricating oil.

15. Now let us examine the figures of the cost of generation with a view to determining the actual extra cost of producing the energy, supplied to Phulera and Sambhar.

The following are the figures of expenditure on generating of electrical energy during 1926-27 which have been given to me by the Commissioner's office :—

Cost of generation.	Rs.	Cost per unit generated.	Cost per unit accounted for.
(a) Fuel .. .. .	22,387	·825	1·13
(b) Oil, Waste and Running Stores .. .. .	10,348	·382	·523
(c) Repairs and maintenance .. .. .	6,353	·235	·321
(d) Wages of staff .. .. .	8,936	·256	·351
(e) Salaries of supervising staff, and management, etc.	7,012	·261	·354
Total —	53,036	1·959	2·679

The total number of units generated during the year was 433,205 including Phulera and Sambhar, and the cost per unit generated excluding interest and depreciation amounted to :—

$$\frac{53,036 \times 16}{433,205} = 1.959 \text{ annas per unit.}$$

The number of units accounted for was 316,645 and the generating cost per unit accounted for amounted to :—

$$\frac{53,036 \times 16}{316,645} = 2.679 \text{ annas per unit.}$$

The above figures show the cost of generation per unit taking into account the units supplied to Phulera and Sambhar and it will now be of interest to calculate the cost of generation on the assumption that no energy was supplied to these places. As I have said above, the principal item in the cost of generation which will be reduced is the fuel oil.

16. During the year 1926-27 the total number of units sold to Phulera and Sambhar was 96,111 (Phulera 80,700 and Sambhar 15,411).

The value of the oil fuel which would be required to generate this number of units will be :—

$$\frac{1.13 \times .96111}{16} = \text{Rs. 6,788.}$$

In order to be on the safe side I propose to add 10 % to this figure to cover any small saving in lubricating oil which might possibly arise although I am certain that such a saving will not materialise. If the Phulera and Sambhar supply was cut off the total saving in the power station generating costs would amount to Rs. 7,466, or say Rs. 7,500 and the generating cost per unit used on the works of the Salt Department would be :—

$$\frac{(53,036 - 7,500) \times 16}{3,16,645 - 96,111} = 3.3 \text{ annas per unit.}$$

17. It will be noted that the additions of the Phulera and Sambhar loads to the power station results in reducing the cost of generation per unit from 3.3 to 2.679 annas. This reduction is entirely caused by the improvement of the load factor and the position will be further improved as load supply by Phulera and Sambhar increases.

18. We may now very briefly consider whether Government has been put to any actual loss in supplying energy to these consumers at 2.5 annas per unit, and in order to do this we must consider what additional capital and recurring expenditure Government has had to meet in connection with these supplies.

*Phulera.*

The following capital expenditure has been incurred :—

	Rs.
Buildings .. .. .	1,709
Transmission Lines .. .. .	27,250
Sub-station equipment .. .. .	5,686
	<hr/>
	34,645
	<hr/>

We may take the following rates for interest and depreciation on these items :—

Interest .. .. . 5.5 % per annum.

*Depreciation—*

Buildings .. .. . 2% per annum.

Mains .. .. . 4 % per annum.

Sub-station Equipment .. .. . 6 % per annum.

The annual charges at these rates will amount to :—

	Rs.
Interest .. .. .	1,905
<i>Depreciation—</i>	
Buildings .. .. .	34
Mains .. .. .	1,090
Transformers .. .. .	342
	<hr/>
Total ..	3,371
	<hr/>

The additional staff which has been engaged in connection with this supply is two switch board attendants at Rs. 20 per mensem each, or Rs. 480 per annum.

18. With regard to maintenance, I was unable to obtain any figures of expenditure incurred in maintenance of the line and sub-station, but this will not amount to more than about Rs. 10 per mensem.

The total annual charges will be :—

	Rs.
Interest .. .. .	1,905
Depreciation .. .. .	1,466
Staff .. .. .	480
Maintenance .. .. .	120
	<hr/>
	3,971
	<hr/>

On a consumption of 80,700 units, this equals .8 anna per unit :—

$$\frac{3971 \times 16}{80,700} = .8$$

We can now estimate the total actual cost of this supply per unit :—

	As.
Cost of additional fuel consumed in power station ..	1.13
Add 10% for extra lubricating oil .. .. .	.11
Recurring cost on account of interest, depreciation on line and sub-stations, equipment and maintenance staff ..	.8
<b>Total actual cost per unit ..</b>	<b>2.043</b>

It will be noted that I estimate that the actual cost to Government amounts to 2.043 annas per unit supplied against which Government receives an average of 2.5 annas per unit and also obtained a better load factor for the Power Station resulting in a general reduction in the cost per unit generated.

19. *Sambhar Electric Supply Company.*

With regard to this supply the following capital expenditure has been incurred :—

	Rs.
Buildings .. .. .	946
Mains .. .. .	1,549
Sub-station equipment .. .. .	6,783
<b>Total ..</b>	<b>9,278</b>

Taking the same figures for interest and depreciation as in the case of Phulera, we get :—

	Rs.
Interest .. .. .	510
<i>Depreciation—</i>	
Buildings .. .. .	19
Mains .. .. .	62
Sub-station equipment .. .. .	407
<b>Total yearly charges ..</b>	<b>998</b>

20. As in the case of Phulera, two additional switch-board attendants have been engaged for this supply at a cost of Rs. 480 per annum, and I estimate

an allowance of Rs. 8 per mensem will suffice for maintenance of this line and sub-station. On this basis the total annual charges will be —

	Rs.
Interest and depreciation .. .. .	998
Staff .. .. .	480
Maintenance .. .. .	96
	<hr/>
Total .. .. .	1,574
	<hr/>

On a consumption of 15,411 units per annum this is equivalent to 1.63 annas per unit. The actual cost of the supply to the consumer will, therefore, amount to—

	As.
Additional cost of oil fuel .. .. .	1.13
Add 10 per cent. per extra lubricating oil .. .. .	.113
Recurring charges on account of interest, depreciation, staff, etc. .. .. .	1.63
	<hr/>
Total .. .. .	2.873
	<hr/>

In this case the actual cost to Government amounts to 2.873 annas per unit against which Government only receives 2.5 annas from the Company. There is, at present, some actual loss in supplying to this consumer; but the value of the load in maintaining an improved load factor in the Power Station must not be lost sight of. It will also be noted that, owing to the comparatively small number of units consumed, the standing charges (interest and depreciation) for this consumer's line and sub-station are high; and, if the consumer could be persuaded to increase his demand, the cost per unit would be reduced, and any loss which is at present incurred on this installation would be wiped out.

I may also note that if the supplies to Phulera and Sumbhar are considered together there is no loss, but a small profit.

21. From an examination of the figures which have been given to me by the Salt Department, I am strongly of the opinion that the endeavours by the Commissioner and the Executive Engineer, Northern India Salt Revenue, to obtain outside consumers in order to improve the load factor and so reduce the cost per unit produced was entirely justified, and I consider that the charge of 2½ annas per unit is a reasonable charge to make. I do not advise any increase in this charge at present, but I strongly advise that every possible encouragement should be given to the outside consumers to increase their energy demand. This applies particularly to the Sambhar City Electrical Supply Company.

**STATEMENT I.**  
**1926-27.**

Month.	Total units generated.	Total units accounted for.	Percentage loss.	Units used for pumping.	Units used for Phulera.	Units used in Sambhar City.	Workshops.	Miscellaneous.	Remarks.
1926.									
April .. ..	41,715	26,328	36.8	11,614	5,900	1,580 <i>plus</i> 266	1,676	5,262	
May .. ..	35,750	21,446	40.0	5,515	6,440	1,055	1,028	6,508	
June .. ..	31,910	18,695	41.4	2,494	6,240	1,397	1,874	6,690	
July .. ..	34,630	20,839	39.8	4,703	6,610	1,120	1,786	6,620	
August .. ..	44,400	29,253	34.1	12,427	7,190	744	1,653	7,239	
September ..	36,980	20,360	44.9	3,267	7,000	1,247	1,428	7,416	
October .. ..	30,610	23,478	23.8	6,130	6,610	1,589	1,367	5,782	
November .. ..	26,940	22,730	15.6	9,304	5,860	1,969	1,275	4,322	
December .. ..	36,970	32,787	11.3	18,277	6,930	1,524	1,691	4,365	
1927.									
January .. ..	38,630	34,721	10.1	19,961	7,020	1,337	1,673	4,730	
February .. ..	36,570	32,757	10.4	19,912	6,470	729	1,410	4,236	
March .. ..	38,100	33,251	15.3	17,961	8,340	914	1,471	4,565	
Total .. ..	433,205	316,645	23.583	133,565	80,700	15,411	19,232	67,737	



**STATEMENT II.**  
**1927-28.**

Month.	Total units generated.	Total units accounted for.	Percentage loss.	Units used for pumping.	Units used for Phulera.	Units used in Sambhar City.	Workshop.	Miscellaneous.	Remarks.
1927.									
April .. ..	49,030	45,766	6.6	28,308	8,600	936	1,697	6,225	
May .. ..	39,040	35,280	9.6	16,292	9,210	1,030	1,785	6,963	
June .. ..	27,790	24,392	12.3	6,456	9,080	949	1,415	6,492	
July .. ..	28,850	25,362	12.09	7,856	8,680	926	1,620	6,280	
August .. ..	36,870	32,707	11.2	14,463	8,760	815	1,690	6,970	
September .. ..	30,770	27,266	9.26	9,420	8,640	823	1,592	6,791	
October .. ..	50,080	45,451	9.2	27,443	8,490	1,320	1,780	6,468	
November .. ..	59,610	53,736	8.9	37,058	8,690	1,070	1,841	5,077	
December .. ..	32,730	29,816	9.8	12,360	9,560	1,311	1,277	5,308	
1928.									
January .. ..	26,570	24,136	9.0	7,679	8,740	1,592	1,236	4,889	
February .. ..	..	..	..	..	..	..	..	..	
March .. ..	..	..	..	..	..	..	..	..	
Total .. ..	381,340	343,912	8.1625	167,335	88,450	10,772	15,883	61,472	

STATEMENT III.

Details of units consumed in each Pumping Set in 1926-27.

Month.	Pump House Kyar No. 10.	Pump House Kyar No. 9.	Pump House No. 8.	Pump House Kyar I.	New Kyar Charging Pump House.	Jhapog Sulzer Pump House No. 1.	Jhapog Sulzer Pump House No. 2.	Jhapog Charging Pump.	Gudha Regulat-or No. 1.	Gudha Regulat-or No. 2.	New Bittern Pumping station.	Gudha Booster Pumping station.	Total.
1926.													
April .. ..	1,962	4,208	1,636	107	159	..	..	442	2,236	586	278	..	11,614
May .. ..	481	1,215	373	..	529	..	..	510	1,249	971	187	..	5,515
June ... ..	46	733	183	..	328	..	..	292	603	309	..	..	2,494
July .. ..	417	959	29	79	413	..	..	986	905	826	89	..	4,708
August .. ..	..	1,088	1,112	2,394	1,473	..	..	1,638	629 639	1,096	..	2,358	12,427
September .. ..	13	700	7	..	94	..	..	41	23	966	..	1,423	3,267
October .. ..	946	1,571	897	1,344	2,163	..	..	571	243	..	30	365	8,130
November .. ..	1,187	2,342	1,117	2,106	109	..	..	1,988	..	264	..	191	9,304
December .. ..	..	1,214	2,077	4,016	5,225	2,033	1,254	1,150	..	18	..	1,290	18,277
1927.													
January .. ..	167	950	..	..	1,314	8,473	8,198	834	..	25	..	..	19,961
February .. ..	324	934	372	..	2,729	5,027	8,559	683	..	172	..	1,112	19,912
March .. ..	1,753	553	3,919	4,089	3,589	316	785	1,413	..	739	3	902	17,961
Total .. ..	7,296	16,467	11,722	14,135	18,125	15,849	18,796	10,648	6,527	5,972	587	7,641	133,565

STATEMENT IV.

Details of units consumed in each Pumping Set in 1927-28.

Month.	Pump House Kyar No. 10.	Pump House Kyar No. 9.	Pump House No. 8.	Pump House No. 1.	New Charging Pump House.	Jhapog Sulzer Power House I.	Jhapog Sulzer Power House II.	Jhapog Charging Pump.	Gudha Regulator No. 1.	Gudha Regulator No. 2.	New Bittern Pump.	Gudha Booster Pump.	Total.
1927.													
April .. ..	2,666	220	1,322	5,996	7,271	1,537	2,850	2,414	656	968	364	2,044	28,308
May .. ..	1,518	2,930	1,814	..	2,684	..	..	1,459	364	..	2,386	3,139	16,292
June .. ..	992	1,188	500	..	180	..	..	767	..	945	364	1,520	6,456
July .. ..	1,652	723	1,721	297	799	31	..	519	..	150	697	1,258	7,856
August .. ..	510	1,746	1,306	3,163	667	2,786	1,979	756	273	832	..	445	14,463
September .. ..	961	4,905	1,610	..	716	326	..	765	35	..	34	68	9,420
October .. ..	1,898	1,218	3,126	5,960	6,404	4,503	..	1,702	1,395	1,237	..	..	27,443
November .. ..	1,666	767	262	1,476	1,589	12,512	11,064	200	6,628	748	..	156	37,058
December .. ..	1,289	1,950	408	4,543	1,181	145	3	430	1,138	676	..	597	12,360
1928.													
January .. ..	1,539	2,149	..	..	2,648	..	..	961	168	..	..	214	7,679
February .. ..	..	..	..	..	..	..	..	..	..	..	..	..	..
March .. ..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total .. ..	14,689	17,796	12,059	21,435	24,139	21,840	15,896	9,973	10,657	5,565	3,845	9,441	167,335

## APPENDIX VIII.

**Letter from the Auditor General, No. T. 21/500-Admn.-25, dated the 23rd April 1928, regarding allegations against the efficiency of audit officers.**

I have the honour to invite a reference to paragraph 7 of the memorandum No. C No. 2391-Salt-27, dated 25th August 1927, furnished by the Deputy Secretary (Central Revenues), which is printed as Appendix XXIV in the Central Public Accounts Committee's report on the accounts of 1925-26, Volume I, relating to the subject mentioned above, and to request that the Government of India will be so good as to present to the coming Public Accounts Committee a copy of my letter No. 120-Admn.-500-25, dated the 23rd January 1928 (Annexure I), and of the Government of India's (Finance Department) reply thereto No. D.401-A., dated 15th February 1928 (Annexure II).

## ANNEXURE I.

**COPY OF LETTER FROM THE AUDITOR GENERAL, No. 120-ADMN./500-25, DATED THE 23RD JANUARY 1928.**

I have the honour to invite the attention of the Government of India to the order contained in paragraph 18 of the Resolution in the Finance Department (Central Revenues) No. C.391-Salt/25, dated the 28th May 1927, in which they discussed certain audit objections raised in connection with the Sambhar Improvement Scheme.

2. I feel bound to represent that the comment contained in the latter part of that paragraph does considerably less than justice to the officer who was serving as Accountant General, Central Revenues, in September 1921. When that officer urged the need of a local audit of the Sambhar Works, he described the matter as one "of considerable importance". The existing system had, contrary to his advice, been approved by the then Auditor General and the Government of India only a few years previously, and his reference to it as "not quite safe" was an example of moderation of wording for which, in the circumstances, he can hardly be blamed. I submit that, in pressing the matter again upon the Government of India as one of considerable importance, he did all that his duty required of him.

3. In forwarding the Accountant General's report to the Government of India, I definitely expressed the opinion that a local audit was undoubtedly the best form of audit for application to accounts of this kind. I received no reply to this communication, and the question was left over for consideration in conjunction with the formulation of suitable capital and revenue accounts for the Salt Department. It was not until October 1923 that the matter was finally settled, and a local audit introduced with effect from the accounts of 1924-25.

4. If it be argued that the Accountant General, Central Revenues, and I myself were to blame for not pressing the matter upon the attention of the Government of India in the interval, I can only reply that the inception of the proposed local audit was not at the time a matter of practical politics. The Accountant General, Central Revenues, had no staff available to undertake it. At that very period I was engaged in vainly urging the Government of India to provide the Accountant General with additional staff which was essential for the performance of far more important duties already devolving upon him. The result of my request was such that I felt it incumbent upon me to intimate formally to the Government of India my inability to fulfil, with the establishments at my disposal, the obligations imposed upon me by statutory rules. In this connection I would invite attention to my letters No. 1883-E./994-22 and 2001-E./171-22, dated respectively the 3rd and the 25th May 1922. In the circumstances explained in those letters, it would have been ludicrous to press the Government of India to agree to an extension of the Accountant General, Central Revenues' sphere of action.

5. In view of the facts explained in the present letter, I venture to suggest that the Government of India should in future allow me an opportunity of meeting allegations against the efficiency of my officers before such allegations are incorporated in official orders.

**ANNEXURE II.**

**COPY OF LETTER TO THE AUDITOR GENERAL, No. D./401-A, DATED THE 15TH FEBRUARY 1928, WITH ENDORSEMENT TO ALL DEPARTMENTS OF THE GOVERNMENT OF INDIA (INCLUDING THE FINANCIAL ADVISERS) AND THE CENTRAL BOARD OF REVENUE.**

With reference to your letter No. 120-Admn./500-25, dated the 23rd January 1928, I am directed to say that the Government of India have taken note of the suggestion made in paragraph 5 of that letter that the Auditor General should in future be given an opportunity of meeting allegations against the efficiency of his officers before such allegations are incorporated in official orders.

## APPENDIX IX.

Memorandum furnished by the Auditor General with reference to paragraph 57 of his letter No. 213-Rep./55-Admn.-23, dated the 5th July 1928.

The object of this Memorandum is to place before the Committee on Public Account a fuller statement of the matters referred to, under the heading "loss or risks of loss in connection with collection of marble," in paragraph 104 (page 67) of the Accountant General's Report on the Appropriation Accounts of the Grant for Delhi Capital Outlay for 1926-27.

2. The Manufacture Account appended to the Appropriation Account (page 582) for 1924-25 showed the year's figures of the account for "Collection of Marble for Central Buildings" as follows :—

	Rs.
1. Opening balance .. .. .	
2. Value received during the year .. .. .	3,96,038
3. Total .. .. .	<u>3,96,038</u>
4. Value issued during the year .. .. .	1,73,723
5. Closing balance .. .. .	<u>2,22,315</u>

The following note was appended to the Account :—

"No verification or revaluation was done, but it is stated that the closing balance includes a certain amount of loss."

3. In the Appropriation Account (page 492) for the next year, viz., 1925-26, the Manufacture Account for collection of marble for Central Buildings stood as follows :—

	Rs.
1. Opening balance .. .. .	2,22,315
2. Value received during the year .. .. .	4,98,820
3. Total .. .. .	<u>7,21,135</u>
4. Value utilized, sold or otherwise disposed of during the year .. .. .	3,36,998
5. Closing balance .. .. .	<u>3,84,137</u>

The appended note read as follows :—

"A preliminary examination of the accounts disclosed the fact that the wastage on certain items of expenditure had been underestimated. A deficit of Rs. 53,676 was adjusted in the accounts for 1926-27. A detailed examination of the balances and accounts has yet to be made."

4. The Manufacture Account appended to the Appropriation Account for 1926-27 (page 581) shows the following results :—

	Rs.
1. Opening balance .. .. .	3,84,137
2. Value received during the year .. .. .	2,11,195
3. Total .. .. .	<u>5,95,332</u>
4. Value utilized, sold or otherwise disposed of during the year .. .. .	3,45,934
5. Closing balance .. .. .	<u>2,49,398</u>

The appended note runs follows :—

“ Verified by the Accounts Officer and the result reported to the New Capital Committee in the Stoneyard Report ”.

5. On closing the accounts for May 1927 the Superintending Engineer and the Departmental Accounts Officer submitted to the Finance Member of the New Capital Committee a preliminary note on this account.

The following important points were brought out in the joint note :—

- (a) The value of assets in hand at the end of May 1927 was only Rs. 83,000 against the book balance of Rs. 2,46,000.
- (b) The total loss on manufacturing dressed marble, including the loss previously adjusted, amounted to Rs. 2,15,000.
- (c) The loss was due to ‘wastage’ which was somewhere between 45 per cent. and 50 per cent. being higher than those taken into account in fixing the issue rates of dressed marble out-turned, viz. :—

	Per cent.
(i) Between 1st April 1923 and 1st January 1926 ..	10
(ii) Between 1st January 1926 and May 1927 .. ..	20

6. The Finance Member of the New Capital Committee, in his notes dated 31st July 1927 and 1st August 1927, requested the Chief Engineer to obtain the written explanations of the officers concerned on the following important points :—

(a) The following conditions having been made regarding the size of marble blocks in the contracts with the suppliers of rough marble :—

- “ (1) Size of blocks approximately 5’ to 8’ × 2’ to 3’ 6” × 1’ to 2’ 9”.
- (2) Exact dimension will be given from time to time.”

Why was there a failure to enforce these conditions and what was the effect of such failure on the wastage factor ?

(b) When was the under-estimation of wastage first discovered and what causes led to the under-estimation ? Why did the Public Works Department in August 1925 calculate the percentage for wastage on dressing of marble to be 16·2/3 per cent. when it was already known that the wastage in stone was not less than 30 per cent. and why was the same figure of wastage (16·2/3 per cent.) adopted in January 1926 when it was known that the wastage in stone could not be less than 42 per cent ?

(c) Why was stock of marble not taken in spite of the warning from the Superintending Engineer in May 1925 ?

(d) Whether the loss could not have been avoided or reduced by entrusting the whole work to contract in 1926 when tenders were invited and offers received for finished work at rates lower than the actual cost to Government under the arrangement of obtaining only the supplies of rough stone from contractors and dressing them departmentally.

7. In the absence of any written explanations to the questions referred to above, the Finance Member submitted the case to the New Capital Committee in August 1927 for decision on the following points :—

- (i) Whether 50% wastage could be considered to be reasonable specially in view of the fact that the contractors who were working side by side had been able to deliver finished marble at a price which was considerably less than the cost of departmental working.
- (ii) Whether there had been an overpayment to the contractors by reason of relaxation of specification in their contracts which specified supply of comparatively big blocks of marble while a large number of comparatively small pieces were

actually delivered, and whether this relaxation did not aggravate the wastage.

(iii) Whether sawing charges were not overpaid in view of the following facts:—

Total quantity of white marble received during the years	
1924-25 and 1925-26	65,000 C.ft.
Payments for sawings made on big saws	97,000 C.ft.

NOTE.—In addition to this certain sawing charges were paid in square feet (say about 20,000 S.ft.) and in running feet (say about 11,000 R.ft.) on the diamond saws.

Out-turn of dressed marble	22,500 C.ft.
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Copies of the notes of the Finance Member, referred to in paragraphs 5 and 6 above are given in Annexure I to this Memorandum.

8. The New Capital Committee after examining the Stone Yard Officer, the Superintending Engineers, and the Accounts Officer in person and consulting their expert advisors, came to the conclusion that there was nothing to prove that a wastage of 50% was excessive or that any overpayment was made on account of sawing charges and that the relaxation of the conditions in contracts for supply of Stone did not lead to loss to Government or to increased wastage. They also made observations on the unsuitability of the form of contract for the supply of marble, the defective method of measuring sawing and maintaining records of measurements for the same, and the non-verification of stock periodically. No disciplinary action was ordered to be taken, presumably in view of the conclusion that the excessive wastage and overpayment in sawing charges could not be proved. The resolution of the Committee is reproduced as annexure II to this Memorandum.

9. The decision of the New Capital Committee seems to have been based on the evidence taken and the explanations obtained. A formal request was made by the Audit Officer for being given an opportunity of consulting the record, if any, of the statements made by officials examined and of the explanations obtained. In reply, the Secretary to the New Capital Committee informed the Audit Officer that no such record had been kept. Thus Audit has had not the opportunity of knowing the reasons leading to the conclusions of the New Capital Committee, and it is regretted that it is therefore unable to assist the Committee on Public Accounts by offering comments or suggestions. If the Committee desire to know the reasons, the facts, or the figures on which the conclusions in this important case were arrived at, it will be necessary for them to elicit these from the departmental witnesses appearing before them.

#### ANNEXURE I.

With reference to the investigation of the accounts of marble in the Stoneyard at Delhi, I write to request that the Chief Engineer will kindly obtain the written explanation of Mr. Cairns and other officers as specified below in regard to the following points, and forward the same (with 5 spare copies) to me by the 13th August 1927 without fail. The Hon'ble the President of the New Capital Committee has ordered that my note, together with the written explanations of the officers concerned, should reach him by the 15th August 1927, in order to enable him to deal finally with the subject in the special meeting to be held on the 16th August:—

(1) Will Mr. Cairns kindly explain why he gave in his written analysis, communicated with his No. 5991, dated 14th August 1925, a wastage of 16·2/3 % for marble when it was fully known at the time that the wastage in stone was not less than 30%; also why he adopted the same figure of wastage in his No. 582/221 W., dated 21st January 1926, when it was also well known that the wastage in stone could not be less than 42%; secondly his apparent failure to take stock in spite of the warning from the Superintending Engineer, Mr. Croad, communicated in his No. 1616, dated 9th May 1925?



(2) The wastage in white marble and black marble has been worked out to be 54% and 24% respectively as per the following calculations:—

<i>White marble.</i>		C. ft.
Rough blocks—Opening Balance 1st April 1923..	..	5,500
Receipts .. ..	..	75,000
	Total .. ..	80,500
Physical balance June 1927 .. ..	..	2,800
	Utilized .. ..	77,700
Dressed marble—Receipts .. ..	..	35,400
Wastage say 54%.		

*N.B.*—The physical balance consists of marble blocks which have been operated on and does not contain any of the rough blocks as originally received in the yard.

<i>Black marble.</i>		C. ft.
Rough blocks—Opening Balance 1st April 1923 ..	..	1,850
Receipts .. ..	..	8,570
	Total .. ..	10,420
Physical balance June 1927 .. ..	..	1,800
	Utilized .. ..	8,620
Dressed marble—Receipts .. ..	..	6,800
Wastage 24%.		

Will Mr. Cairns kindly explain the great disparity in the percentage of wastage in the two kinds of marble?

(3) The agreements with Bansal and Nanig Ram for the supply of white marble contain the following among other conditions:—

- (1) Size of blocks approximately 5' 0" to 8' 0" × 2' 0" to 3' 6" to 2' 9".
- (2) Exact dimensions will be given from time to time.

So far from these conditions being enforced strictly, Mr. Cairns appears to have departed from them practically from the commencement, as will be seen from his orders Nos. 2007 and 2008, dated 8th April 1924, which specify only that the blocks should be over 18" deep and do not refer to any other dimensions. The matter seems particularly important in regard to the length of blocks which should be approximately 5' to 8', whereas there have been numerous cases in which blocks much less than 5' in length have been accepted and paid for. Will Mr. Cairns kindly explain this apparent failure to enforce the specification and the effect, if any, which this procedure had on the wastage?

(4) Will Mr. Cairns kindly refer to the Accounts Officer's letter No. 75-S.V., dated 25th July 1927, to the Superintending Engineer, 2nd Circle, in which were set out details of the recording of stone numbers in the measurement books otherwise than serially, the repetition of the same numbers twice, the entry of stone without any numbers at all and the entry of the numbers of rejected stones? Will Mr. Cairns explain these irregularities and satisfy the authorities by a reference to the account of deliveries of marble from April 1924 to the end of May 1927, as per railway receipts, that there has been no over measurement or double payment for the same blocks of marble? In this connection I suggest that the correct conversion factor (so many maunds and seers per one cubic foot of marble of each kind) should be worked out by actual weighing in the presence of the Superintending Engineer and the Accounts Officer.

(5) Will Mr. Cairns kindly refer to paragraph 4 of the Account Officer's unofficial memorandum No. 76-S.V., dated 25th July 1927, regarding certain irregularities in regard

to sawing charges? A detailed statement giving particulars of these irregularities is reproduced below:—

## APPENDIX M.

Instances of apparent irregularities in sawing payments:—

Marble. Reference paragraph 9(viii) of Central Accounts Officer's review.

I. Instances where sawing charges were paid twice for the same quantity—

Measurement Book Number.	Marble number.	Quantity C. ft.
Page 42 of 845 .. .. .	N 1018	16.8
Page 9 of 845 .. .. .	N 1018	16.8
Page 14 of 845 .. .. .	N 1005	33.9
Page 6 of 845 .. .. .	N 1005	33.9
Page 5 of 845 .. .. .	B 1116	25.0
Page 7 of 845 .. .. .	B 1110	22.1
Page 46 of 797 .. .. .	B 1009	12.6
Page 29 of 797 .. .. .	B 1009	12.6
Page 28 of 797 .. .. .	N 1170	6.8
Page 26 of 797 .. .. .	N 1170	5.4

II. Instances where there is a difference between the quantity obtained and the quantity issued for sawing—

	Page.	C. ft.
B 1124 Sawing Measurement Book No. 845 .. .. .	5	26.7
Measurement Book No. 2726 .. .. .	21	18.8
N 1022 Sawing Measurement Book No. 845 .. .. .	11	25.4
Measurement Book No. 2490 .. .. .	19	12.8
N 742 Sawing Measurement Book No. 845 .. .. .	26	6.5
Measurement Book No. 2495 .. .. .	69	5.3
K 92 Sawing Measurement Book No. 845 .. .. .	28	23.0
Measurement Book No. 2726 .. .. .	28	19.7
B 1172 Sawing Measurement Book No. 893 .. .. .	27	22.6
Measurement Book No. 2726 .. .. .	30	20
B 1050 Sawing Measurement Book No. 797 .. .. .	46	17.3
Measurement Book No. 2726 .. .. .	16	14
N 864 Sawing Measurement Book No. 797 .. .. .	14	10
Measurement Book No. 2927 .. .. .	4	9.3

			Page.	C. ft.
K	50	Sawing Measurement Book No. 797 .. .. .	20	10
		Measurement Book No. 2726 .. .. .	13	9-10
N	970	Sawing Measurement Book No. 797 .. .. .	32	20-3
		Measurement Book No. 2927 .. .. .	5	18
N	726	Sawing Measurement Book No. 797 .. .. .	16	5
		Measurement Book No. 2495 .. .. .	69	4-5
N	937	Sawing Measurement Book No. 797 .. .. .	38	38-3
		Measurement Book No. 2927 .. .. .	3	37-5
N	2439	Sawing Measurement Book No. 797 .. .. .	40	5-2
		Measurement Book No. 2495 .. .. .	9	4-2
N	1029	Sawing Measurement Book No. 845 .. .. .	38	45-6
		Measurement Book No. 2490 .. .. .	19	9-3

III. Instances where the sawing charges were paid at an earlier date than the payment of cost of stones—

Stones No. N. 1018 16-8 c. ft. received on 19th September 1926.

Sawing charges paid on 8th September 1926.

Stones Nos. N. 1022 25, 4 c. ft. and N. 1005 33-9 and N. 1012 7-10 received on 9th September 1926, 19th September 1926 and 19th September 1926. Sawing charges paid on 2nd September 1926, 9th September 1926 and 12th September 1926.

Will Mr. Cairns kindly explain the irregularities and also satisfy the authorities that the quantity of sawn marble delivered to the works is not less than the total quantity for which sawing charges have been paid ?

(6) Will Mr. Cairns also kindly explain the discrepancy between the total quantity of sawn Stone (not marble) delivered to dressing contractors and the quantity for which sawing charges have been paid, which has been brought to the notice of the Superintending Engineer by the Accounts Officer ?

(7) The explanations of the subordinates concerned in the irregularities mentioned in items (4), (5) and (6) above may also be kindly furnished by the same date.

31st July 1927.

T. K. RAJAGOPALAN.

A. M. Rouse, Esq., C. E.

An examination of the accounts of the departmental operations for the manufacture of dressed marble for the Central Buildings has disclosed an excess of Rs. 2,15,000 on the issue rates in force from time to time.

*White Marble.*—

Rough Blocks—Opening balance	C. ft.	5,500
Receipts .. .. .	75,000	
Total .. .. .	30,500	
Physical balance		
June 1927 .. .. .	2,800	
Utilized .. .. .	77,700	
Dressed marble—Receipts .. .. .	35,400	

Wastage, say 54%

N. B.—The physical balance consists of marble blocks which have been operated on and does not contain any of the rough blocks as originally received in the yard.

2. The excess has occurred practically entirely under "wastage" under white marble.

The wastage works out to 54% as shown in the margin and the *pro-forma* distribution of the loss over the issue of dressed marble

gives the following results :

Class—	Departmental rates prior to 1st January 1926.				Departmental rates subsequent to 1st January 1926.				
	Old.	Revised to include the excess.	Fixing.	Total revised.	Old.	Revised to include the excess.	Fixing.	Total Revised.	Contractor's through rates.
A C.ft. .. ..	12/8	18/12	2/0	20/12	14/8	20/0	2/0	22/0	16/8
B C.ft. .. ..	15/8	21/12	2/0	23/12	17/0	22/8	2/0	24/8	20/4
C C.ft. .. ..	21/0	27/4	2/0	29/4	22/8	28/0	2/0	30/0	24/8
D C.ft. .. ..	2/4	3/4	1/0	4/4	3/0	3/14	1/0	4/14	3/12
E C.ft. .. ..	1/12	2/4	0/4 to 0/8	2/8 to 2/12	2/0	2/8	0/4 to 0/8	2/12 to 3/0	2/12

3. The departmental rates allowed a wastage of 10% up to the 31st December 1925 and of 16.2/3% thereafter. The latter rates were calculated and fixed after tenders had been received for a supply from contractors of marble at the following rates:—

Class	Contractor's rate including dressing.	Machining charges.	Total.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
A	13 8 0	1 0 0	14 8 0
B	18 0 0	1 0 0	19 0 0
C	23 0 0	1 0 0	24 0 0
D	21 8 0	0 4 0	21 12 0
E	1 12 0	0 4 0	2 0 0

4. Influenced by the fact that the revised departmental rates (with a wastage of 16.2/3%) were somewhat lower than the tendered rates, it was proposed to entrust only a portion of the work to contract and to continue the departmental operations for the balance.

The fact that the wastage had been probably under-estimated was commented on by the Central Accounts Officer and he asked that the rates might be re-examined by reference to actuals and past experience before deciding to continue the departmental operations.

5. This request was made by the Central Accounts Officer in September 1925 and again in December 1925. The case was subsequently placed before the New Capital Committee in the Chief Engineer's Memo. No. 31-W. II, dated 29th March 1926, and it was therein stated that the issue rates had been revised from 1st January 1926 "in accordance with what an inspection of the manufacture account seemed to indicate as the probable cost." It was further stated that the tender of Dharam Singh, contractor, received in response to a public call for tenders, was so close to the revised departmental rates that it offered scope for further investigation. The tender in question was for all the marble work

remaining to be done but as the rates were higher than the departmental issue rates the Chief Engineer proposed to entrust only a portion of the work to the contractor. The latter asked for an increase owing to the decision that he was to get only a part of the work. The result was the increase by negotiation of the contractors' rates from annas 8 to Re. 1 a C. ft. and annas 8 a sc. ft.

6. The Committee accepted the proposal of the Chief Engineer in their Resolution No. 1039, dated the 7th April 1926, and requested that the Chief Engineer should take the earliest opportunity to place before the Finance Member, N. C. C., detailed calculations showing the total excess over the provision of marble work in Government House.

No report to the Finance Member, N. C. C., was ever made and it now transpires that there will be an appreciable excess over the provision for Government House.

7. This excess is due entirely to an underestimation of wastage in the calculation made so recently as January 1926 and the following questions seem to arise :—

- (1) What action, if any, was taken to appreciate the assets and ascertain the wastage in calculating the revised issue rates ?
- (2) What causes led to the underestimation of wastage ?
- (3) When was the underestimation first discovered ?
- (4) Whether the wastage of 54% is accepted as reasonable by the senior technical officers concerned ?
- (5) Whether the excess could not in whole or part have been avoided by entrusting the whole work to contract in 1926 ?

8. The marble case has to be dealt with finally by the New Capital Committee at their meeting on the 16th August 1927, and I shall be obliged if the Chief Engineer will kindly obtain as early as possible the explanation of the officer or officers concerned on the questions raised in paragraph 7 above.

9. I would also like to know whether in view of the fact that it has recently been decided to entrust a considerable quantity of more work to Dharam Singh contractor, it is not possible to negotiate with him for a restoration of his originally tendered rates or, at any rate, of a reduction of the rates he is at present working on.

*The 1st August 1927.*

T. K. RAJAGOPALAN.

Chief Engineer, Delhi.

## ANNEXURE II.

### *Copy of New Capital Committee's Resolution No. 1468 of August 1927.*

1468. *Considered.*—The memorandum prepared by the Finance Member of the Committee on the enquiry which he held into the marble account.

*Resolved.*—The Committee, after examining at length Messrs. Sale, Croad, Grindal, and Cairns, in person, and consulting their expert advisers, where necessary, have come to the following conclusions :—

- (i) That in view of the procedure adopted in regard to the receipt of rough marble, there is nothing to prove that a wastage of 50% is excessive. On the contrary, from the evidence produced there is every reason to think that 50% is not excessive.
- (ii) That the form of agreement entered into with the contractors for the supply of marble was unsuitable, but there is evidence to show that the relaxation of the conditions attached to it did not lead to loss to Government or to increased wastage.
- (iii) That there is nothing to prove that any overpayments were made on account of sawing charges. The explanations given by those in charge of the work regarding the figures in the Finance Member's note were considered satis-

factory. At the same time, the Committee consider that the method of measuring, sawing, and maintaining measurement books for the same, was not altogether satisfactory. They consider that sawing measurements of each block of marble should have been shown separately in the measurement books and that all measurements should have been maintained in proper form by an authorised officer.

- (iv) That proper arrangements should have been made for periodical verification of stock, and that, had this been done, it would have been possible to estimate more accurately the eventual percentage of the wastage on the operations.
- (v) That the assurance given by the Chief Engineer that everything possible was done to give work out on contract for finished work, once it was realised that this system was cheaper than departmental work, be accepted.
- (vi) That the Chief Engineer would have been well-advised to have adhered strictly to the terms of the New Capital Committee Resolution No. 1039, dated 7th April 1926, instead of being content with satisfying himself that there was no reason to apprehend any excess over the provision for marble work in the Government House estimate. They, however, accept the explanation given by him that at the time he was very hard-pressed with other work.

## APPENDIX X.

Memorandum furnished by the Auditor General with reference to paragraph 61 of his letter No. 213 Rep.- 55-Admn.-28, dated the 5th July 1928.

It was stated in paragraph 112 of the Report by the Accountant General, Central Revenues, on the Appropriation Accounts for 1926-27 that as the report of the Government of India on the working of the Provincial Loans Fund during 1926-27 had not been published, audit comments on it could not be offered.

2. The Government Report has since issued. It was audited by the Accountant General, Central Revenues, and subject to the remarks in paragraphs 3, 4 and 6 below, found generally to satisfy the rules governing the administration of the provincial Loans Funds.

3. It is not known whether the reduction (from  $6\frac{1}{2}$  per cent. to  $4\frac{1}{2}$  per cent.) in the rate of interest which, as stated in paragraph 11 of the Government Report, has been made with effect from the 1st April 1927, in respect of certain loans sanctioned by the Government of India to the Provincial Governments in 1921-22, is consistent with the terms on which the loans were originally granted. An enquiry has been made on the subject and a reply thereto is awaited.

4. A reference is invited to clause (b) of paragraph 22 of the Report by the Accountant General, Central Revenues, on the Appropriation Accounts for 1925-26 which summarises the principle regarding the levy of interest on moneys advanced from the Fund to Provincial Governments. It will be observed therefrom that the rate of interest payable on advances for capital expenditure which are classed as productive is lower than that charged on other kinds of loans. It is therefore, necessary to see that the amounts advanced for productive works are actually spent on works of that class only. This question, as stated in the concluding portion of paragraph 10 of the Government Report, is under the consideration of the Government of India.

5. In paragraph 111 of the Report by the Accountant General, Central Revenues, on the Appropriation Accounts for 1926-27 it was pointed out that the Government Report on the working of the Fund during 1925-26 did not show whether the requirements of paragraph 9 of the Rules governing the administration of the Fund had been fulfilled; i.e., whether the Provincial Governments which had borrowed from sources other than the Fund (in practice, at least up to the present, this means the loans raised in open market) had provided during the year out of their ordinary revenues sums sufficient for the redemption of those debts within the prescribed period of time. It will be observed from paragraph 8 of the Government Report for 1926-27 that the requirements of this rule were duly fulfilled in 1926-27.

6. Rule 12 of the rules governing the administration of the Fund reads as follows :—

“All new advances made from the Fund and also all advances outstanding at present other than the debt relating to irrigation works constructed before the Reforms, the liability for which was transferred to Provincial Governments under the Reforms Scheme, will be subject to eventual repayment. It will be for the Government of India in the Finance Department to determine whether in any particular case repayment shall be by equated instalments of principal and interest or otherwise, and whether due instalments may be postponed or other exceptional arrangements made without threatening the solvency of the Fund.”

It will be observed that the Government of India in the Finance Department have to prescribe the conditions for the repayment of all new advances from the Fund and also for all advances, except the pre-reform Irrigation Debt, outstanding at the time of its constitution, the liability for which was transferred to the Fund. In the Government Report it is not stated whether necessary conditions for the repayment had been laid down and whether those conditions were fulfilled. In this connection a reference is invited to the concluding portion of paragraph 8 of the Government Report.

7. As, however, it is difficult for Government to summarise in their Report as published at present the conditions for the repayment of each and every loan and the extent to which those conditions are being fulfilled, the Provincial Accountants General have been instructed to furnish in connection with the transactions of the Fund from the year 1927-28 onwards certificate stating that the Government of India in the Finance Department have prescribed conditions for repayment and specifying the extent to which those conditions are being fulfilled. The Provincial Accountants General have also been directed to furnish certificates showing that the conditions laid down in paragraph 9 of the Rules governing the administration of the Fund, have been fulfilled. The fact that these certificates have been duly furnished by the Provincial Accountants General concerned will be mentioned in the future audit reports of the Accountant General, Central Revenues, on the working of the Fund.



## APPENDIX XI.

**Memorandum furnished by the Auditor General on the procedure observed in England in regard to New Services.**

1. The recognised practice in England is that the cost of a Service not *Epitome* expressly provided for by Parliament cannot be charged against a Vote, and *P. 640 (10)* therefore cannot be met by virement, unless that service is comprised within the ambit of the Vote.

2. There is no definition of the term "new service", and apparently it is left to the Comptroller and Auditor General to take up cases, unless the departments themselves have previously brought them to the notice of the Treasury. Apart from cases in which treasury control is determined by statute, royal warrant, or order in council, it is otherwise almost invariably exercised *Durell* at the expressed wish of the House of Commons, as voiced by the Public *(P. 335)* Accounts Committee at different times, the majority of instances having arisen in the distant past.

3. On the recommendation of the Public Accounts Committee, the following rules of procedure were prescribed by the Treasury in 1889 :—

- (1) As soon as the spending Department is satisfied that the new expenditure cannot, without detriment to the Public interests, be postponed until Parliament has provided for it in the usual manner, that Department should submit the same in writing to *Epitome* the Treasury with a full description of the circumstances which *P. 227.* render it necessary. The Treasury will then decide whether, apart from any question of adequacy of savings, the nature of the service is such as to require, for constitutional or other reasons, that Parliament should be consulted before the expense is incurred. Supposing the Treasury to decide that the expense may be incurred without the previous submission of an Estimate to the House, the method of procedure will depend in part on the period of the year.
- (2) If the vote to which the expenditure is chargeable has not yet been taken, the Minister who will have charge of it when taken in Committee of Supply should at once lay upon the Table of the House a statement of the additional expenditure sanctioned by the Treasury, explaining that it is proposed to defray it out of savings on other Army or Navy Votes if possible, in which case a Minute will be presented to the House before the end of the financial year, specifying the exact savings that are to be employed for the purpose, but that, should this mode of defrayment prove impossible, a Supplementary Estimate will be presented for it.
- (3) If the Vote to which the expenditure is chargeable has been already taken, no opportunity is likely to occur of informing the House of it until the time arrives for presenting either a Supplementary Estimate or a Minute in accordance with the Resolution of 4th March 1879 ; and meanwhile the expenditure may be incurred if the Treasury approves.

Epitome  
p. 278.

4. These instructions were re-affirmed in 1891 on a case in which the Admiralty had entered into a contract for raising H. M. S. Sultan for £50,000 without obtaining the sanction of the Treasury.

Durell p. 334

5. The procedure as summed up by Durell is as follows :—

Any work of an urgent nature, not provided for in the estimates, of which the estimated cost is over £2,000, requires Treasury sanction; but, generally speaking *no new work of any magnitude can be commenced without the previous sanction of Parliament*. If provision has been made in the estimates, however, the Treasury may, in anticipation of these being passed, sanction the commencement of the work without waiting for the vote for the year which will carry with it parliamentary sanction.

Durell p. 293.

6. Regarding re-allocation of money for a new Service, Durell says : " Any such re-allocation of money for a new Service of magnitude, even though only a small sum may be required in the current year, should certainly be notified to Parliament as early as possible by the presentation of an explanatory statement, if no substantive grant is required. This proviso moreover, relates to the scheme in its entirety, and not merely to the estimated cost within the year, which possibly may be trifling, but the expenditure of which may be committing Parliament to heavy liabilities. Every effort should be made to lay before Parliament, at the time of inception, the full estimated charge involved in new proposals. If a supplementary estimate is not necessary owing to a substantive grant not being required, or if it be too late in the year to present one, Parliament may be informed of the proposal by presenting to it an explanatory statement on the same principle as is applied in the case of ship-building programmes whenever any considerable changes are made in the course of the year."

Epitome  
p. 6 (3).

7. When expenditure cannot be met from savings and a supplementary grant cannot be obtained, the sum required is advanced from the civil contingencies and a Vote is submitted to Parliament from which the advance is required.

8. It will thus be seen that the practice in England supports the explanation of the term " New Service not contemplated in the Budget " which is set out in my memorandum. The application of that explanation to concrete cases can best be governed by the evolution of a body of case law. As most of these cases will fall under the category of " New Instruments of Service ", it will be desirable to fix a money value, above which the new work should be regarded as a new service. And this limit will probably have to vary from department to department, as the limit fixed for Civil works may perhaps be too low for, say the Railway Department, where even comparatively small works may be of very high money value.

## APPENDIX XII.

## Memorandum on the Railway Clearing Accounts Office in India.

*History.*

1. The question of the establishment of a Clearing House for Railways in India, which had been under discussion at intervals for many years, was revived by the Railway Board in March 1925. On the representation, however, of the then Accountant General, Railways, that the end in view was dependent upon a simplification of rates and that until simplification had been effected the scheme was not practicable the matter was allowed to drop for the time being.

2. Meanwhile, Mr. Scott, the then Chief Auditor of the North-Western Railway, who since his visit to America with the Philipe Committee in 1921-22 had made a close study of the Hollerith and Powers Electric Tabulating machines saw, among their other possibilities, the way to overcome the stumbling block of variation in rates, and with the object of demonstrating this, he carried out an experiment on the North-Western Railway of grouped divisions of traffic on the basis of ton mileage carried on each railway under particular commodities or particular rates.

The results of this experiment, which were very encouraging, were placed before the Financial Commissioner, Railways, in July 1925. The Railway Board then decided that a thorough investigation would be justified and for this purpose Mr. Scott was placed on special duty early in December 1925.

In the early stages of this investigation conducted first on the lines of grouped divisions by commodities or by rates, Mr. Scott discovered that by the application of Summary multiplication on the Hollerith or Powers Tabulating Machines, all rates could be expressed within the compass of 9 digital rates, a much simpler and more economical method of apportioning the traffic.

3. This method consists of employing "Cards" working first on them by means of punching machines and subsequently working out the apportionment of the earnings among Railways on the Hollerith or Powers Machine. Briefly, the detailed procedure is as follows :—

A separate card is prepared for each invoice and is "punched" to show *inter alia* the total weight, the rate mileage due to each Railway, and the total freight of the invoice. By sorting these cards on a basis which expresses the factors of weight and rate mileage due to each Railway in convenient units for purpose of multiplication, the Hollerith or Powers Machines tabulate the freight due to each railway for the total traffic originating from each station or group of stations treated as one station. This process of multiplication by the machine is rendered possible by expressing the multiplier as one of the single digits 1 to 9. Thus if the weight is 625 and the rate mileage due to a Railway is 47, the factors on which the machine will work are :—

*Multiplier. Multiplicand.*

5 × 47

2 × 470

6 × 4,700

That is to say, three sortings on the machine will be necessary to bring out the product. All cards of the same single digit and relating to one station, or group of stations treated as one, are passed through the machine at one operation and the machine records the total number which is to be multiplied by each single digit. Thus, if in regard to the single digit 5, there are 6 cards of the following multiplicands—215, 400, 20, 18, 700, 326—the machine will record  $5 \times 1,679$ ; the product of which 8,395 represents the freight in pies due to the railway concerned on these invoices. Thousands of cards of the same single digits are often dealt with in one operation.

It will be seen that this method for the apportionment of freight charges on the machines is not affected by the existing complexity in rates on Indian Railways. The new method has been designated "The Summary Multiplication method" by the Hollerith Company.

4. The prescribed detailed procedure for the conduct of work under the revised method provides for information which secures reconciliation of the traffic apportioned in the Division Sheets prepared by the Clearing House with the entries in the accounts statement rendered by stations. This enables the Railway receiving Division Sheets to satisfy itself, should it wish to do so, that the entire traffic relating to the period to which the Division Sheets relate has been included in the Division.

5. A demonstration of the working of the machines was witnessed by Members of the Standing Finance Committee for Railways in June 1926 who expressed themselves satisfied with the working of the machines.

6. Mr. Scott submitted to the Railway Board the report on his investigation in August 1926. The sanction of the Secretary of State to the establishment of a Clearing House was received in December 1926, and the new office and the Statutory Audit Office attached thereto, were opened on the 18th December 1926.

#### *Location.*

7. The investigation having been conducted on the North-Western Railway and the work of that railway being the first affected, it was decided temporarily to locate the office at Lahore pending a decision as to the final head-quarters. After careful consideration Delhi was chosen, and the office was removed from Lahore in September 1927.

#### *Scope—Foreign Traffic.*

8. It is intended that the Clearing House will undertake the internal check of the returns from stations of railways parties to the Clearing House in respect of all through traffic of such railways. It will, in addition, undertake the apportionment of all traffic interchanged between such railways. It will also be responsible for the apportionment of all traffic interchanged with the railways not parties to the Clearing House which, under the old procedure, Railways parties to the Clearing House were responsible to clear.

9. As a matter of convenience the Clearing House will also be entrusted with all work relating to the check and apportionment of traffic on railways parties to the Clearing House which is paid for by Government Departments and the recovery of all dues from such departments.

10. The Clearing House will undertake the preparation of statistics relating to through traffic transactions of railways, parties to the Clearing House.

*Scope—Local Traffic.*

11. It is intended that the Clearing House will undertake under its revised machine methods, the internal check of the returns from stations of State-managed railways and the compilation of the accounts of these railways.

It is also intended to entrust to the Clearing House the compilation of the revenue statistics of State-managed Railways.

*Programme to take over Foreign Traffic Work.*

12. The foreign traffic work of the following Railways was taken over by the Clearing House on the dates specified :—

	<i>Date taken over.</i>
1. The N. W. Railway .. .. .	1st January 1927.
2. The E. I. Railway .. .. .	1st April 1927.
3. The E. B. Railway .. .. .	1st January 1928.
4. The G. I. P. Railway .. .. .	1st July 1928.

13. The delay in taking over the work of the E. B. Railway was due in the first place to the move from Lahore to Delhi in September 1927 and secondly to an experiment conducted in July, August, September, October, November and December 1927 with a view to convincing the B. B. and C. I. Railway a Company-managed line, of the value of the new methods.

It has been arranged to take over the Foreign Traffic work of the following Railway on the date specified :—

*Date.*

B. B. & C. I. Railway .. .. . 1st September 1928.

*Note.*—The Bengal Nagpur Railway have now under consideration the question of becoming a party to the Clearing House.

14. As a result of a demonstration given by the Director of the Clearing House to the Chief Auditors of the M. & S. M., S. I., N. G. S., Mysore, and Barsi Light Railways in February 1928, strong recommendations from the local authorities of these Railways have been submitted to their Home Boards to establish a Branch Clearing House in Madras. The acceptance of the Home Boards of the M. & S. M. and Barsi Light Railways has already been received, and it is hoped to establish such a branch early in 1929.

*Programme to take over Local Traffic Work.*

15. The Local Traffic work including statistics of the E. I. Railway will be taken over by the Clearing House from the accounts of October 1928.

No dates for absorbing the Local Traffic work of other State-managed Railways has yet been drawn up owing to the present lack of office accommodation in Delhi.

16. The Railway Board are completing arrangements for the building of office accommodation in Delhi adequate for the requirements of the Clearing House, the Indian Railway Conference Association, the Publicity Office of the Railway Board, and the Divisional Superintendent (Delhi Division) of the North Western Railway.

17. The Railway Board also have under consideration the question of arranging for residential accommodation for the staff of the Clearing House.

(Sd.) L. S. DEANE,

*Director, Railway Clearing Accounts Office.*

*13th July 1928.*

## APPENDIX XIII.

Proceedings of the First Meeting of the Committee appointed to examine the Appropriation Accounts of the Army, Marine and Military Engineer Services, for 1926-27, and the Report of the Director of Army Audit thereon, held on the 6th August 1928 at 11 a.m.

## PRESENT :

- |  |                                 |
|--|---------------------------------|
| (1) The Hon'ble Sir BHUPENDRA NATH MITRA, K.C.S.I.,<br>K.C.I.E., C.B.E.      | } <i>Chairman.</i>              |
| (2) The Hon'ble Mr. E. BURDON, C.S.I., C.I.E., I.C.S.,<br>Finance Secretary. |                                 |
| (3) Mr. A. F. L. BRAYNE, C.I.E., I.C.S., Army Secretary.                     | } <i>Members.</i>               |
| (4) Sir FREDERIC GAUNTLETT, K.B.E., C.I.E., I.C.S.,<br>Auditor General.      |                                 |
| (5) Mr. A. MACLEOD, I.C.S., Financial Adviser, Military<br>Finance.          | } <i>Were also<br/>present.</i> |
| (6) Colonel G. W. ROSS, D.S.O., Military Accountant<br>General.              |                                 |
| (7) Mr. A. G. BARR, O.B.E., Director of Army Audit.                          |                                 |

The Committee first took up the statement (Annexure A) compiled by the Financial Adviser, Military Finance, showing the action taken or proposed to be taken on the points noticed by the Departmental Committees in previous years. It was agreed that it is extremely convenient to have the information supplied in this form, and it was decided that the statement should be incorporated in the Committee's proceedings, and so be included automatically in the report of the Public Accounts Committee. The Committee also expressed the opinion that in future years similar statements should be prepared but should be incorporated in the Appropriation Accounts of the Financial Adviser, who should also place before the *ad hoc* Committee, in due course, a statement giving any supplementary information which becomes available in the interval between the preparation of the Appropriation Accounts and the meeting of the Committee. As regards the statement under discussion, the Committee observed that items 13, 15, 27 and 36 should be carried forward to the statement which will be submitted next year.

2. At this stage the Financial Adviser placed before the Committee a statement (Annexure B) comparing the net actuals under the military heads with the original net appropriation and the modified net appropriation. In view of the decision of the Governor-General in Council that the grant for military services shall for the present continue to be dealt with as a net grant

(*vide* paragraph 18 of the Finance Department Resolution No. D.-3546-A., dated the 5th January 1928), the Committee expressed the opinion that a similar statement should form part of the Appropriation Accounts in future years so long as the net grant system is maintained.

3. The Committee then proceeded to consider the observations of the Auditor General and of the Director of Army Audit on the action taken with reference to the proceedings of the *ad hoc* Committee of last year.

4. *Paragraph 11 of the Proceedings of the Committee of last year.*—The Committee desired the Financial Adviser to report to it next year whether, under the system of concentration of Military Accounts offices, the requirements of the commanders of lesser formations in the matter of financial advice and assistance are sufficiently met. The Committee would like to have the views, based upon actual experience, both of the military and of the financial authorities on this point.

5. *Paragraph 13 *ibid.**—The Committee was informed that the position as regards the report of the Innes Committee is still as explained at item No. 36 of the statement (Annexure A).

6. *Paragraph 14 *ibid.**—The Director of Army Audit reported that all the outstanding referred to in this paragraph have since been cleared.

7. *Paragraph 15 *ibid.**—The Financial Adviser presented a statement (Annexure C) in which the information given in Annexure A to the Proceedings of the Committee of last year is brought up to date with reference to the progress of events in the interval. The Financial Adviser was requested to note in next year's Appropriation Report any points of financial interest relating to any of the measures enumerated in this statement.

8. *Paragraph 16 *ibid.**—The Committee noted with satisfaction the economies effected as a result of the change in the system of obtaining army requirements of ghee.

9. *Paragraph 19 *ibid.**—The Committee was informed that the Secretary of State has been asked to sanction the continuance of the Land Sale Suspense Fund. It was of opinion that until the Fund was abolished, a *pro forma* account of the transactions of the Fund should be given in the Appropriation Accounts as suggested by the Auditor General. The account should be accompanied by foot-notes showing the purposes for which the fund was created and giving such information as is necessary to make it clear that the purposes are being carried out.

10. *Paragraph 21 *ibid.**—The answer to the question of the Director of Army Audit contained in this paragraph is that the Financial Adviser as a Joint Secretary to the Government of India has been given full authority, so far as audit is concerned, and has been constituted the sole mouthpiece of the Finance Department, in matters of military finance. In such matters audit need not look for any other embodiment of the authority of the Finance Department.

The Committee considered that in order to mark the position of the Financial Adviser, Military Finance, orders of the Finance Department which are of general application and should therefore extend—with or without modification—to the military administration should be communicated to the Army



Department, the Military Accountant General and the Director of Army Audit by the Financial Adviser.

11. *Paragraph 32 ibid.*—The Committee decided to invite the Master General of Supply to make a statement explaining the functions of the Central Disposals Organisation, the manner in which it performs them, and the results which have been and are being achieved (*vide* paragraph 56 of these proceedings).

12. *Paragraph 35 ibid.*—The Committee requested the Financial Adviser to place before it, as soon as possible, a summary of the recommendations made by the Special Committee of Enquiry in the complicated case referred to in this paragraph and of the action taken thereon (*vide* paragraph 61 of these proceedings).

13. *Paragraph 54 ibid and paragraph 13 of the Auditor General's letter.*—The Committee understood that the Government of India at the present moment have under their consideration a statement of certain general principles and procedure which, it is suggested, should regulate in future the enforcement of responsibility for losses caused to Government by the fraud or negligence of individual public servants. The statement, which was seen by the Committee, covers a number of observations which have been made by the Director of Army Audit and the Auditor General in regard to cases of irregularity brought to light in the former's Audit report. The Committee desired to observe that the same general principles which may be adopted for Civil departments should be applied, with any necessary modifications, to the Military administration also.

14. At this stage the Committee adjourned till 10-30 A.M. on Tuesday, the 7th August 1928.

Proceedings of the Second Meeting of the *Ad Hoc* Committee held on the 7th August 1928 at 10-30 a.m.

PRESENT :

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| (1) The Hon'ble Sir BHUPENDRA NATH MITRA, K.C.S.I., K.C.I.E., C.B.E.         | } <i>Chairman.</i>          |
| (2) The Hon'ble Mr. E. BURDON, C.S.I., C.I.E., I.C.S.,<br>Finance Secretary. | } <i>Members.</i>           |
| (3) Mr. A. F. L. BRAYNE, C.I.E., I.C.S., Army Secretary.                     |                             |
| (4) Sir FREDERIC GAUNTLETT, K.B.E., C.I.E., I.C.S.,<br>Auditor General.      | } <i>Were also present.</i> |
| (5) Mr. A. MACLEOD, I.C.S., Financial Adviser, Military Finance.             |                             |
| (6) Colonel G. W. ROSS, D.S.O., Military Accountant General.                 |                             |
| (7) Mr. A. G. BARR, O.B.E., Director of Army Audit.                          |                             |

15. The Committee proceeded to consider the Report of the Director or Army Audit in conjunction with relevant portions of the Appropriation Accounts and of the Auditor General's letter.

16. *Paragraph 5 of the Director's Report.*—The Committee hoped that greater care would be taken in future in estimating savings under one head before they are appropriated for expenditure under another. Having regard to the explanation in paragraph 140 (1) of the Appropriation Accounts, it found that the excess over the modified appropriation in this case was really due to larger book debits, by readjustment from suspense, on account of writes off of losses arising out of the disposal of surplus stores, etc. It considered it very important to keep a vigilant watch over liabilities of this kind, and to see that the requisite appropriation is fully made at the proper time.

17. The Committee agreed with the Auditor General that no item involving a reappropriation of under Rs. 10,000 need be included in the list of re-appropriations covering the cost of new measures. It considered that re-appropriations from anticipated savings are permissible in principle, but that care should be taken by the Financial Adviser to see that there is a reasonable prospect of the savings materialising; also that, whenever such re-appropriations are made, a specific reduction should be made under the head under which savings are anticipated, if necessary, by requiring the abandonment of some specific measure of expenditure. Finally steps should continue to be taken to see that the actual expenditure does not exceed the reduced appropriation.

18. *Paragraph 7 of the Director's Report.*—The Committee hoped that, as time goes on, the Financial Adviser will find it possible to make a more adequate estimate of probable savings.

19. *Paragraph 8 of the Director's Report.*—The Committee examined the matter and found that the overpayments were brought to the notice of the Military Accountant-General in February 1924, that the payments were restricted to normal rates in September 1924 and that there was no undue delay in issuing the correct interpretation of the rules in question.

20. *Paragraph 9 of the Director's Report.*—The Committee was informed that the defective system referred to by the Director had since been amended.

21. *Paragraphs 12 and 15 of the Director's Report.*—The Committee observed that the point raised by the Auditor General in regard to the importance of the accuracy of certificates had already been dealt with by the last Public Accounts Committee, and later in paragraph 22 of the Resolution of the Government of India in the Finance Department, No. D./3546-A., dated the 5th January 1928. At the same time it wished to record the opinion that the incorrect issue of proficiency pay in the cases under reference could probably have been avoided by suitable action on the part of the Military Accounts Department and that some automatic arrangements should be introduced in the military accounts offices, which will help to diminish the possibility of expenditure being incurred under orders which have a limited currency after the currency of those orders has expired.

22. *Paragraph 13 of the Director's Report.*—The Committee was informed that the procedure already in force provides that any settlement arrived at after verbal discussion should be reduced to writing and formally accepted by the parties concerned, and that the case to which objection had been taken was a departure from the established procedure.

23. *Paragraph 17 of the Director's Report.*—The Financial Adviser told the Committee that the civil suit in respect of Rs. 9,000 advanced to one of the contractors had since been withdrawn. It desired to examine the Adjutant General on the point and also to know whether the withdrawal had the requisite authority (*vide* paragraph 59 of these proceedings).

24. *Paragraph 22 of the Director's Report.*—The Committee observed that the question of the desirability of ascertaining the financial position of contractors had been dealt with by the Public Accounts Committee last year, and was informed that the issue of general orders covering the particular point is now under the consideration of the Government of India. As, however, the final decision may be delayed, the Committee considered that the attention of the military authorities should be invited meanwhile to the desirability of adopting the practice suggested by the Director.

25. At this stage the Committee adjourned till 10-30 A.M. on Thursday, the 9th August 1928.

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Proceedings of the Third Meeting of the *Ad Hoc* Committee held on the 9th August 1928 at 10-30 a.m.

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PRESENT :

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|--|---------------------------------|
| (1) The Hon'ble Sir BHUPENDRA NATH MITRA, K.C.S.I.,<br>K.C.I.E., C.B.E.      | } <i>Chairman.</i>              |
| (2) The Hon'ble Mr. E. BURDON, C.S.I., C.I.E., I.C.S.,<br>Finance Secretary. |                                 |
| (3) Mr. A. F. L. BRAYNE, C.I.E., I.C.S., Army Secretary                      | } <i>Members.}</i>              |
| (4) Sir FREDERIC GAUNTLETT, K.B.E., C.I.E., I.C.S.,<br>Auditor-General.      |                                 |
| (5) Mr. A. MACLEOD, I.C.S., Financial Adviser, Military<br>Finance.          | } <i>Were also<br/>present.</i> |
| (6) Colonel G. W. ROSS, D.S.O., Military Accountant<br>General.              |                                 |
| (7) Mr. A. G. BARR, O.B.E., Director of Army Audit.                          |                                 |

26. *Paragraph 23 of the Director's Report.*—The Committee was informed that the large discrepancies between the modified appropriation and the actuals in the cases referred to arose out of the difficulty under the old accounting arrangements of properly watching certain liabilities which are required to be adjusted in the Revenue Accounts before the close of the year. It understood that, with effect from 1927-28, such difficulty would be minimised as a result of changes in the accounting system. The Committee desired, however, to impress upon the Financial Adviser the importance of making adequate arrangements for keeping a watch on liabilities which have to be adjusted in the Revenue Accounts during any particular year.

27. *Paragraph 25 of the Director's Report.*—The Committee understood that instructions had since been issued defining the responsibilities of the different officers of the College in regard to financial arrangements, and the Auditor

General expressed himself as satisfied with the instructions. As regards the failure of audit referred to by the Auditor General, the Military Accountant-General admitted that there was a lack of co-ordination in the accounting office, but he had since issued suitable instructions with a view to securing such co-ordination.

28. *Paragraph 30 of the Director's Report.*—The Committee was informed that the Financial Adviser was considering, in consultation with the Military authorities, the question of revising the rates in the priced vocabulary of medical stores with the object of ensuring that the cost of services rendered was fully recouped to Government, but not with the idea of making the prices conform to market rates, which was not intended.

29. *Paragraph 31 of the Director's Report.*—The Committee examined the question of losses on balances of stores from Officers' shops in the light of the explanation given by the Q. M. G. and came to the conclusion that, in the field service conditions under which the shops in question were started in Waziristan, the loss was inevitable. The situation might have been dealt with by gradually reducing the issue price of articles purchased at the beginning of the operations at high prices, but this would merely have resulted in the distribution of losses in another shape and over a series of years. The Auditor General had no comments to make in the circumstances.

30. *Paragraph 33 of the Director's Report.*—The Committee understood that no refund could be obtained from the suppliers who had, under the arrangements in force, no liability for the stores found unserviceable, and further that such stores formed a very small percentage of those imported on the occasion. It was satisfied that the existing procedure in regard to the inspection of stores was in general sufficient and did not desire that any further action should be taken in the matter.

31. *Paragraph 35 of the Director's Report.*—The Committee was informed that the Government of India had issued orders in the Army Canteen Board case accepting the recommendations made in the report of the Currie Committee, which had been presented to the Legislature. The position was that, besides implementing the guarantee given to the Imperial Bank of India, Government had to pay outstanding bills of creditors. The net loss to Government on the transaction was about 37 lakhs after allowing for the receipts on account of the realisation of the assets of the Board.

32. *Paragraph 36 of the Director's Report.*—The Committee found that neither the Army Department nor the Financial Adviser gave sufficient importance to the particular aspect of the case referred to by the Director, viz., that of the responsibility of the Supply Officer for the loss on fodder. It wished to examine the Quartermaster General on the question of responsibility for the loss and the adequacy of disciplinary action taken (*vide* paragraph 5 of these proceedings).

33. *Paragraph 57 of the Director's Report.*—The Financial Adviser explained that the discrepancies referred to by the Auditor General were due to adjustments within the head for which provision was not made and could not have been made in the estimates and that under the altered system of accounting variations of the kind would not recur.

34. *Paragraph 42 of the Director's Report.*—With reference to the remarks made in paragraphs 22, 27 and 29 of the Auditor-General's letter, the Committee, after hearing the explanation of the Financial Adviser, came to the conclusion that budget provision was now being made as far as possible under the head to which the expenditure related. It recognised that this is not feasible in certain special cases, and, so long as the principle was understood, it did not desire to pursue the matter.

35. *Paragraph 43 of the Director's Report.*—The Committee expressed the opinion that it is very desirable that any modifications in the Civil Service Regulations should be notified to all concerned by the issue of correction slips with as little delay as possible. It understood that a reprint of the Regulations, corrected up-to-date, is now in hand.

36. *Paragraph 44 of the Director's Report.*—The Financial Adviser admitted that the original estimate in this case was wrong. The Committee desired that steps should be taken with a view to ensuring in future that the estimates are more in accord with actuals.

37. *Paragraph 25 of the Auditor General's letter.*—With reference to the alleged over-estimating under conservancy charges, referred to in paragraph 89 of the Appropriation Accounts, the Committee wished to examine the Quartermaster General as to the facts of the case (*vide* paragraph 58 of these proceedings). In regard to the under-estimating of payments for stationery and printing, referred to in paragraph 90 of these accounts, the Committee desired that the arrangements for the framing of the estimates and the controlling of expenditure in this connection should be carefully reviewed.

38. *Paragraph 55 of the Director's Report.*—The Committee observed that the payment to certain honorary King's Commissioned Officers of pension at double the mustering-out rates, instead of at double the ordinary rates, arose out of an honest mis-interpretation of orders by certain officers of the Military Accounts Department. It hoped that, with the concentration of pension audit in two main offices in India, the risk of such erroneous payments would be minimized. It recognised that one result of such concentration might be the detection of further over-payments made in the past due to mis-interpretation or otherwise, leading however to the rectification and elimination of error for the future.

39. *Paragraphs 28, 29 and 31 of the Auditor General's letter.*—The Committee was informed that the decision to effect recoveries from the Persian Gulf Lighting Service Fund, and to make certain changes in classification, had been taken after the budget was prepared which resulted in the variations in question.

40. *Paragraph 61 (b) of the Director's Report.*—The Committee desired that the question of utilising the I. A. S. C. for the provision of supplies to the R. I. M., where the requisite articles were stocked by the former, should be further examined by the Government of India, and that, failing any such arrangement, steps should be taken by the R. I. M. to obtain more reasonable tenders in respect of direct purchases.

41. *Paragraph 64 (a) of the Director's Report.*—With reference to the Auditor General's observations regarding the want of timely notice, the Financial Adviser was requested to report the relevant dates at a subsequent

meeting, and also to find out whether the original contract in this case was given as a result of tenders (*vide* paragraph 55 of these proceedings).

42. *Paragraph 65 of the Director's report.*—The Committee observed that no satisfactory explanation of the delay in the report of the case to the District Headquarters was forthcoming, but decided that no further action was necessary in view of the general orders, the issue of which was under the consideration of the Government of India (*vide* paragraph 13). The Committee was informed that the form of agreement, referred to by the Director, had since been suitably altered.

43. *Paragraph 69 of the Director's Report.*—The Committee was informed that out of the surplus stores valued at about Rs. 15 lakhs, which remained for disposal on the 31st March 1927, the balance now left was only about Rs. 2,60,000. It considered the progress made in the disposal satisfactory.

44. *Paragraph 70 of the Director's Report.*—The Committee was told that the amount outstanding under the remittance head, according to the accounts for March 1928 Final, was only about Rs. 30,000.

45. At this stage the Committee adjourned till 12 noon on Friday, the 10th August 1928.

Proceedings of the Fifth Meeting of the *Ad Hoc* Committee held on the 10th August 1928 at 12 noon.

PRESENT :

(1) The Hon'ble Sir BHUPENDRA NATH MITRA, K.C.S.I.,  
K.C.I.E., C.B.E.

*Chairman.*

(2) The Hon'ble Mr. E. BURDON, C.S.I., C.I.E., I.C.S.,  
Finance Secretary.

} *Members.*

(3) Mr. A. F. L. BRAYNE, C.I.E., I.C.S., Army Secretary.

(4) Sir FREDERIC GAUNTLETT, K.B.E., C.I.E., I.C.S.,  
Auditor-General.

(5) Mr. A. MACLEOD, I.C.S., Financial Adviser, Military  
Finance.

} *Were also present.*

(6) Colonel G. W. ROSS, D.S.O., Military Accountant  
General.

(7) Mr. A. G. BARR, O.B.E., Director of Army Audit.

46. *Paragraph 3 of the Auditor General's letter.*—The Committee recognised that, owing to pressure of work in connection with the Budget, it was impossible for the Financial Adviser to produce the Appropriation Accounts for 1926-27 before the 31st of March 1928, but it hoped that, with the partial modification of the cost accounting system and the consequent simplification of the accounting arrangements, it would be possible to produce the Appropriation Accounts earlier.

47. *Paragraph 71 of the Director's Report.*—The Military Accountant-General explained that the payment of rent by the Army Canteen Board was duly demanded but the demand could not readily be enforced in view of the

financial position of the Board. Practically the whole amount had since been recovered.

48. *Paragraph 73 of the Director's report.*—With reference to item (8) in this paragraph, the Committee considered that the Military authorities should seriously take up the question of providing suitable accommodation for valuable and combustible stores, which would prevent the possibility of large losses by fire similar to the one in this case. It desired that the Financial Adviser should take adequate steps for proper stock-taking of stores of this category, and that he should report next year what steps could be taken in general or in particular to obviate the recurrence of similar calamities.

49. The Committee then turned to Section II of the report of the Auditor upon the accounts of the Secretary of State, and the Auditor General's remarks thereon.

50. *Paragraphs 1—6 of Home Auditor's report.*—The Committee examined the cases in question, and came to the conclusion that in some of them the authorities in India were responsible for the failure to make prompt recoveries from the parties concerned. It was assured that steps had been taken, which would prevent the recurrence of similar irregularities in future.

51. *Paragraph 9 of the Home Auditor's report.*—The Committee was informed that no decision had been arrived at on the question of India's claim to a share of the accumulated surplus of the National Health Insurance Fund, but it understood that it was now doubtful whether there would be a surplus of which India could obtain a share.

52. *Paragraph 10 of the Home Auditor's report.*—The Committee was told that the Secretary of State had recently decided the question of leave passage concessions referred to in this paragraph, subject to the settlement of certain details.

53. *Paragraph 19 of the Home Auditor's report.*—The Committee was informed that no agreement had yet been reached on the question of the capitulation rate.

54. At this stage the Committee adjourned till 10 A.M. on Saturday, the 11th August 1928.

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Proceedings of the Fifth Meeting of the *Ad Hoc* Committee held on the 11th August 1928 at 10 a.m.

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PRESENT :

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|---|--------------------|
| (1) The Hon'ble Sir BHUPENDRA NATH MITRA, K.C.S.I.,<br>K.C.I.E., C.B.E.,    | } <i>Chairman.</i> |
| (2) The Hon'ble Mr. E. BURDON, C.S.I., C.I.E., I.C.S.,<br>Finance Secretary | } <i>Members.</i>  |
| (3) Mr. A. F. L. BRAYNE, C.I.E., I.C.S., Army Secretary                     |                    |

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| <p>(4) Sir FREDERIC GAUNTLETT, K.B.E., C.I.E., I.C.S.,<br/>Auditor-General.</p> <p>(5) Mr. A. MACLEOD, I.C.S., Financial Adviser, Military<br/>Finance.</p> <p>(6) Colonel G. W. ROSS, D.S.O., Military Accountant<br/>General.</p> <p>(7) Mr. A. G. BARR, O.B.E., Director of Army Audit.</p> | } | <p>Were also<br/>present.</p> |
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55. *Paragraph 64 (a) of the Director's report and paragraph 41 of these proceedings.*—The Financial Adviser reported that the original contract in this case was given as a result of tenders, but that he could not give the exact dates at the moment. The Committee wished to record that, where circumstances were likely to arise which might justify *ex gratia* payments to contractors, steps should be taken to give such timely notice as would tend to reduce such payments. It also held that before making *ex gratia* payments the advice of the Government Solicitor should be obtained in regard to the legal aspect of the case.

56. *Paragraph 32 of the Proceedings of the Committee of last year and paragraph 11 of these proceedings.*—The Committee examined the Master General of Supply in regard to the work of the Central Disposals Organisation. He explained that the Dum Dum Depot had been given up as unsuccessful. It was found to be a bad centre from a business point of view. The Disposals Organisation, however, remained. Articles of little or no value were being sold for what they would fetch locally, and others transferred to other public departments which might require them, or sold under agency methods of disposal with minimum prices and a share of profits. The Organisation was, on the whole, successful and instrumental in the realization of large sums of money.

57. *Paragraph 36 of the Director's report and paragraph 32 of these proceedings.*—The Committee examined the Quartermaster General on the question of the responsibility for the loss on fodder and the adequacy of the disciplinary action taken. It was informed that the Director of Audit had not at that time pressed for disciplinary action against the Supply Officer on account of his alleged lack of supervision. The case was as old as 1924, and occurred in the Waziristan area, where green khashil was supplied by Mahsuds and Wazirs. The Committee recognised that the circumstances were, to a considerable extent, abnormal and did not pursue the question further.

58. *Paragraph 25 of the Auditor General's Report and paragraph 37 of these proceedings.*—The Committee also examined the Quartermaster General on the question of the provision for conservancy charges, and understood that the additional appropriation sanctioned in 1926-27 in this connection was really intended to meet similar charges eventually recorded under a variety of heads. The total conservancy charges under all these heads together were just within the modified appropriation. The Committee was informed that the charges were now being shown under one head and no longer distributed as they used to be in the past.

59. *Paragraph 17 of the Director's report and paragraph 23 of these proceedings.*—The Committee examined the Adjutant General regarding the withdrawal of the civil suit in respect of Rs. 9,000 advanced to one of the contractors (During the course of the examination the Chairman left the meeting on other public business, and the Hon'ble Mr. Burdon took his place.) The Committee



was informed that the contractor in question was a man of practically no means and had since absconded. As chances of recovery were nil, it was not worth while incurring the cost of a civil suit, and the withdrawal was inevitable. It was true that the case was withdrawn without technical authority, but the Committee understood that the Government of India would be prepared to confirm the action in the circumstances. At the same time, the Committee desired that the technical authority competent to sanction the withdrawal of cases once instituted should be defined to avoid misapprehension in future, unless this has already been done.

60. At this stage the Committee adjourned till 11 A.M. on Monday, the 13th August 1928.

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**Proceedings of the Sixth meeting of the *Ad Hoc* Committee held on the 13th August 1928 at 11 a.m.**

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**PRESENT :**

[As at the last meeting, with the exception of the Hon'ble Mr. Burdon, who was away on other public business.]

61. Paragraph 35 of the *Proceedings of the Committee of last year and paragraph 12 of these proceedings*.—The Committee had before it a statement (Annexure D), prepared by the Financial Adviser, containing a summary of the recommendations made by the Special Committee of Enquiry in this case and of the action taken thereon. With reference to the observations made in paragraph 68 of the Report of the Public Accounts Committee of last year, the Committee had the opportunity of hearing the Quartermaster-General on the question, and noted with pleasure that adequate action had been taken on the general recommendations of the Special Committee, which will reduce the possibility of losses of the kind in future. In regard to disciplinary action taken with reference to the recommendations in Chapter V of the Special Committee's Report, the Committee examined the Adjutant-General and came to the conclusion that the irregularities were the outcome of war and facilitated by the special conditions which prevailed at the time, including frequent changes in the incumbency of different appointments. It endorsed the expectation of the Public Accounts Committee that, with the return of normal conditions, cases of this nature would be considerably reduced, and did not desire at this distance of time to pursue the question of disciplinary action in regard to individual officers. At the same time, the Committee desired that the Government of India should consider the question of principle involved, viz., whether in cases where lack of supervision or failure to observe regulations had led to financial loss, the final authority to settle the question of disciplinary action should be His Excellency the Commander-in-Chief or the Government of India.

**ANNEXURE A.**

*Statement showing the action taken or proposed to be taken on the points noticed by the Departmental Committees on Army Accounts for the years 1923-24, 1924-25 and 1925-26.*

No.	Recommendations or observations made by the Departmental Committee.	Reference to Proceedings of the Committee.	Action taken or proposed to be taken on points noticed.
1	That it would be very convenient if a full statement could be prepared for the next <i>ad hoc</i> Committee of the various points raised by the three previous Committees and the action taken thereon in order that the work of each Committee may be linked up with that of the previous Committees and there may be a continuous record of activities of these Committees. The Financial Adviser agreed to prepare such a statement for the <i>ad hoc</i> Committee of next year.	Paragraph 2 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 182 of the Report of the Public Accounts Committee on the accounts of 1925-26). Paragraph 23 of the Proceedings of the 6th and 7th meetings of the Public Accounts Committee on the accounts of 1925-26. (Page 46 of their Report).	This is the statement.
2	That the Appropriation Report would in future be prepared by the Financial Adviser, Military Finance, and much fuller explanations would be given.	Paragraph 1 of the Proceedings of the first meeting of the Committee on the accounts of 1923-24. (Page 133 of the Report of the Public Accounts Committee on the accounts of 1923-24.)	The Appropriation Accounts of the Army, Marine and Military Engineer Services are now prepared by the Financial Adviser, Military Finance, and they have been made much fuller and more detailed explanations are furnished.
3	That the Financial Adviser, Military Finance, should take up the question of the improvements that could be made in the Military Appropriation Report so as to bring it into line with the Civil Reports.	Paragraph 2 of the Proceedings of the 1st meeting of the Committee on the accounts of 1923-24. (Page 133 of the Report of the Public Accounts Committee on the accounts of 1923-24.)	Considerable improvements have been brought about in the Military Appropriation Accounts which is now more or less in the form of the Civil Appropriation Accounts.

4 That an account exhibiting the expenditure under 48-Army by sub-heads be given in the Appropriation Reports.

5 That a statement should be given in the Appropriation Report specifying the powers of authorities competent to reappropriate between sub-heads.

6 That the Committee understood that a Committee would shortly be appointed to enquire into the system of cost accounts and that they thought that one of the instructions to such a committee should be to consider whether the cost accounts could not be made simpler and to submit definite proposals as to the manner in which they should be used for purposes of control.

Paragraph 3 of the Proceedings of the 1st meeting of the Committee on the accounts of 1923-24. (Page 133 of the Report of the Public Accounts Committee on the accounts of 1923-24.)

Paragraph 4 of the Proceedings of the 1st meeting of the Committee on the accounts of 1923-24. (Page 133 of the Report of the Public Accounts Committee on the accounts of 1923-24.)

Paragraph 5 of the Proceedings of the first meeting of the Committee on the accounts of 1923-24. (Page 134 of the Report of the Public Accounts Committee on the accounts of 1923-24.)

This account is now given in the Appropriation Accounts.

A paragraph is given in the Appropriation Accounts showing the authorities who are competent to sanction reappropriations between sub-heads. A memorandum on the theory and practice of reappropriations in the Military Services was furnished to the Public Accounts Committee on the accounts of 1925-26 which is published as Appendix XXII on page 194 of the Report of the Public Accounts Committee.

The system of cost accounts in the Army has now been radically modified in accordance with the recommendations of the Special Committee which was appointed to enquire into the efficacy of the system. The estimates of Military Services from the year 1927-28 have been greatly simplified and improved by the grouping of expenditure by heads under the authorities finally responsible for its control and all cost accounting items have been excluded. The simplification of accounts will greatly strengthen financial control and facilitate the prompter preparation of the records of progress of expenditure. (*Vide* also paragraph 16 of Government of India, Finance Department, Resolution No. D-1163-A., dated the 5th May 1927.)

No.	Recommendations or observations made by the Departmental Committee.	Reference to Proceedings of the Committee.	Action taken or proposed to be taken on points noticed.
7	That all excesses ought to be explained and should in all cases so far as possible be regularised either by reappropriations or additional grants before the end of the year. If for any special cause an excess could not be detected and reported to Government before the end of the year, the sanction of Government should be obtained in all such cases immediately afterwards.	Paragraph 8 of the Proceedings of the first meeting of the Committee on the accounts of 1923-24. (Page 135 of the Report of the Public Accounts Committee on the accounts of 1923-24.)	All excesses are explained now in the Appropriation Accounts. Excesses known before the close of the year are regularised either by reappropriations or additional grants. Excesses which come to notice after the close of the year are also formally regularised by competent authority.
8	That a stock account showing the stock in hand at the beginning and at the end of the year should be given in the next Report.	Paragraph 14 of the Proceedings of the first meeting of the Committee on the accounts of 1923-24. (Page 136 of the Report of the Public Accounts Committee on the accounts of 1923-24.)	A paragraph showing the stock in hand at the beginning and the end of the year is given in the Appropriation Accounts.
9	That for the purpose of the accounts and of higher control the demands of the unit and the quantity supplied to it were probably more important than the consumption and that as regards the latter sufficient detailed control could be exercised by the fixing of scales and through the Stock Account of the unit being investigated by the local audit staff.	Paragraph 1 of the Proceedings of the second meeting of the Committee on the accounts of 1923-24. (Page 136 of the Report of the Public Accounts Committee on the accounts of 1923-24.)	Issues of stores to units, etc., are regulated, as far as possible, by fixed scales. The audit is also based on these scales, but under the cost accounting system, the value of articles consumed whether in excess of the authorised scales or not was charged to the unit. After the abolition of priced store accounts in consuming units as a result of the recommendations of the Special Committee on cost accounting in the Army, the main accounts of the Army do not show the

value of actual consumption by units, etc. In the subsidiary account, however, all issues to units, etc., are shown against the arm of the service concerned irrespective of whether the stores were actually consumed or not. The audit is conducted with reference to sanctioned scale. The local audit officers also see that the balances of stores with units are not in excess of authorised limits and that no unauthorised articles are held on charge.

10 That the procedure of budgeting under one head and spending under another should be investigated with a view to its further limitation.

Paragraph 2 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1923-24. (Page 137 of the Report of the Public Accounts Committee on the accounts of 1923-24.)

This procedure is followed only in exceptional cases wherein such a course is more or less unavoidable. This position was accepted by the Committee on the accounts of 1925-26, *vide* paragraph 23 of the Proceedings of the first meeting, page 185 of the Report of the Public Accounts Committee on the accounts of 1925-26. (*Vide* also paragraph 17 of Government of India, Finance Department, Resolution No. D.-1163-A., dated the 5th May 1927.)

11 That the question whether in the Appropriation Accounts it was necessary to include separate columns showing the additions and modifications sanctioned by Government and other competent authorities should be considered in connection with the general question of amending the form of the Appropriation Report.

Paragraph 2 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1923-24. (Page 137 of the Report of the Public Accounts Committee on the accounts of 1923-24.)

From 1925-26, the modifications sanctioned by Government or other competent authorities, reductions and additions are shown only in one column instead of in 4 separate columns as was the practice prior to 1925-26.

No.	Recommendations or observations made by the Departmental Committee.	Reference to Proceedings of the Committee.	Action taken or proposed to be taken on points noticed.
12	That the Financial Adviser, Military Finance should go into the question whether it would not be more economical in the long run if a little additional money could be spent on local audit at present to clear up arrears and to make it more effective.	Paragraph 4 of the Proceedings of the second meeting of the Committee on the accounts of 1923-24. (Page 137 of the Report of the Public Accounts Committee on the accounts of 1923-24.) Paragraph 3 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 182 of the Report of the Public Accounts Committee on the accounts of 1925-26.)	The local audit staff has been largely increased and the cost met from savings due to the abolition of cost accounting. No general increase in local audit officers has been made, but an extra local audit officer is employed in the Western Command from within the cadre. The work is now practically current.
13	That the question of the preparation of an Office Manual should be taken into serious consideration by the Financial Adviser, Military Finance.	Paragraph 6 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1923-24. (Page 137 of the Report of the Public Accounts Committee on the accounts of 1923-24.) Paragraph 4 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 183 of the Report of the Public Accounts Committee on the accounts of 1925-26.)	The preparation of the Office Manual could not be undertaken until the new form of accounts has been finally settled and some experience gained of these new accounts. The preparation of an Office Manual for the Central Pension Offices at Lahore and Mhow is, however, now well in hand and it is hoped to issue this Manual within two or three months.
14	That it was hoped that a further improvement would be noticeable in regard to the clearance of outstanding in suspense accounts of the Military Engineer Services.	Paragraph 11 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1923-24. (Page 138 of the Report of the Public Accounts Committee on the accounts of 1923-24.)	The outstandings in the Suspense Accounts of Military Engineer Services have been cleared.

15 That the recent reorganisation of the Military Engineer Services had already improved matters and would probably result in further improvement but special measures should be taken to avoid a recurrence of irregularities which often result in loss to Government and litigation with contractors.

Paragraph 12 of the Proceedings of the second meeting of the Committee on the accounts of 1923-24. (Page 138 of the Report of the Public Accounts Committee on the accounts of 1923-24.)

Adequate action has been taken to avoid irregularities in the M. E. S. Accounts. To help the executive officers in the correct discharge of their duties in regard to finance and accounts a new account code for M. E. S. and another book "how to obtain stores" have been published. The question of further simplifying the system of the Military Engineer Services Accounts has already been taken up and the M. E. S. Account Code is now under revision. In addition, Chief Engineers and Commanding Royal Engineers have been continually impressed with the importance of establishing effective financial control. The Engineer-in-Chief and the Finance Section are in up to date touch with the financial activities of the M. E. Services.

16 That the question whether the holdings in treasure chests could not be diminished by the opening of banking accounts or otherwise should be carefully considered.

Paragraph 15 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1923-24. (Page 138 of the Report of the Public Accounts Committee on the accounts of 1923-24.)

Instructions have been issued to all officers that as far as possible public money should be deposited in Banks to avoid theft, etc.

17 That in some cases there was a considerable lapse of time between the commission of the offence and its being brought to light, which made it difficult to apply an effective remedy and that to minimise the lapse of time the local Controller, as soon as any case of financial irregularity comes

Paragraph 16 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1923-24. (Page 138 of the Report of the Public Accounts Committee on the accounts of 1923-24.) Paragraph 5 of the Proceedings of the 1st meeting of the Committee on the accounts of 1924-

Action has been taken to ensure that all serious financial irregularities which are noticed by Controllers of Military Accounts should be reported to the F. A., M. F. as soon as they are discovered and also to provide adequate legal advice to local military authorities.

No.]	Recommendations or observations made by the Departmental Committee.	Reference to Proceedings of the Committee.	Action taken or proposed to be taken on points noticed.
	<p>to his notice which seems likely to be of a serious character, should send to the F. A., M. F., a copy of the letter or questionnaire addressed by him to the local administrative authorities and inform them that he has done so and that the local military authorities should be given adequate legal advice.</p>	<p>25. (Page 114 of the Report of the Public Accounts Committee on the accounts of 1924-25.)</p>	
18	<p>That it is desirable that the facts disclosed and the criticisms made in the periodical Audit Reports should be brought to the notice of all officers in the Army in some way which will really draw their attention and leave a strong impression on their minds.</p>	<p>Paragraph 23 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1923-24. (Page 139 of the Report of the Public Accounts Committee on the accounts of 1923-24.)</p>	<p>The officers of the Army are continually reminded of their responsibilities as custodians of public money and stores. The irregularities noticed and the criticisms contained in the Audit Reports are brought to the notice of administrative officers from year to year who take necessary action to prevent the recurrence of such irregularities.</p>
19	<p>That when an accidental omission occurs to communicate to the Military Accounts Department copy of an order required by them for their work, the Controllers of Military Accounts should be careful to apply for the orders of the Government of India and not for the orders of a branch of Army Headquarters.</p>	<p>Paragraph 10 of the Proceedings of the first meeting of the Committee on the accounts of 1924-25. (Page 115 of the Report of the Public Accounts Committee on the accounts of 1924-25.)</p>	<p>Necessary action has been taken to impress on Controllers of Military Accounts the necessity for obtaining Government orders when an omission occurs to communicate copy of an order required for their work.</p>



20 That the Foreign and Political Department should once more be asked to consider the possibility of requiring Indian States to deposit in advance the approximate cost of contribution works carried out on their behalf.

21 That for future Audit Reports the Auditor General should be given an opportunity of seeing the original papers containing discussions regarding the disciplinary action in order that mention might not be made unnecessarily of cases in which further disciplinary action was really impracticable or unjustifiable or both.

22 That the Director of Army Audit should bring to notice of the F. A., M. F., at an early stage cases of financial irregularity in which it seemed to him that the process of investigation or remedial action was being carried out inadequately and that the F. A., M. F., should, if necessary, invoke the authority of the Army Secretary, but that special care should be taken to ensure that Audit does not trench upon or relieve the responsibility of the administrative authorities.

23 That it might be desirable to keep a regular but simple account of the losses suffered by Government through fire with reference to the accepted policy of not insuring Government property.

Paragraph 18 of the Proceedings of the 1st meeting of the Committee on the accounts of 1924-25. (Page 116 of the Report of the P. A. C. on the accounts of 1924-25.) Paragraphs 6 and 60 of the Proceedings of the first and the 2nd meetings respectively of the Committee on the accounts of 1925-26. (Pages 183 and 191 of the Report of the Public Accounts Committee on the accounts of 1925-26.)

Paragraph 19 of the Proceedings of the first meeting of the Committee on the accounts of 1924-25. (Page 116 of the Report of the P. A. C. on the accounts of 1924-25.)

Paragraph 20 of the Proceedings of the first meeting of the Committee on the accounts of 1924-25. (Pages 116-117 of the Report of the P. A. C. on the accounts of 1924-25.)

Paragraph 22 of the Proceedings of the first meeting of the Committee on the accounts of 1924-25. (Page 117 of the Report of the P. A. C. on the accounts of 1924-25.)

The Foreign and Political Department in consultation with the Army Department have decided to make no change in the existing procedure.

Whenever disciplinary action is commented upon in a draft paragraph of the Audit Report, the connected files are sent to the Auditor General.

This procedure will be acted on whenever occasion arises.

A record of writes-off of losses by fire sanctioned by authorities subordinate to Government of India are now maintained by the Controllers of Military Accounts while a record of those sanctioned by Government is maintained by the Director of Army Audit.

No.	Recommendations or observations made by the Departmental Committee.	Reference to Proceedings of the Committee.	Action taken or proposed to be taken on points noticed.
24	Information was desired as to how the dismantled material of the Railway lay out at Jamrud which has been abandoned as a railhead owing to the construction of the Khyber Railway is to be utilised, what further expenditure was involved and how this can be adjusted.	Paragraph 25 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1924-25. (Page 117 of the Report of the P. A. C. on the accounts of 1924-25.)	The dismantled material was to be sold out, the credits being realised by the North Western Railway. The North Western Railway in its turn will build new Railway sidings at Peshawar, the net credit being given to military. The credit from the sale of the dismantled materials was higher than the cost of the sidings at Peshawar, hence no further expenditure was involved.
25	That no formal reappropriations from the Indian to English estimates are made and that savings are merely earmarked in India against expenditure in England. The Financial Adviser, Military Finance, was asked to examine the subject and to make definite recommendations to Government as to future procedure.	Paragraph 26 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1924-25. (Page 118 of the Report of the P. A. C. on the accounts of 1924-25.)	The question was examined and the procedure followed now was set forth in detail in paragraph 35, Section III of the Appropriation Accounts for the year 1925-26.
26	That a distinction should be observed between reappropriations made to cover excesses in normal expenditure elsewhere and cases in which savings were reappropriated to cover the cost of new measures which were not provided for in the estimates and that reappropriations to cover the cost of new measures should be mentioned in the annual Appropriation Accounts.	Paragraph 30 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1924-25. (Pages 118-119 of Report of the P. A. C. on the accounts 1924-25.)	Orders have been issued that whenever a reappropriation is made to cover the cost of a new measure the fact should be clearly mentioned in the order sanctioning the reappropriation. Such reappropriations are now mentioned in the Appropriation Accounts. (Vide also paragraph 12 of Government of India, Finance Department, Resolution No. D-1163-A., dated the 5th May 1927.)

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| 27 | That the aviation charges in the High Commissioner's accounts were under scrutiny, the Financial Adviser, Military Finance, having protested against the overhead charges.   | Paragraph 32 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1924-25. (Page 119 of the Report of the P. A. C. on the accounts of 1924-25.)                  | The question of overhead charges on aeronautical stores supplied by the Air Ministry is still under discussion.   |
| 28 | That the pay of a British Service officer remaining at the Staff College, Quetta, after his unit has left the Indian establishment is a charge against Imperial Government and the M. A. G. should issue instructions so that the charges may be correctly debited to the Imperial Government.                                 | Paragraph 33 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1924-25. (Page 119 of the Report of the P. A. C. on the accounts of 1924-25.)                  | Instructions have been issued by the M. A. G.   |
| 29 | That the question of incidence of charge of R. I. M. pensions should be specially examined by the F. A., M. F., who undertook to ascertain what arrangements are now in force and whether anything further is necessary in order to secure correct adjustments.  | Paragraph 34 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1924-25. (Page 119 of the Report of the P. A. C. on the accounts of 1924-25.)                  | Full information in regard to the apportionment of R. I. M. pensions is available at the India Office and the Controller of Marine Accounts has reported that such information is invariably furnished by him to the India Office.  |
| 30 | That the accounting principle that money should not be drawn, least of all at the end of the year, before the date on which it was actually disbursed should be observed.  | Paragraph 35 of the Proceedings of the 2nd meeting of the Committee on the accounts of 1924-25. (Page 120 of the Report of the P. A. C. on the accounts of 1924-25.)                  | This question was examined and as the principle is generally observed, no further action was considered necessary. The Finance Department have, however, issued general instructions in the matter.   |
| 31 | Cases in which doubt exists whether death is attributable to military service, and in which consequently there is a doubt whether family pension is admissible or not, are, it was explained, decided by the Government of India and by no lower authority. In each case the concurrence of the Finance Department is obtained | Paragraph 38 of the Proceedings of the 3rd meeting of the Committee on the accounts of 1924-25. (Page 121 of the Report of the Public Accounts Committee on the accounts of 1924-25.) | The general rule is that a family pension is payable from the date following that of the casualty which creates the claim. But in the case of belated and doubtful claims, the following principle is generally observed.<br>If the claim to family pension has been clearly established and if the explanation |

No.	Recommendations or observations made by the Departmental Committee.	Reference to Proceedings of the Committee.	Action taken or proposed to be taken on points noticed.
	<p>before the pension is granted. It was pointed out that in such cases, when the doubt is resolved, the logical course would be to grant the pension with effect from the date of the death of the person from whom the claim to pension is derived, and not from any later date. Recently a practice had arisen of adopting the less favourable date, the grant of the pension being treated more or less as an act of grace. The question has been raised whether this is a justifiable practice, and the matter is under consideration.</p>	<p>Paragraph 42 of the Proceedings of the 4th meeting of the Committee on the accounts of 1924-25. (Page 122 of the Report of the P. A. C. on the accounts of 1924-25.)</p>	<p>of the delay is satisfactory, pension should be admitted from the date following that of the casualty.</p> <p>Where a claim is admitted with benefit of the doubt or where a family pension is continued to a second heir on the death of the original heir or where a family pension is granted to a relative other than an eligible heir, the pension should begin from the date of first application locally by or on behalf of the claimant, without further retrospective effect.</p>
32	<p>That it was necessary to prepare a form for use by all Army authorities in presenting claims against Railways and a list of the appropriate officers on the various Railways to whom claims must be presented, if they are to be valid. Cases occurred in which claims preferred by Army authorities had been unsuccessful owing to delay in preliminary discussion and the claims then becoming time-barred.</p>		<p>A form has been introduced for claims against Railways which contains instructions as to how and to whom the claims are to be sent. Instructions have been issued to all military authorities to take into use this form and the system is working satisfactorily.</p>

33 That the question of prepayment for articles issued on payment should be considered.

Paragraph 46 of the Proceedings of the 4th meeting of the Committee on the accounts of 1924-25. (Page 123 of the Report of the P. A. C. on the accounts of 1924-25.) Paragraph 10 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 183 of the Report of the P. A. C. on the accounts of 1925-26.)

This question was fully examined. The following procedure is laid down:—

- (1) Value of issues on payment to officers and men in the Army is recovered through the pay bills.
- (2) Value of issues to other Government Departments and Indian States is debited to those Government Departments and States through Exchange Accounts (Instructions have been issued in order to avoid delays in the adjustment of the value).
- (3) Value of issues to private bodies and municipalities, etc., are recovered in cash before the articles are delivered except in the case of medical stores wherein it was contended by the D. G., I. M. S., that the system of prepayment could not be introduced owing to various difficulties.

34 That while it is no doubt economical and justifiable for Government not to insure their property, there is a fallacy in this proceeding unless at the same time Government buildings, etc., are provided with such arrangements for protection as would be insisted upon by an insurance company in the case of private buildings and that the subject should be more precisely examined by the administrative and financial authorities.

Paragraph 47 of the Proceedings of the 4th meeting of the Committee on the accounts of 1924-25. (Pages 123 and 124 of the Report of the P. A. C. on the accounts of 1924-25.)

This question was examined by the administrative and financial authorities. Owing to the prohibitive cost of adequate and reliable fire protection arrangements and in view of urgent demands for expenditure in other directions, they did not feel justified in pursuing the question for the present

No.	Recommendations or observations made by the Departmental Committee.	Reference to Proceedings of the Committee.	Action taken or proposed to be taken on points noticed.
35	That the cost of a certain voyage performed by the R.I.M.S. "Dufferin" had not been claimed by the accounting department in India for credit to Indian revenues and that the matter is being investigated.	Paragraph 49 of the Proceedings of the 4th meeting of the Committee on the accounts of 1924-25. (Page 124 of the Report of the P. A. C. on the accounts of 1924-25.)	The fact of the use of "Dufferin" as a transport on this occasion was not intimated to the Controller of Marine Accounts, hence the omission to claim the cost. Existing arrangements under which the R.I.M. no longer do transport work preclude the possibility of a recurrence. Instructions are under issue impressing on administrative authorities their responsibility for Government property in their charge which was capable of earning fees for services rendered.
36	That certain recommendations of the 2nd Innes Committee have been given effect to while others are still under consideration.	Paragraph 13 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 183 of the Report of the P. A. C. on the accounts of 1925-26.)	No final decisions have been arrived at on some of the recommendations. The Report as a whole is still to be placed before the Military Council. Some of the recommendations have to be considered in the light of recommendations made by Mr. Heseltine. These latter are under consideration.
37	That the Military Budget was in essence a net grant and that it encouraged economy and kept the net Budget grant from year to year for the present at a steady level as the reappropriation from savings to new and optional expenditure tended to obviate any increase in the net grant of the following year. This arrangement was intended, however, to be only temporary.	Paragraph 21 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 184 of the Report of the P. A. C. on the accounts of 1925-26.)	In paragraph 18 of the Finance Department Resolution No. D-3546-A., dated 5th January 1928, the Governor General in Council has agreed to view for the present the Military Budget as a net grant.

38 That prompt and thorough local inspections are a necessity.

Paragraph 31 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 185 of the Report of the P. A. C. on the accounts of 1925-26.)

This has been fully recognised and the M. A. G. is keeping a careful watch on the progress and efficiency of local inspections.

39 That Accounting officers should always account in accordance with facts and that the use of suspense accounts should be avoided as far as possible.

Paragraph 41 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 186 of the Report of the P. A. C. on the accounts of 1925-26.)

This rule is generally followed. Only in exceptional cases is use made of the suspense head. The use of the suspense head to hide the true nature of the expenditure is discountenanced.

40 That when explanations are given in the Appropriation Accounts for the increases it would be convenient if the exact extent to which each of the causes contributed to the excess is also indicated.

Paragraph 42 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Pages 186 and 187 of the Report of the Public Accounts Committee on the accounts of 1925-26.)

The suggestion of the Committee has been noted and the exact extent to which each cause has contributed towards excess or saving is now indicated as far as possible in the Appropriation Accounts.

41 That the budget estimates should conform more closely to actuals in respect of any adjustments which may be made in the course of the year.

Paragraph 45 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 187 of the Report of the P. A. C. on the accounts of 1925-26.)

The budget estimates are framed so that they may agree closely to the actual results of the year. All expenditure which it is known will be adjusted in the accounts of the year is taken into consideration when preparing the estimates. Particular care is taken to see that estimates follow accounts. Adjustments which come to light in the course of the year are provided for in the periodical estimates and the grants modified accordingly.

42 That the vocabulary prices should be based upon the exchange rate of 1s. 6d. except in cases where meticulous accuracy was necessary.

Paragraph 47 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 187 of the Report of the P. A. C. on the accounts of 1925-26.)

The vocabulary rates are now worked out on the basis of 1s. 6d. per rupee.

No.	Recommendations or observations made by the Departmental Committee.	Reference to Proceedings of the Committee.	Action taken or proposed to be taken on points noticed.
43	That it was most undesirable to attempt to rush works through at the close of the year simply in order to utilize available funds. Such a procedure almost inevitably results in bad work and waste of money.	Paragraph 49 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 187 of the Report of the P. A. C. on the accounts of 1925-26.)	Necessary action has been taken to prevent rush of expenditure at the close of the year.
44	That the question how far the Army authorities as a whole would automatically act upon any general orders or a resolution issued by the Finance Department and whether it was necessary that such general orders should be reaffirmed by the F. A. should be considered.	Paragraph 50 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 188 of the Report of the P. A. C. on the accounts of 1925-26.)	Any general orders applicable to all Departments of the Government of India issued by the Finance Department are ordinarily applicable to the Army Department and a reaffirmation by the F. A., M. F., is not necessary. The F. A. will watch whether the provisions are given effect to or not.
45	That the F. A., M. F., should examine the question of further dividing the Army grant to several separate grant heads so that reappropriations between two grant heads the provision under which are for two separate purposes may not be effected and estimates may be prepared more accurately.	Clause 2 of paragraph 51 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 188 of the Report of the Public Accounts Committee on the accounts of 1925-26.)	The question of further subdivision of the Army grant was considered and it was decided in consultation with Finance Department not to do it as it would not lead to any advantage. The Governor General in Council has decided that for the present the Military Services grant should be viewed as a net grant and that full facility should be given to Army authorities to reappropriate savings to ensure an even provision for Military expenditure from year to year. The principle-



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That the Auditor, Home Accounts, may be requested to give full references in all cases so that Indian authorities may be in a position to identify the transaction and take any further action necessary.

Paragraph 52 of the Proceedings of the first meeting of the Committee on the accounts of 1925-26. (Page 188 of the Report of the P. A. C. on the accounts of 1925-26.)

of budgeting correctly with reference to requirements then known is followed and it is only when unforeseen circumstances upset the Budget anticipations that reappropriations are sanctioned.

The India Office and the High Commissioner are furnishing details of the more important cases noticed by the Auditor, India Office. This information is ordinarily sufficient to identify the cases. If, however, in any case the details are wanting, they are obtained from the India Office. It was therefore, considered unnecessary to address the Auditor on this point.

ANNEXURE B.

Statement showing the original and the modified appropriation and actuals (Gross Expenditure, Receipts and Net Expenditure) under Military Services for the year 1926-27, and a comparison of the modified appropriation with the actuals for that year.

[In thousands of rupees.]

	Original Appropriation.			Modified Appropriation.			Actuals.			Actuals—more—less than the modified appropriation.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Expenditure .. ..	49,53,18	9,64,61	59,17,79	50,31,13	9,98,64	60,29,77	51,01,56	9,90,08	60,91,64	+70,43	-8,56	+61,87
Receipt .. ..	3,90,77	39,02	4,29,79	3,93,24	39,02	4,32,26	4,57,70	36,98	4,94,68	+64,46	-2,04	+62,42
Net .. ..	45,62,41	9,25,59	54,88,00	46,37,89	9,59,62	55,97,51	46,43,86	9,53,10	55,96,96	+5,97	-6,52	-55

## ANNEXURE C.

*Statement of the measures adopted on the recommendations of the Ordnance Supply Committee.*

## I. Measures given effect to :—

- (a) New method of provision by means of a continuous review.
- (b) Placing of the Indian Army Ordnance Corps School on a permanent basis.
- (c) The organization of all arsenals into identical stock groups.
- (d) Clearance of old pattern armaments from arsenals to Agra Depot.
- (e) Clearance of old pattern small arms from Arsenals to Fort William Depot.
- (f) Special arrangements for 1927-28 for repair in Factories of the present accumulation of repairable rifles, machine guns, and vehicles in Arsenals.
- (g) Increase of D. A. D. O. S. and I. O. O. S.
- (h) Increase of Q. M. E. S.
- (i) The determination of Working Balances for every item of stock for the purpose of basing the normal budget figure in future.
- (j) Trial in selected arsenals of delegating store-holders' responsibility to Godown keepers.
- (k) Formation of the I. A. O. C. Accounts Committee to formulate a system of accounts for future introduction in arsenals. (The recommendations of the Committee are now under the consideration of Government.)
- (l) Reduction of arsenal working stocks of machine guns, rifles, by transference of certain quantities to Factories for central storage [See item II (d) below].

## II. Measures in process of being given effect to :—

- (a) Clearance of arsenals, by despatch of surplus stocks to Disposals Dump at Dum Dum. (Dum Dum has been closed, but disposal by other means is in progress.)
- (b) Re-examination of War Maintenance Reserves, Mobilization Reserves and Special Reserves. (A full time officer is engaged on this work.)
- (c) Proposals for the permanent establishment of the Indian Army Ordnance Corps.
- (d) Reduction of arsenal working stocks of guns, and gun carriage parts, by transference of certain quantities to Factories for central storage. (It is expected that the new arrangement will come into operation from 1st April 1929.)

## III. Measures not yet commenced :—

- (a) Proposals for the future permanent repair organisation in Arsenals
- (b) Formation of a touring Committee on Arsenal accommodation.

## ANNEXURE D.

*General recommendations of the Special Committee and action taken thereon.*

Serial No.	Recommendations.	Action taken.
1	<p><i>Defects in system.</i>—The system of divided responsibility described in Chapter II is considered to have contributed indirectly to confusion and loss. This system has already been abolished as a result of the Braithwaite Committee and no further recommendations are therefore necessary. Under the new system the main defects of the old system, which led to these losses, have been eliminated, e.g., dual responsibility, overstocking, the stocking of expensive and perishable articles, and the transfer and retransfer of supplies between depots.</p>	<p>As the Committee has stated itself, the system of divided responsibility of supply which led to confusion and loss has been abolished. The Supply Depots that at that time were not under the orders of the G. O. C. District, though at the same time the G. O. C. and his staff were responsible for all matters affecting the troops, are now placed under his orders. Stringent orders have been issued cutting down stocks of supplies and the elimination of stocks of expensive and perishable articles arrangements for which latter are made when required. The attention of all has been drawn to the necessity for restricting the transfer and retransfer of supplies between depots, the guiding principle being that stocks are now only issued direct from depots to units.</p>
2	<p><i>Local Resources.</i>—So far as available information goes, it is possible that the Army Budget has had, in the past, to pay for political reasons, as a kind of disguised subsidy, higher prices for local produce than market conditions would justify. Again, the employment of a contractor as a middle-man between the local Darbar and the S. &amp; T. officers resulted in further increase in prices. It is, therefore, strongly recommended that local resources should be utilised to the utmost possible extent, without the intervention of a contractor, by arrangement made directly between the O. C. Chitral and the I. A. S. C. officer responsible on the one hand, and the Darbar on the other. The same principle should apply to Dir resources also, especially in grain. Negotiations must necessarily be carried out through the local Political Officer, part of whose duties is to see that the country is not compelled to supply more than the inhabitants can reasonably bear. It is further recommended that such orders be issued as will prevent, in the future, a reversion to the previously existing system, and the bearing by Army Funds of charges which are not strictly of a military character.</p>	<p>The use of a contractor for procuring local supplies in Chitral has been stopped. Arrangements are now made between the O. C. Chitral and the I. A. S. C. officer on the one hand, and the Darbar on the other hand, for the provision of local supplies at Chitral and Dir and arrangement has been recently made through the Political Officer with the Darbar for the purchase of local supplies at reasonable rates for the next five years. These rates, as verified by the C. M. A. Peshawar, are approximately half a lakh cheaper than the rates for last year and are considerably cheaper than at the time of the Chitral losses. The particular reference regarding the bearing by Army funds of charges not strictly of a military character is that the cost of local Bhoosa at that time was practically the same as that of imported Bhoosa. This has been put a stop to and local Bhoosa rates brought down to the average actual price to the local inhabitants.</p>

Serial No.	Recommendations.	Action taken.
3	It is considered unsound that contracts should be made for supplies, except kerosine oil, to be delivered in Chitral. It is recommended that such contracts for supplies from India should be for delivery at Nowshera, and that these supplies should be sent up by the maundage contractor as Government stores. All such stores should be examined in India before despatch and certified as fit for storage for the necessary maximum period. The exclusion of kerosene oil is due to the excessive loss that is likely to occur if oil is sent up as Government property.	The recommendations of the Committee have been followed and, with the exception of kerosine oil, all supplies that cannot be purchased locally in Chitral are arranged for by the I. A. S. C. and delivered by that Corps at Dargai (the end of the railway system, and therefore preferable to Nowshera), whence they are sent on by the Maundage Contractor. Such stores are examined first by the Supplying Depots and again by the I. A. S. C. officer at Dargai in case of any damage on the line of rail. No contracts are now made for delivery at Chitral except in the case of kerosine oil.
4	It is recommended, as a special case, that A. T. mules in Chitral should be restricted to the standard ration articles only, except for such additions and modifications as may be ordered on veterinary grounds.	A. T. Mules are now restricted to standard ration articles, with the exception that they cannot have gram but are restricted to barley as that is locally procurable whilst gram is not and no grain could be imported from India and be cheaper than the local grain.
5	It is strongly recommended that the S. and T. establishment at Drosh should be revised, and made sufficient for its duties.  It appears desirable, owing to the isolation of the station, that two I. A. S. C. officers should be included, the senior being a specially selected Captain or Major.	The S. and T. Establishment at Drosh has been revised in accordance with the Committee's recommendations and there are now two I. A. S. C. officers, the senior of which is specially selected.
6	The reduction to the lowest possible limit of Ordnance Stores to be maintained in reserve in Chitral should be considered. For these and for such other Ordnance Stores as have to be taken in from, or issued to, units during their location in Chitral, a representative of the Ordnance Department should be attached to the Supply Depot.	Ordnance stores in Chitral have been reduced and an N. C. O. of the I. A. O. C. has been in Chitral for the last two to three years and is in charge of these stores. The C. O. O., Rawalpindi Arsenal, is proceeding to Chitral this year to see whether the Ordnance Depot can be separated from the Supply Depot.
7	The investigation has shown the desirability of considering whether the terms of service of storekeepers should not be altered, with a view to bringing them under military law. Such a step should provide a greater measure of security against frauds.	At the time of the investigation it seems to have been overlooked that the Storekeepers serving in Chitral and Drosh were, by the fact of being on frontier service, liable to military law [vide I. A. A. 2 (1) (c) and Part V of Manual Military Law India]. All new entrants as store keepers are now enrolled and are under the Indian Army Act. It is hoped in time to make all supply personnel amenable to military law.

Serial No.	Recommendations.	Action taken.
8	<p>The certificate on the back of I. A. F. A-498 (Loss Statement) should be revised in order to—</p> <p>(i) make it applicable to individuals who are not subject to military law ;</p> <p>(ii) enable higher authorities to reopen and reconsider cases in which it is found that an error in the original assessment has occurred.</p>	<p>The certificate on the back of the Loss Statement I. A. F. A-498 has been revised in accordance with the Committee's recommendations.</p>
9	<p>The regulations for fixing the prices for articles issued, received or struck off should be reconsidered, and made more definite and clear; specially in regard to places lying at considerable distances from railways. For such places, e.g., Chitral, Fort Sandeman, and possibly Burma, special orders should be evolved.</p>	<p>Stock Book rate lists are now issued which fix the prices of articles as recommended and articles are issued, received or struck off at these prices, there being a separate rate for free issues and a higher rate for articles issued on payment, to cover transportation and overhead charges. In the case of Chitral special addition is made to cover the cost of carriage from Dargai to Drosh, but for other places there is only an All-India rate. The question of having District local rates is at present under consideration.</p>
10	<p>Central purchase system—Contracts.— One of the basic causes of the Drosh losses and of the majority of other losses of I. A. S. C. supplies is over-estimating or incorrect estimating of requirements of centrally purchased articles. These losses cannot occur with locally purchased articles, as these are only demanded as and when required. How far this may be due to the factor of human error, or the necessity for placing demands a considerable period ahead, or how far it is an inherent consequence of the central purchase system, is perhaps beyond the province of the Committee to enquire. The Committee is of opinion, however, that this question should be thoroughly investigated, with a view to cutting down the centrally purchased articles to an economic minimum, taking into consideration the cost of packing, the long railway leads in India, and the opportunities for speculation and wastage <i>en route</i>. This investigation should also determine whether central contracts, on an "as required" basis, for all centrally purchased articles, to be delivered on supply orders of A. Ds. S. and T. would not be advantageous to the State.</p>	<p>Central purchase articles are only those which it pays to purchase centrally in comparison with the average rate of local purchase articles. A rough estimate is made annually of the total requirements of the Army in India and A. Ds. S. and T. Districts draw against this estimate, orders for which are placed with the Director of Contracts.</p>

Serial No.	Recommendations.	Action taken.
11	Some means for marking and isolating condemned articles should be devised.	Articles of gear and equipment condemned as unserviceable must be withdrawn and stored separately under lock and key pending the receipt of disposal orders from the I. A. O. C. [Regimental Standing Orders I. A. S. C. paragraph 18 (ii)]. Stores returnable to I. A. O. C. charge as unserviceable are not marked by units with the unserviceable mark (sub-paragraph 2, paragraph 4, page 145 I. A. S. C. Training Part II and paragraph 269, Regulations for Equipment for Army in India); the I. A. O. C. arrange for the repair of all that they consider repairable and for the destruction of the remainder. Articles not returnable to the I. A. O. C. are destroyed in accordance with the orders laid down in paragraph 31, sub-paragraph 3 and paragraph 38, A. R. I., Volume V.
12	This investigation brings to notice the great cost of maintaining, and locking up reserve supplies and of losses due to deterioration as a direct result of the location of troops in Chitral. These facts bear upon the consideration of the question of the continued retention there of this isolated force.	The main cause of the great loss on supplies in Chitral was due to the fact that during the Afghan War some 4,000 Chitralis were raised and a year's supplies for these on Indian Scales of rations were maintained. When the Chitralis were suddenly disbanded, the whole of this reserve was thrown on our hands and it was uneconomical to return this to India as the cost of transport would have been about twice the value of the supplies. To obviate the possibility of a similar happening in the future arrangements have been now made by which Chitralis in future operations will be restricted to a ration which is ordinarily procurable locally, i.e., atta, ghi, dhall, salt and firewood, and no reserve of these will be kept until such time as Chitralis may be required for operations, when only two months reserve will be formed. For the Indian troops in Chitral a reserve of one year's supply of central purchase articles is laid in by the 31st of October and the troops have to rely on this until the 1st of June during which time it is difficult to send up supplies from India, owing to the passes being usually closed at this time of the year. This reserve is replenished between the months of June and October, only one month's supply of local purchase articles is maintained, this being kept up-to-date by daily or weekly deliveries.
13	It is recommended that the issue of dried fruits in Chitral should cease as soon as the present stock is exhausted and no further consignments should be sent up.	The issue of dry fruits in Chitral has been stopped.

Serial No.	Recommendations.	Action taken.
14	<p>It is recommended that the question be considered of altering the present regulations whereunder I. A. S. C. take over rum at proof or overproof and issue at 25 per cent. underproof. This entails dilution of rum while in possession of I. A. S. C. and affords an opportunity for fraud. If rum could be taken over and issued by I. A. S. C. at the same strength this opportunity would not occur. The scales of issue and prices would have to be revised.</p>	<p>Rum is now issued at 5 % underproof, being received at that standard of proof from the Rum Factory, and units have to make their own arrangements for diluting it. The ration of rum now that it is issued at 5 % underproof, has been reduced for British troops from 4 oza. to 2½ oza. and for Indian troops from 2½ to 2 oza. and prices have been revised accordingly.</p>



*Findings of the Special Committee regarding the responsibility for the losses and action taken on each of their recommendations.*

Recommendations.	Officers concerned.	Action taken.
<p>(a) Captain..... has been tried by Criminal Court and acquitted on three charges. <i>There would be little hope of a conviction on other charges.</i></p> <p>(b) A large number of officers is involved owing to changes in appointments, etc. One of these has been demobilised and some have retired on pension. <i>It is for consideration by Government whether these officers should be called upon to show cause why they should not make good some of the losses for which they share responsibility.</i></p>	<p>(b) (1) 2 Officers Commanding Supply Depot, Drosh, and 86th Brigade Supply Section.</p> <p>(2) 11 Officers Commanding F Supply Depot Company, who were held responsible by the Committee, conjointly with the A. D. S. &amp; T., for overlooking of certain articles, notably linseed and dried fruits, and one of whom was held responsible for the faulty contracts in regard to dried fruits.</p>	<p>(a) The question of further prosecution on other charges was considered, but it was decided not to proceed further on these lines as there was no chance of a conviction. The officer was subsequently removed from the service.</p> <p>(b) (1) Officer in charge from November 1919 to May 1920 was demobilised in 1920. The other [Captain.....referred to in (a) above] was in charge from June 1920 to March 1923. Tried by a Criminal Court on three charges but was acquitted. Was subsequently removed from service.</p> <p>(2) All cases were exhaustively examined. Those who had held the appointment for any length of time were exonerated. The cases of those who had held it for very short periods were dropped.</p>

Recommendations.	Officers concerned.	Action taken.
(b)—contd.	<p>(b) (3) 6 A. D. S. &amp; Ts., Peshawar, who were held responsible by the Committee for over-estimating and over-stocking of the Drosh Depot, and for lack of, and inadequate, inspections.</p> <p>(4) 9 Officers Commanding, Chitral, who were held responsible by the Committee for not having noticed the state of disorganisation which must have existed in the Chitral and Drosh depots and for lack of supervision in other directions.</p> <p>(5) Controller of Military Accounts, Peshawar, who, the Committee considered, had not enforced the requisite inspection of the accounts of the Drosh Depot and should have required the submission of a loss statement regarding one of the transactions.</p>	<p>(3) A very full enquiry was made into each individual case and all were exonerated. One of the Committee's criticisms was lack of, and inadequate, inspections. Up to February 1922, however, it was no part of the duties of the A. D. S. &amp; T. to inspect supply organisations. When this duty was imposed on him in February 1922 the officer then holding the appointment took the earliest opportunity of inspecting the Drosh Depot in July 1922. Though he did not bring to light all the irregularities which were subsequently discovered he did detect some and it was this inspection which led to the ultimate discovery of the more serious frauds and irregularities.</p> <p>(4) All 9 cases were fully examined and each officer was exonerated individually.</p> <p>(5) Suitable action was taken by the M. A. G.</p>

(c) Case VII stands in a different category from the others. It deals with cash advances actually received and never accounted for. *It is recommended that any moneys due to Captain ..... in the hands of the Military Accounts Department should be credited to the State, in part satisfaction of the outstanding advances, for which Captain ..... cannot produce accounts and vouchers.*

(6) Headquarters, Peshawar District, which were held responsible by the Committee for the retention for so long of an inefficient officer in charge of the Supply Depot at Droah and partly responsible for the lack of inspection and faulty contracts made under the direction of the A. D., S. & T.

(7) 1 Inspector of S. & T., Northern Command (subsequently Deputy Director, S. & T. of the Command), who was held responsible by the Committee for not having inspected the Supply Depots at Chitral and Droah.

(8) One Deputy Director of Stocks who was held by the Committee to be partly responsible for the despatch to Droah of tinned meat in quantities impossible to use within the period for which it had been passed as fit for storage.

(9) 1 Controller of Contracts who was held by the Committee to be technically responsible, to some extent, for faulty contracts and supplies in excess of requirements.

(6) Exonerated.

(7) This officer's explanation was not considered entirely satisfactory. His Excellency the Commander-in-Chief considered that "he had failed in his duty" and this was communicated to him. The officer has since retired.

(8) This officer was exonerated.

(9) This officer was exonerated after full enquiry.

(c) The officer was put under stoppages at the rate of 1/3rd of his pay.

Recommendations.	Officers concerned.	Action taken.
<p>(e)—<i>contd.</i></p> <p>In regard to the remaining cases in which Captain ..... is responsible a civil suit, as to the cases as a whole, might be brought against him for the losses which he has caused by his negligence. This would necessitate proof satisfactory to a Civil Court of the actual loss caused by his negligence in each case. Evidence would be difficult to collect and the degree to which his negligence had contributed to the losses would be difficult to assess.</p> <p>Even if a successful issue could reasonably be expected, it is doubtful whether sufficient could be recovered from Captain ..... to meet the amount decreed and the cost of the suit.</p> <p><i>The Committee is of opinion that there are grounds on which to institute a civil suit against this officer, but whether, in view of other disciplinary action contemplated, it is advisable or desirable to bring this suit, is a matter for Government to decide.</i></p> <p>(d) <i>Storekeepers.</i>—There are four storekeepers who were involved in these cases. If it is considered inexpedient to sue Captain ..... it would not be equitable to sue any of these storekeepers for losses attributable to them. It would be equally</p>		<p>It was not considered advisable to institute a Civil suit against this officer. He was removed from the service.</p>

inadvisable to attempt to prosecute any of these individuals in a Criminal Court in view of Captain ..... 's acquittal, even if it were possible to produce sufficient evidence at this late date. The storekeepers have also already paid considerable sums in regard to losses for which they have been held responsible.

*In regard to ....., it is recommended that he should not again be employed in Government service.*

*With regard to the other three Storekeepers ..... and ..... the Committee is of opinion, from such evidence as has been before it, that their accounts and stores were so negligently maintained, and (to say the least of it) the general conduct of their duties was so unsatisfactory, that the question of their further retention in Government service should be considered.*

(d) This individual offered his resignation on being ordered to proceed to Chitral in connection with the enquiry. He was dismissed from the service.

Sums of Rs. 3,085-12-0 and Rs. 1,204-10-0 were recovered from two of these men. No action was taken against the third.

In all, the cases of no less than 31 officers (excluding the C. M. A., Peshawar and Headquarters, Peshawar District) were exhaustively examined each on its own merits. In making the examination the following special difficulties had to be contended with:—

- (a) that the root of the trouble lay as far back as 1919, when improvised arrangements had to be met during a war;
- (b) that most of the officers involved were not long enough in their various appointments even to master their jobs, much less to discover frauds which might be going on;
- (c) that before the enquiry started many of the officers criticised by the Committee had already been demobilised or had retired; and
- (d) that it was therefore inequitable to take disciplinary action only against officers still serving, especially at so long an interval after the occurrence of the losses, unless their cases specifically merited such action which in fact, it is considered, they did not.

3

**REPORT**  
**OF THE**  
**PUBLIC ACCOUNTS COMMITTEE**  
**ON THE**  
**ACCOUNTS OF 1926-27**

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**Volume II—Evidence**



**SIMLA**  
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**Evidence taken at the First Meeting of the Public Accounts Committee  
held on Wednesday, the 15th August 1928, at 11 a.m.**

**PRESENT :**

- (1) The Hon'ble Sir Bhupendra Nath Mitra, *Chairman*.
  - (2) Mr. S. C. Mitra.
  - (3) Mr. Abdul Matin Chaudhury.
  - (4) Mr. C. S. Ranga Iyer.
  - (5) Mr. B. Das.
  - (6) Rao Bahadur M. C. Rajah.
  - (7) Mr. W. Alexander.
  - (8) Khan Bahadur Mian Abdul Aziz.
  - (9) Sir Frederic Gauntlett, Auditor General.
  - (10) Mr. J. E. C. Jukes, Controller of Civil Accounts.
  - (11) Mr. G. Kaula, Accountant General, Central Revenues.
  - (12) Mr. D. C. Campbell, Director of Commercial Audit.
  - (13) Mr. B. Nehru, Assistant Auditor General.
- } *Members.*
- } *Were also present.*

The Hon'ble Mr. E. Burdon, Financial Secretary, *Witness*.

*Chairman*.—We shall first take up the Finance Department Resolution on last year's Report.

1. *Sir Frederic Gauntlett*.—Might I suggest in the first place that the Committee express an appreciation of the promptitude with which these orders were issued.

*Chairman*.—We may agree.

2. *Chairman*.—Is there anything in paragraph 1 (of the Resolution) on which anybody wants to ask any question? Then we come to para. 2.

*Mr. Das*.—Here I want to ask Mr. Burdon, as Secretary of the Finance Department, if the Departments are carrying out these instructions of the Government of India regarding deliberate overestimation?

*Mr. Burdon*.—This Resolution has been published and one must assume that it has been studied by the Departments to whom the orders of the Governor General in Council have been addressed. The only thing I have to add to that is the Finance Department naturally bear all these things constantly in their minds when they deal with estimates coming before them.



**Mr. Das.**—Do the Financial Advisers also bear them in mind ?

**Mr. Burdon.**—Certainly.

3. **Mr. Chaudhury.**—With reference to the remark here. “ The Governor General in Council has not so far noticed such a tendency in any Department, but he agrees that the possibility of its arising cannot be ignored ”, we find that there are more savings in the voted than in the non-voted grants. Does it not show that there is room for more lump cuts here ?

**Mr. Burdon.**—Might I suggest that the Hon’ble member might bring this up on some specific instance in the Appropriation Accounts ?

**Chairman.**—Apart from that I may point out that here the stress is on *deliberate* overestimation. It is very difficult as a matter of fact when you are dealing with large sums of money to make the estimates approximate very closely to the actual expenditure.

**Mr. Chaudhury.**—But the Committee have drawn attention to the fact that the savings under voted grants are larger than those under non-voted grants, and to the suggestion that this may be due to a tendency to overestimate.

**Chairman.**—That need not arise out of a deliberate tendency to overestimate. That might arise from natural causes. Still, as Mr. Burdon said, that is a matter you can more profitably deal with when you are going through the various Appropriation Accounts.

**Mr. Burdon.**—And actually, Sir, this Resolution issued after the accounts for the period which we are discussing were closed.

**Mr. Mitra.**—Will you kindly refer to the next paragraph 4, where these words occur : “ On the other hand it is observed with regret that the importance of estimating works expenditure correctly has not been sufficiently realised ”. Does that not go against the opinion expressed here that there is no tendency to overestimate ?

**Chairman.**—The point here is a *deliberate* tendency, with the purpose, for instance, of avoiding coming before the Legislative Assembly for a supplementary grant. If anyone tried to do this, that would be a deliberate tendency ; but the over-estimating may be due not to a deliberate tendency but to natural causes.

4. **Chairman.**—Paragraph 4. This is where the point you raised comes in, Mr. Mitra.

**Mr. Mitra.**—Well, I thought this paragraph was really against the expression used in para. 2 that overestimation “ cannot in any circumstances be justified ”.

**Chairman.**—If you read paragraph 2 carefully you will see the point is *deliberate* overestimation. It is overestimation with a specific object—that is, with the object of not having to go to the Legislative Assembly for a supplementary grant.

**Mr. Burdon.**—May I point out in regard to paragraph 4, it may be a question of underestimation and frequently it is so, people coming up because works are going faster than the provision made allows for. That is where many of our troubles come in. In the case of works people may change their minds for engineering reasons or administrative reasons.

Sometimes it may be absolutely necessary to do so and that is perfectly justifiable in certain cases.

*Chairman.*—It is well known that in certain classes of works under-estimation is the trouble.

*Mr. Burdon.*—This is a particular example and without prejudice to the generality of what is said in the preceding paragraph. Works expenditure is a category of expenditure always requiring special attention.

*Sir Frederic Gauntlett.*—Underestimation occurs in the preliminary estimate of the cost of the scheme as a whole. What is being discussed here is the estimate of the amount that may be spent on it in any particular year. While it is true that now and again one does find works expenditure in a year rather more than the amount which is provided in the Budget, the fact still remains that in 95 per cent. of the cases it is the reverse.

*Chairman.*—That is perfectly true.

*Mr. Burdon.*—I want to draw your attention to the particular expression used about “the careful calculation of requirements in respect of such expenditure”. I used that expression deliberately when I was drafting the Resolution.

5. *Mr. Das.*—“He agrees with the Committee that wherever possible the necessary reduction in the estimates should be made under the various detailed heads”. Particularly in the case of engineering estimates we find that the demands for various railways are bunched together. Last year in the Public Accounts Committee we gave this question our consideration and we said that demands should be presented in more detail. It is very necessary that the Finance Department and the Financial Advisers should give the details of expenditure.

*Mr. Burdon.*—May I say that the Governor General in Council has accepted the view of the Public Accounts Committee in regard to this matter but it must necessarily be some little time before the application of the recommendation can manifest itself.

*Chairman.*—Apart from that, any specific points you may have to raise in regard to Railway capital expenditure will appropriately be discussed when we are dealing with the Appropriation Accounts of the Railways. As an engineer, you will no doubt admit that there may be cases where the expenditure involved is probably a lakh of rupees or probably only a few thousands where it may not be possible to make the reductions under various detailed heads. So, really, you can take no exception to the wording of this paragraph.

*Mr. Das.*—No, I don't wish to take exception. I only want to point out that if the Finance Department will look into the accounts of the Railways.....

*Chairman.*—As regards Railways, perhaps, you might leave it over till we come to discuss the Railway accounts with Mr. Parsons.

(The Secretary was asked to make a note of the point raised by Mr. Das so that Mr. Parsons may answer in due course.)

6. *Mr. Chaudhury.*—We find generally that regarding works expenditure there is overestimating and we should like to know if any special

steps are being taken to check the tendency to overestimate requirements.

*Mr. Burdon.*—Yes, certainly.

*Chairman.*—I might here give an illustration which has come under my own notice. You will find later on when going through the Posts & Telegraphs Accounts that in effect they have largely overestimated their requirements for capital expenditure. I know, that, as a result of that, in the Budget of 1928-29 the Finance Department largely reduced that grant on the ground that it would not be possible for them to spend such a large sum of money. That is a case within my own experience where the Finance Department have not failed to exercise alertness in the matter. But this can only be rectified as the result of experience by continuous action from year to year. I understand that, in the case of the Railways, instead of there being a large saving in the capital grant, there has been an excess of several crores on the capital grant in 1927-28.

7. *Mr. Das.*—Para. 6.—I would point out that no day was allotted during the last session to discuss the report of the Committee.

*Mr. Burdon.*—Sir Basil Blackett fulfilled his promise and had the matter carefully considered. As Financial Secretary I noted that if there was to be a discussion in the Assembly they had yet to solve the problem of the form in which the matter was to be put before the Assembly. "A discussion followed by a vote seems out of the question and it seems to me the Assembly might resent having a novel procedure being imposed upon it without being given an opportunity to consider this question of form and I think we should consult the Legislative Department at once as regards this aspect of the matter." The Legislative Department were consulted and a reference was made to the President of the Legislative Assembly; and the view of the President was this, that if the Secretary of the Assembly is satisfied that members desire to have a general debate on the first motion for Excess Grants, he has no objection. Later I made inquiry as to what happened and the Secretary in the Legislative Department answered "The reply is in the negative I would draw attention to the President's ruling of the 27th March." The ruling was that in which it was held that questions of general policy could not be raised or discussed on a motion for a supplementary grant. That meant that one avenue for the projected discussion was finally closed; and thereafter the action that has been taken is to refer the point to the officer in the Finance Department who is preparing material for the Statutory Commission. We have in this connection also studied the procedure which is followed in the House of Commons in England.

*Chairman.*—In view of the President's ruling, we cannot do anything more; unless the position is clarified by an amendment of the constitution nothing further can be done.

*Mr. Chaudhuri.*—Have Public Accounts Committees' Reports not been discussed in the Assam and Bombay Legislative Councils?

*Sir Frederic Gauntlett.*—That is the case but I do not know the exact procedure; members interested could write to those provinces and ascertain what happened.

*Chairman.*—I have seen it discussed in the Bombay Council; but they do not record any resolutions nor do they take any votes; they

simply have a general discussion ; the matter can certainly be pursued here further.

*Mr. Burdon.*—We are pursuing it in connection with the Statutory Commission's inquiries.

*Mr. Mitra.*—Can't the matter be taken up in any other way ?

*Mr. Burdon.*—I would point out that there is no definite procedure now which would enable us to do so ; there is not even the convention which exists in the United Kingdom where it is generally understood that a day may be set apart for the discussion of the Public Accounts Committee's Report, but actually the opportunity is never taken ; the report, at Home, is minuted upon by the Treasury which is not bound to accept the recommendations of the Committee ; in that case the Treasury say so to the Committee in the following year.

*Mr. Mitra.*—Did the President say that that is the only way by which it can be brought up or that that is only one of the ways ?

*Mr. Burdon.*—That is the procedure which the President himself agreed to as a possibility and found afterwards that it was not open.

*Mr. Mitra.*—Then there should be a further reference and the recommendation of the previous year should be reaffirmed.

*Chairman.*—If that is the view of the majority of the members, I do not see why we should not record it.

8. *Mr. Das.*—Para. 7.—I wish to know what further developments have taken place in the matter.

*Mr. Burdon.*—The regulations have been drafted and circulated to departments ; my recollection is that replies are awaited from two of the departments.

9. *Mr. Das.*—Para. 9.—I want to discuss the matter further.

*Mr. Burdon.*—A memorandum has been circulated to members by the Central Board of Revenue who dealt with the matter.

*Mr. Das.*—I would refer to the note of Mr. Emerson in connection with the matter and should like it to be discussed again by the Committee.

*Chairman.*—Mr. Emerson's note deals only with the question of revised estimates for Sambhar. He was not asked to investigate all the irregularities which had come before the Committee from time to time. I am of opinion that the Legislative Assembly having recorded its conclusions, the Committee is *functus officio* in the matter and cannot discuss it further.

*Mr. Das.*—Is it your ruling, Sir, that any decision of the Legislative Assembly on a matter prevents this Statutory Committee from reviewing it if it comes again before it ?

*Chairman.*—Undoubtedly, because this is only a subsidiary body of the bigger body. The bigger body has definitely come to a conclusion. How can the subsidiary body interfere with the decision of the major body ?

*Mr. Mitra.*—Do we then understand that you rule that we cannot raise the question of further inquiry ?

*Chairman.*—That is right.

*Mr. Mitra.*—The other things may be discussed ?

*Chairman.*—Undoubtedly.

10. *Chairman.*—Para. 12.—This can be further examined when the Post Office Accounts are being examined.

11. *Mr. Das.*—Para. 15.—I suggest that we may ask the Audit Officer what progress has been made.

*Chairman.*—I cannot see what further information can be elicited at this stage.

*Sir Frederic Gauntlett.*—I suggest that this is eminently a question which might be left for the confidential discussion before the witness is examined ; my audit officer will be present ; so I shall be able to make some sort of statement then.

12. *Mr. Burdon.*—Para. 16.—The matter is before the Secretary of State and he is fully cognisant of the position.

13. *Mr. Burdon.*—Para. 17.—I am afraid this is not ready. I hope to have something settled before the session of the Assembly commences. The views of the departments of the Government of India have been obtained, and now it is a question of final decision by the Finance Department and I hope it will be taken in the course of two or three weeks. I have given orders to my department.

*Chairman.*—Is it the intention that the matter should be placed before the Public Accounts Committee before the Finance Department takes a decision ?

*Sir Frederic Gauntlett.*—My point is that unless a decision is reached before the Public Accounts Committee has finished its deliberations, the result of giving a promise now will be to postpone the issue for another year.

*Mr. Burdon.*—I can tell the Committee what in general is the state of the case. At the present stage of affairs, with a change in the constitution impending, it is considered inconvenient and perhaps undesirable to attempt a new codification or a further codification of the financial powers of various authorities. In particular, there is a certain constitutional issue of importance involved in any proceeding which might have the effect of exalting the Finance Department above other departments of the Government of India. The suggestion has been made by one of the Departments of the Government of India—and the Finance Department are disposed to accept it—that in order to meet the legitimate requirements of audit, all sanctions which an administrative Department of the Government of India may give under its own powers shall continue to be given by that department, but that they shall be communicated to Audit by the Finance Department, the Finance Department being the recognised channel through which all such orders are communicated.

*Sir Frederic Gauntlett.*—I think the new procedure which is proposed to be introduced is exactly similar to the procedure which was in force up to a few years ago. The result will be that the Finance Department will be in a position to see that the confidential rules which govern the relations between the various departments of the Government of India are not being breached.

14. *Mr. Chaudhury.*—Para. 18.—How long is this system to continue ?

*Chairman.*—That will depend upon the future constitution,

15. *Mr. Burdon.*—Para. 19.—The position here is this. Arising out of a certain concrete matter a long letter on the subject has been sent to the Secretary of State on the 25th of July last. That letter was issued, I may say, in consultation with the Auditor General. The whole matter is being worked up by the officer on special duty in my department who is preparing material for the Statutory Commission. The heading of the letter is "The nature and scope of the Audit of Receipts".

*Sir Frederic Gauntlett.*—If I may venture to say so, I don't think that raises exactly the question which is raised here in para. 19. The resolution deals with a general extension of the statutory responsibility for audit of the Auditor General over revenue, and not merely with the nature of the audit which he shall apply to those branches of the revenue which have been brought under his audit. This is an extension of his sphere of action with regard to the audit of revenue.

*Mr. Burdon.*—I think the matter has been placed before the Secretary of State in the very broadest way. Then again the specific request made by the Auditor General that he should be relieved of his responsibility regarding the checking of certain details of customs receipts also has been forwarded to the Secretary of State ; and in both these letters the issue has been raised in its widest form. We have received information from England about the possibility of applying systematic audit to the operations of some of the large revenue collecting departments of the State.

*Mr. Mitra.*—Are the Government of India now going to place their views before the Public Accounts Committee ?

*Mr. Burdon.*—Inquiries to this end have already been put in train, but it is unlikely that it will be possible to arrive at a final decision in the immediate future, in view of the appointment of the Statutory Commission.

*Mr. Das.*—We had a very long discussion on this matter last year, and the sense of the meeting was that Government was sympathetic and that they would pursue the matter. They said that they would work in close co-operation with the Auditor General and see how far the Auditor General can have access to receipts.

*Sir Frederic Gauntlett.*—I might point out that in practice it is almost impossible for the Government of India to obtain from the Secretary of State a final decision on an extremely important matter like this which relates to a general extension of audit of the whole realm of revenue, and while the Statutory Commission is actually sitting, the Secretary of State would not be in a position to give a decision.

16. *Mr. Burdon.*—Para. 20.—This file is on my table. The discussion has proceeded a considerable way, and it now remains for me to find time to deal with the matter which is very complex. It was discussed, I think, at the conference of financial representatives last November, and I don't think that we have so far received the considered opinion of the Provincial Governments on the subject. The matter is still open.

*Sir Frederic Gauntlett.*—The draft rules have already been sent to Provincial Governments and I have suggested that I propose to bring them in next year unless I hear to the contrary.

17. *Mr. Burdon.*—Para. 21.—A draft memorandum describing the General principles to regulate the responsibility for losses sustained by Government through fraud or negligence of individuals has been circulated to Departments of the Government of India on the 3rd of July, and it has also been communicated to the Auditor General.

*Sir Frederic Gauntlett.*—I passed my reply thereto two days ago.

*Chairman.*—Are Government in a position to place their conclusions before this Committee ?

*Mr. Burdon.*—No, Sir. The views of the departments of the Government of India have not yet been received. This is merely the Finance Department draft. The responsibility is that of the Finance Department but the acceptance of the Government of India as a whole is really necessary before we can say that it is a decision of the Government of India. If any member of the Committee desires to look at this memorandum, I should be very happy to show it to him. Of course, it is a confidential document, but I shall be pleased to show it to any member of this Committee if he wishes to see it.

18. *Sir Frederic Gauntlett.*—Para. 23.—I might explain that Mr. Hartley, Accountant General, Railways, presented to me his considered opinion on the question of extension of audit on company lines. We are all agreed that it should be extended. Just at that time the question arose about the separation of audit and accounts on State Railways, and we had to consider for that purpose the extent of the audit which we should undertake when separation came about. That immediately raised the question whether there ought to be any real differentiation between the extent of the audit applied to company lines and to state worked lines. When we arrived at that stage, we found it necessary to re-examine our preliminary conclusions with regard to future lines. We are now working out a model scheme of audit which, with certain modifications, will be applicable both to company lines as well as state lines, and I hope to get that scheme completed in another month or so. Certainly, both the Accountant General and myself have been impressed very considerably by the extent of the irregularities which have come to light as a result of our extended audit on two company lines, and we are very strongly impressed with the necessity of having a permanent increase in the extended audit.

**Evidence taken at the Second Meeting of the Public Accounts Committee  
held on Thursday, the 16th August 1928, at 11 a.m.**

**PRESENT :**

1. The Hon'ble Sir Bhupendra Nath Mitra, *Chairman*.
2. Mr. S. C. Mitra.
3. Mr. Abdul Matin Chaudhury.
4. Mr. T. A. K. Shervani.
5. Mr. B. Das.
6. Rao Bahadur M. C. Rajah.
7. Mr. W. Alexander.
8. Khan Bahadur Mian Abdul Aziz.
9. Sir Frederic Gauntlett, Auditor General.
10. Mr. Jagat Prasad, A. G., Posts and Telegraphs.
11. Mr. S. P. Varma, Financial Adviser, P. and T.
12. Mr. T. Ryan, Joint Secretary, Department of Industries and Labour.
13. Mr. P. N. Mukerjee, Assistant Director General, P. and T.
14. Mr. B. Nehru, Assistant Auditor General

Members.

Were also present.

Mr. P. G. Rogers, Director-General, Posts and Telegraphs, *Witness*.

19. *Chairman*.—We shall now deal with the Posts and Telegraphs Appropriation Accounts. What is the position in regard to item No. 1 in Appendix I to the Report (Adjustments between the Posts and Telegraphs and other Departments) ?

*Mr. Rogers*.—We have not got all the information. The question of charging the Foreign and Political Department for the work done for them is under consideration. An investigation into the charges incurred on the maintenance of certain postal and telegraph services for political purposes is still going on. It is difficult to forecast at this stage what the result will be but we have ascertained that there won't be very much in it.

*Mr. Mitra*.—Can you tell us by what time there is any likelihood of this being finally adjusted ?

*Mr. Rogers*.—In a couple of months, I should think.

20. *Mr. Das*.—What about telegrams for the military ?

*Chairman*.—There is no difficulty. All telegrams sent by the military authorities are now mostly paid for. There are just some which are issued on what is known as credit notes, but still the Military pay the Postal Department what you may call the tariff value of those telegrams.



21. *Mr. Das.*—When the military ask the Postal Department to construct a new postal line simply for postal purposes, is the cost debited to Postal or Military ?

*Chairman.*—At present that contingency has not arisen. Mr. Rogers' point was this. There are certain post offices and telegraph offices which would not have been maintained by the Department if the bulk of the need was that of the Military or Political Department and in this case the matter is now under careful scrutiny.

*Mr. Rogers.*—There is not very much money in it.

*Chairman.*—I can tell you about this because at one stage I did make some preliminary investigation ; but detailed inquiries are being made to ascertain whether the Postal Department can fix on a particular post office or telegraph office and then go to the political or military authorities and tell them, " Look here, we would have closed this but for your requirements. Now if you do not pay us, well, we are going to close it ". As it is, there are certain cases of lines on the frontier where the military authorities actually pay a guaranteed sum, that is they re-imburse the Postal Department for the loss incurred in maintaining these post and telegraph offices. Therefore they are outside the purview of this scrutiny. Isn't that correct, Mr. Rogers ?

*Mr. Rogers.*—That is quite right, Sir.

*Mr. Mitra.*—So we have the assurance that in two or three months it will be all complete.

*Mr. Rogers.*—I think so ; only a very small amount is involved.

22. *Sir Frederic Gauntlett.*—Are there any serious questions outstanding with regard to radio stations ?

*Mr. Varma.*—That question is being investigated in connection with item No. 4.

#### Item 2.

23. *Chairman.*—This is a most troublesome question. Since the advice of the Accountant General, Posts and Telegraph Department, was received, we tried in a preliminary way to raise a claim against the railways. The railways said, " but these lines are now on our land ; do you pay us rent for that land ? " So numerous counter questions have been raised, and I shall not be surprised if this takes months to settle and in the end it may have to be washed out.

#### Item 3.

24. *Mr. Chaudhury.*—When the pensionary liability was fixed in 1924 at 50 lakhs it was understood that there will be no increases, but this year 8 lakhs more have been charged.

*Chairman.*—Is that statement of fact correct ? Who understood that there will be no increase ? There must have been some misunderstanding, because obviously if the staff of the Post Office is increasing from year to year and if the initial figure of 50 lakhs was at all a correct figure, it follows that the figure must increase from year to year.

*Mr. Chaudhury.*—The initial figure of 50 lakhs was 50 per cent. more

*Chairman.*—There is a great difference between the amount actually spent and the pensionary liability. But nevertheless, this question is now engaging the attention of the Government Actuary and as soon as the calculations are completed they will be adopted in the estimates.

25. *Mr. Chaudhury.*—It was understood that it would take a year or two, but it has taken a very long time.

*Chairman.*—I admit that, but probably you do not know what actuarial calculations mean.

*Mr. Chaudhury.*—It was said that it would take one year.

*Mr. Mitra.*—When do you expect to get it finished finally ?

*Mr. Rogers.*—I should say at least a year. The Actuary is going to take it up in September.

*Mr. Mitra.*—Is there no way to expedite the whole matter ?

*Chairman.*—The difficulty with these experts is that the process of expedition rests entirely with them.

26. *Mr. Chaudhury.*—Do we understand it will go on increasing every year ?

*Chairman.*—As I understand the position, the result of the actuarial calculation will be somewhat like this. We will have to take say X per cent. on the salary of officers who are entitled to pension on the superior scale. That percentage may vary with reference to the type of officers and type of superior pensions because in the case of some officers, particularly the higher-paid gazetted officers, their pension is subject to a maximum, that is, nobody ordinarily gets more than Rs. 7,000 a year though his pay may be something like Rs. 2,000 a month. Well, there may be a certain percentage rate for officers of this class, but for officers whose pension generally is half their pay there will probably be another percentage. Then in the case of people who are under the inferior service rules there will be a third percentage. On these percentages being fixed, the pensionary liability will be actually calculated with reference to the salary charges. The pensionary liability will vary from year to year. I might say that in England the position is the same. They work out a percentage on pay and the pensionary liability is assessed with reference to that percentage on pay.

27. *Mr. Chaudhury.*—What is the actual amount paid this year for pensions on the postal side ?

*Mr. Rogers.*—I do not think there is any information.

*Chairman.*—The Auditor General might explain, because separate accounts are not kept by the Department of the amount of pension paid.

*Sir Frederic Gaunlett.*—The figure which is immediately available is this figure of 50 or 58 lakhs. To obtain a statement of the actual pensions paid which are debitable to the Posts and Telegraphs would require an inquiry practically at every treasury in India.

28. *Mr. Das.*—Can't the Committee make a recommendation with regard to the assurance given by Mr. Coburn that the whole thing will be finished in one year ?

*Chairman.*—He said it would take at least a year. There is a difference between taking up calculations and being seized of the matter.

The actuary first tries to collect statistics and the collection of statistics is the most troublesome business all over the world. Once he has managed to collect the statistics which he wants, then he proceeds to make his calculations.

*Item 4.*

29. *Chairman.*—At what stage does the question of a separate profit and loss account for the Radio Department stand ?

*Mr. Rogers.*—The question of instituting a proper profit and loss account for radio has been pursued steadily throughout the year. It has been found necessary to examine every item of receipts and expenditure in relation to the actual working conditions of each wireless station and to lay down principles for the treatment of those items in the proposed profit and loss account. This examination proved more difficult than was anticipated. The Finance Department, to whom the case was referred, preferred to postpone the detailed examination of the proposal until figures had been collected to show the actual results of the working of the Wireless Branch for the year 1926-27. This work has just been completed and the case is now being re-examined by the Financial Adviser as a preliminary to its submission for the orders of Government.

30. *Mr. Chaudhury.*—Will it be finished next year ?

*Mr. Rogers.*—I think so.

*Chairman.*—Next year means 1929-30. I hope that will be realized because next year we deal with the accounts for 1927-28 and this separate profit and loss account for the Radio Department will not be forthcoming till the accounts of 1929-30 are completed. Mr. Rogers has explained that when the scheme was sent up to the Finance Department, they wanted something more to be done. They wanted, for good reasons apparently, some further information. That information according to Mr. Rogers has just been supplied to that Department and that Department hopes to settle the matter in the near future. That being so, it is hoped that this separate profit and loss statement for the Radio Department will be forthcoming for the first time in the accounts for 1929-30.

31. *Mr. Das.*—It was said that the account would be based on the experience of the last two or three years, and why should they not bring it out next year ?

*Chairman.*—Finance Department has not yet accepted the scheme. They are the final authority in the matter. Apart from that, I think I am correct in saying that it will have to be reported to the Secretary of State for his acceptance. Now we cannot anticipate or force the hands of the Secretary of State in the matter.

*Sir Frederic Gauntlett.*—Might I suggest that there is a radical difference between accepting a scheme for separation of accounts and then working out the individual figures that have to be put into each entry in the scheme as accepted ? It is the working out of the details that takes the time.

32. *Mr. Das.*—If every item of commercialization of accounts should be left for the Secretary of State, then our suspicion might be correct

that part of the expenditure on the wireless is due to Military and Political ; otherwise why should there be this leaving it to the Secretary of State ?

*Sir Frederic Gauntlett.*—The answer is that the Government of India Act says that the Secretary of State is responsible for presenting to Parliament the Finance and Revenue Accounts. He is therefore responsible for the form of entry in those accounts : and if you spilt up the entry relating to telegraphs which is already in that account, it cannot be done without his sanction because he is responsible for the preparation of the account and for its submission to Parliament.

33. *Mr. Das.*—Is the Secretary of State's sanction required to the separation of telegraphs from telephones ?

*Chairman.*—Certainly.

*Sir Frederic Gauntlett.*—We are only stating what is the position under the Government of India Act.

*Mr. Das.*—We think the Secretary of State is handicapping us at every stage.

*Chairman.*—That is the position created by the Government of India Act and there is not much use pursuing the matter here.

34. *Mr. Mitra.*—Is it probable that in the profit and loss account which will be exhibited next year the financial results of the working will be shown separately ?

*Chairman.*—If the orders on the subject had been issued by the 31st March 1928, no doubt the accounts for 1928-29 would have been prepared on that basis.

#### Item 5.

35. *Chairman.*—I already explained this yesterday. It forms an item in Appendix II presented by the Financial Secretary.

*Mr. Das.*—Might we recommend that we are glad to note that the Government of India are taking it up and we hope it would be expedited ?

*Chairman.*—I do not know what is in the Despatch. All I said yesterday was that the Government of India intend to address the Secretary of State in the matter. There is no use expressing that hope at present. I would advise the Committee that the best course will be to raise the point next year. If no settlement has been arrived at, the Committee might then ask the Government of India or their representatives here what action has been taken.

*Sir Frederic Gauntlett.*—I would also suggest to Mr. Das that if he wants the Committee to express a recommendation to be entered, you must base that on the evidence of witnesses ; you must put questions to witnesses first.

36. *Mr. Das.*—May I ask Mr. Rogers what is the present stage of the negotiations about the acquisition of the Indo-European Telegraph Company ?

*Mr. Rogers.*—I do not know at all. A despatch has been prepared for the Secretary of State by the Government, I believe.

*Mr. Ryan.*—The actual position is that the Government of India propose to address the Secretary of State, not with regard to the Indo-European Company but with regard to the control of the Indo-European Department and the proposal is that we should press for control being exercised directly by the Government of India.

*Chairman.*—But that proposal has not yet been accepted by the Government.

*Mr. Ryan.*—That is the proposal embodied in the draft despatch which Government are considering.

*Chairman.*—Undoubtedly the Government will take into consideration what the Assembly said on the subject.

*Item 7.*

37. *Chairman.*—This is slightly different from the case we discussed previously because this is a matter of budgeting for works which are required by railways: Can Mr. Rogers tell us what are the difficulties with regard to that?

*Mr. Rogers.*—We have asked our Directors and Divisional Engineers to keep in closer touch with railways with reference to budgeting for railway telegraph work.

*Chairman.*—Am I to understand that this matter has been settled, and you have issued instructions?

*Mr. Rogers.*—Instructions have been issued to heads of circles and Divisional Engineers in the matter and certain figures we obtained from the Audit Office did show that there is a certain amount of improvement in the revised figures. It may not be all that we desire, but we are making progress in that direction.

*Chairman.*—Certain instructions have been issued. The effect of those instructions will be watched and further action will be taken if those instructions do not bring forth the desired improvement.

*Mr. Rogers.*—The accounts for 1926-27 show that the instructions have had some effect.

*Mr. Jagat Prasad.*—So far as the revised estimate is concerned, not the Budget.

*Chairman.*—That shows that something has come out of those instructions?

*Mr. Rogers.*—Yes.

*Item 8.*

*Mr. Das.*—What further development has been made concerning stores purchase control?

*Mr. Rogers.*—We have taken certain steps in the matter of the purchase of stores and the control of the purchase of stores. In the first place store balances have been very considerably reduced during the last five years. Secondly, orders are placed according to forecasts and the working details of six months' average. Formerly orders for stores were placed according to the average of the previous three years. That was found to be not satisfactory owing to changes of programme, and

now the orders are placed according to the forecast submitted by Directors of Telegraph Engineering. We have received permission from the Standing Finance Committee to place certain orders in advance. The programme of purchase will in future be scrutinised by the Financial Adviser and in order to make the scrutiny of the Director General, that is to say, practically the Chief Engineer and the Financial Adviser more effective, the system of classifying and stocking stores is being overhauled to enable the audit office to prepare the returns of the different classes of stores every month. In other words we are overhauling the system of classifying and stocking so that the audit office may be enabled to check the stores in stock and the value of the balances in stock.

39. *Chairman*.—Am I correct in stating that greater use is being made of the Indian Stores Department in regard to stores with which they are concerned ?

*Mr. Rogers*.—We are hoping to do so.

*Mr. Varma*.—The reorganisation of the stores is a fairly tedious affair. The work on that was started at the beginning of the current year. It will take a few months more. Until the reorganisation is completed, the audit office cannot come in and give us the monthly balances for every month for particular classes of stores.

40. *Mr. Mitra*.—Final decisions have not been reached in so many important matters. Might we not make a recommendation that these matters must be expedited ?

*Chairman*.—Sir Frederic, would you desire us to record a recommendation to that effect ?

*Sir Frederic Gauntlett*.—I am quite content to have that recommendation. One knows that sometimes the machinery works cumbrously.

#### *Para. 5 of the Report.*

41. *Chairman*.—Have you anything to say in regard to the concluding sentences, Mr. Jagat Prasad ?

*Sir Frederic Gauntlett*.—I can explain that more fully. The position is this. Similar questions do arise in connection with railways and in the body of the very valuable report of Sir Arthur Dickinson, he does deal generally with this question of the treatment in commercial accounts of capital receipts. It is suggested that the principles that he lays down for railways if they are accepted by the Government would *prima facie* apply also to similar receipts appertaining to Posts and Telegraphs. Government might have to consider whether that principle should be applied as it stands to the Posts and Telegraphs. They might have some desire to modify it slightly. The general position is that any general principles that Sir Arthur Dickinson has enunciated with regard to the treatment on railways would apply also to Posts and Telegraphs.

*Mr. Das*.—If we give our sanction now, we will not be able to criticise it later.

*Chairman*.—I would suggest that no sanction be given at all. This is purely an expression of views on the part of the Accountant General.

The Auditor General himself has yet expressed no opinion on the subject.

*Sir Frederic Gauntlett.*—That is so.

*Chairman.*—The Auditor General has not dealt with the matter. We ought to give the Auditor General an opportunity of expressing his views. The best thing we can do now is to keep quiet.

*Sir Frederic Gauntlett.*—I would suggest to Mr. Das that as this matter relates to railways, it would be better to raise the question on Saturday when railway officers come up.

*Para. 8.*

42. *Mr. Chaudhury.*—May I know the cause of this delay ?

*Mr. Ryan.*—I do not think I could give a complete answer to that question. The whole matter of this commercialisation of accounts has taken more time than was originally anticipated and I could not say why there has been delay in the matter.

43. *Mr. Alexander.*—Is there no other way of checking the rates of depreciation ?

*Mr. Ryan.*—I hardly think there is.

*Chairman.*—We followed the English report largely. On the advice of engineering experts, we fixed professional rates of depreciation. In England they fix rates of depreciation and watch selected plant and then correct their rates. Apparently this work of commercialisation of accounts has been too heavy for the department after the Inchcape cuts and they have been busy with more urgent matters.

*Sir Frederic Gauntlett.*—I think the Committee might recommend whether there are alternative methods of checking these rates of depreciation. If you wait until the plant comes down it may be a matter of a good many years before you arrive at the correct depreciation.

*Mr. Das.*—I think the Accountant General has formed his opinion too hastily. You cannot come to a conclusion from a year or two's wear and tear.

*Chairman.*—I think the point is debatable and that being so, my own opinion is that we had better stick to the Auditor General's suggestion which is the best under the circumstances from the point of view of advantage to the department.

44. *Chairman.*—It is said : " It is for consideration whether the department might not use its accumulations in the Depreciation Fund for avoidance of debt to the Government of India on account of capital outlay on new assets ". Would you welcome that, Mr. Varma ?

*Mr. Varma.*—It has not yet been subjected to the scrutiny of the Finance Department. Our Depreciation Fund is a very small affair compared with Railways.

*Chairman.*—All we can say then is that the matter has not yet been fully considered by the Government of India and we can commend the suggestion to the favourable consideration of the Government of India.

*Para. 9.*

45. *Chairman.*—Item (i).—We have already settled that. Item (ii). The Committee would like to know the details.

*Mr. Rogers.*—There is no definite reserve of each item of stamp stores as such an arrangement would not be convenient. Particular denomination are reprinted as stock becomes low in the case of articles for which there is only a small demand. In the case of articles such as post cards and envelopes, the manufacture is continuous and the production is adjusted to keep slightly ahead of the demand. On account of the arrangement mentioned above, no interest is charged. An increase of  $6\frac{1}{4}$  per cent. has been made since the 1st April 1928 to cover the cost of storage in the Central Stamp Stores.

*Sir Frederic Gauntlett.*—The reserves are not so important as to justify a separate calculation of interest.

46. *Chairman.*—Item (iii).—The Public Accounts Committee may desire to know what arrangements have been made for the proper communication of these figures in future ?

*Mr. Varma.*—The Accountant General accepted the basis for calculating the adjustment of rent between the various branches of the department as right. As a matter of fact it was not. The basis has only been completed now.

*Mr. Mitra.*—In future years there will be no difficulty ?

*Mr. Varma.*—No.

*Sir Frederic Gauntlett.*—Can you say when it will be finished ?

*Mr. Varma.*—In the next two months.

*Para. 11.*

47. *Chairman.*—The Auditor General has drawn attention to one important point. “ One important point may be mentioned in this connection. The calculation of the payment by General Revenues to the Post Office for undertaking Savings Bank and Cash certificate business has been made on the basis of a certain formula pending an examination into the amount, which this work actually costs the Post Office. This examination was made during 1926 and the results tended to show that the amount allowed to the Post Office was insufficient. No additional payment for this work was made during the year 1926-27 ”. If I recollect rightly, provision has been made for a larger payment in the budget for 1928-29 ?

*Mr. Varma.*—Also in the revised estimate for 1927-28.

*Paras. 12 and 13.*

48. *Chairman.*—Here the Auditor General refers to an improvement and expresses satisfaction. The two chief causes of the deficit are the recovery of inadequate rents and the loss on the lines leased to canals.

*Mr. Chaudhury.*—May I ask why they should not be made self-supporting ?

*Mr. Jagat Prasad.*—The beam service was more than self-supporting.

49. *Mr. Chaudhury.*—Has any step been taken to revise the rates ?



*Chairman.*—The position is this. On the basis of calculations made by the Accountant General there was some preliminary discussion with the Railway Department and it was pointed out to them that the rent will have to be increased. Forthwith they produced counter claims. We produced a number of other counter claims and it will be some time before these are decided. I think however we might record the opinion that the rate for canals should be settled independently of the rate for railways. Have you any objection, Sir Frederic ?

*Sir Frederic Gauntlett.*—If the rate for railways is going to be a matter of bargaining which apparently it is, then the rate for canals should be settled quite independently.

*Chairman.*—We shall then record that recommendation.

*Para. 14.*

50. *Mr. Chaudhury.*—As regards the rates for trunk calls on the telephone lines, it seems the charges from Calcutta to Delhi are less than those between Calcutta and other centres.

*Chairman.*—It may be there are a larger number of calls.

*Sir Frederic Gauntlett.*—The Accountant General observes there are differences. I suggest the Committee is entitled to ask whether the matter is being investigated.

*Mr. Rogers.*—We have it under consideration.

*Chairman.*—Is it a fact that there are a far larger number of calls between Calcutta and Delhi than between Calcutta and Cawnpore ?

*Mr. Rogers.*—I could not say.

*Chairman.*—Can you say why a lower rate was fixed for this larger distance ?

*Mr. Rogers.*—It was fixed in order to popularise that particular telephone line.

*Chairman.*—I think it was because we expected a larger traffic on it. Could you give us some specific figures in the afternoon ?

*Mr. Rogers.*—Yes.

*Para. 13.*

51. *Mr. Alexander.*—I find it difficult to understand in regard to this question of an adequate rate per mile of wire how no increase has been made in 20 years. Everything else has gone up in price and yet here the rates which prevailed in 1907 prevail to-day.

*Chairman.*—I should say that there has been perhaps a want of adequate care in looking after the interests of the Department ; but probably one consideration was that as the railways were one of the biggest customers the question was not raised deliberately. Can you explain why no action was taken in this connection between 1907 and 1925 when I believe the question was raised of increasing the rates charged to railways and canals ?

*Mr. Rogers.*—I am afraid I cannot say.

*Mr. Ryan.*—I was on the brink of making the investigations but never got down to it. But there is one explanation and that is that every line of posts on the railway now carries many more wires than in the old days and for that reason the upkeep per mile is comparatively less now than it was.

*Mr. Alexander.*—I was thinking of the increased cost of material and of establishment.

*Mr. Ryan.*—I quite agree that the thing should have been gone into sooner. Another thing which has weighed with the Department is the pretty strong conviction on the part of some officers that the original rates may have been too high. That is one of the reasons why we have not been ready to fight the Railway Board about it before fully examining the matter.

*Para. 14.*

52. *Mr. Das.*—I have one observation to make. Last year I criticised the Telephone Department because it was not paying. I am very glad to notice that the Department has made a profit and I commend them for it.

*Para. 17 (b).*

53. *Chairman.*—“ It is necessary again merely to emphasise the value in preventing frauds.....and of frequent and thorough inspections ”. I think we all fully endorse what the Accountant General and Auditor General have said in regard to that. I should like to ask whether in selecting officers for promotion to gazetted rank you do or do not pay particular attention to this aspect whether an officer is fit to be entrusted with responsibility in these various matters ?

*Mr. Rogers.*—Certainly.

*Chairman.*—You think the two instances mentioned are a case of black sheep in the fold ?

*Mr. Rogers.*—I think they are very exceptional.

54. *Mr. Das.*—I would suggest that the Postal Department increase the amount of security required so that the money may be fully recovered.

*Chairman.*—That was discussed very fully and we came to the conclusion that it is not possible. If you compare the losses with the actual transactions put through you will find the percentage is very small. In regard to this they are more liberal in England than we are.

*Para. 19.*

55. *Mr. Chaudhury.*—I would like to draw attention to the remark of the Accountant General—“ The disciplinary action taken against the clerks appears to be inadequate ”.

*Mr. Rogers.*—The punishment inflicted on the officials was enhanced by the Postmaster General and the case was noted against them in their

personal file and character sheet. The increments of the head clerk and registration clerk have been stopped. I consider the punishments now inflicted are adequate.

*Paras. 20 and 21.*

56. *Mr. Mitra.*—Has any classification into classes of officers been made of these offenders to show how many are postmen, clerks, postmasters, etc. ?

*Mr. Rogers.*—Usually the offences are committed by the lower paid staff, postman, extra departmental agents, and clerks. Sometimes it is a sub-postmaster but it is not often that a postmaster commits such offences.

*Chairman.*—But the biggest losses arise when what you may call the responsible officers are implicated ?

*Mr. Rogers.*—I was referring to the largest number, not the biggest individual losses.

57. *Mr. Mitra.*—It seems to me then that the postmen are mainly responsible ; could not the security of these men be increased ?

*Chairman.*—As Member in charge of the Department I held very definite views on that subject. Those views were placed before the Public Accounts Committee last year and the Committee decided not to pursue the matter.

*Sir Frederic Gauntlett.*—This question has been definitely raised and discussed in at least three consecutive Public Accounts Committees and eventually the considered views of Government were placed before the Public Accounts Committee, as the Chairman has stated, and the Committee accepted them.

58. *Mr. Mitra.*—Do you consider these offences are more or less committed by the lowest grade of postal officials ?

*Mr. Rogers.*—The largest number are committed by that class.

*Mr. Mitra.*—Do you think that it is because of their low pay that they are tempted to commit these offences ?

*Mr. Rogers.*—Not altogether.

*Mr. Mitra.*—But you agree that because of their low pay they are more liable to temptation when entrusted with large sums ?

*Sir Frederic Gauntlett.*—Might I suggest that the number of postmen who are found out embezzling money entrusted to them is so remarkably small that it would be an indication rather of innate dishonesty than that the rate of pay is too low ?

*Chairman.*—That is perfectly true. That is why I refused on another occasion to accept a suggestion of the Public Accounts Committee more or less on the lines suggested by Mr. Mitra now.

*Mr. Mitra.*—I wanted to verify my opinion that these offences are generally confined to the lowest class.

*Sir Frederic Gauntlett.*—My feeling with regard to this year's accounts is a feeling of uneasiness that the dishonesty is spreading into the higher classes. If you propose to check it merely by raising the rates of pay you would have to go much beyond the lowest grade.

*Mr. Rogers.*—The total number of cases is 459, of which the Accountant General has only reported 18 here. Unless we analyse those figures it would be difficult to say under what class they come. The Accountant General has probably taken out the cases in which the amount involved is large. We have a staff of one lakh and twenty thousand and I would like to say that the amount of loss in the Department is amazingly small compared with the total amount of money handled.

*Para. 22 (b).*

59. *Chairman.*—“ This type of fraud is common.....perpetrate this fraud ”. We should like to know what action you have taken.

*Mr. Rogers.*—It was tried in one circle and found to be impracticable. It is very difficult to get hold of the depositors. The idea is that the inspecting officer merely has to go to the people living next door and ask for the passbook. That is not correct. He would have to go all round the village to get a few passbooks. Another thing is that the people won't hand over their passbooks except to the postman ; certainly not to a stranger whom they do not know. In actual tests made to collect a certain number of passbooks the difficulty was so great that it was given up. And it does not follow that the people living near the post office are the people who are depositors in the savings bank.

*Chairman.*—I think the Committee will agree that what Mr. Rogers has stated is correct. Unless the Auditor General wants to press it I think we had better drop it.

*Sir Frederic Gauntlett.*—I do not want to press it.

60. *Mr. Das.*—Is there not a rule that the passbooks should come to the district head office every year ?

*Mr. Rogers.*—Yes, they come in and then they are examined, but it is not always the passbook that indicates the fraud.

*Para. 23.*

61. *Mr. Rogers.*—It is an item of the daily work of sub-postmasters to check the V. P. articles in deposit, and it is an item of the inspection.

*Chairman.*—It is probable that we have not an adequate staff for supervision in post offices. That is a matter which is being separately examined.

*Mr. Rogers.*—Yes.

*Para. 28.*

62. *Mr. Das.*—I should like to ask how that Assistant Engineer drew Rs. 1,600 without the Accountant noticing it ?

*Sir Frederic Gauntlett.*—I should like to ask a question first. Can you tell me when Accountants were introduced into Radio Offices ? I think the answer to that is that there is no Accountant.

*Chairman.*—It is all a question of money. All these matters are under consideration. These Radio Offices come directly under the Director of Wireless. That is the present position.

*Para. 32.*

*Mr. Chaudhury.*—When the land was purchased as far back as 1929 why were no steps taken to construct the building ?

*Mr. Rogers.*—We purchased the land because the Bombay Improvement Trust was operating and it was desirable to purchase the sites when we could get them at the favourable price the Improvement Trust offered at that time. It would have been foolish to wait to buy the land much later at a higher price. As soon as we were able to get the funds and to get the project on the building programme we did it. I do not think there was anything unbusinesslike in that. I know that a Commercial Company has got quite a large site there and they have had it for some years without building on it. It is a common thing to buy land when you can get it cheap, even though you cannot build on it immediately.

*Chairman.*—We are following the same policy in the canal colonies, because if we did not take the land now at a low price we should have to pay much more later.

*Mr. Rogers.*—I might add that the land was not bought with the idea of not building on it for many years. We had hoped that we could build shortly. The building will be completed on the 31st October this year.

63. *Chairman.*—But there is a pertinent remark here. “The case combined.....public money”. That is a suggestion which I think the Committee ought to endorse, unless Mr. Rogers has anything to say.

*Mr. Rogers.*—We take every care in the preparation of our budget.

*Chairman.*—I do not agree. I think we should endorse that suggestion.

*Para. 34.*

64. *Chairman.*—I should like to hear something from Mr. Rogers about this. “The disciplinary action can hardly be considered adequate in view of the deliberate defiance of the instructions of the audit office.” It struck me *prima facie* as a bad case.

*Mr. Rogers.*—He has been censured and the case noted in the confidential report. I do not think anything more was necessary. Government lost no money.

*Sir Frederic Gauntlett.*—I may remark that in a similar case in which an officer of my own service was concerned I stopped his promotion to class I.

*Chairman.*—Well, this has been noted in his character sheet, so that the point will be taken into consideration when the time for promotion comes.

*Mr. Rogers.*—Most decidedly.

*Mr. Das.*—That is the reason why we on this side ask the Government to standardise the disciplinary action taken in particular cases, so that

what has been done in the Auditor General's Department may be done in all the other Departments.

*Chairman.*—I think we discussed that yesterday and the Finance Secretary told us that action was being taken.

65. *Mr. Mitra.*—Is it fair to appraise the offence by the amount of money lost ?

*Mr. Rogers.*—I think it is a factor you take into consideration. He must have known that he would be caught by the Audit Office eventually. I do not think he did it from dishonesty.

*Chairman.*—Well, in this case the point has been noted in his character sheet and the Director General assures us that it will be taken into consideration when the time for promotion comes. On that assurance we can leave this alone.

*Para. 39.*

66. *Chairman.*—The Public Accounts Committee may like to enquire the reason for ratifying the contract after the first one had failed.

*Mr. Das.*—I want to know how far the Postmaster General of the Division was responsible for the delay in this matter of the Mail Service.

*Mr. Rogers.*—The delay in the ratification was due to the situation created by the authorities of the Indian State in which the service operates who at first agreed to grant certain exemptions from customs and other duties to the contractors which the departmental service had enjoyed but subsequently they refused to ratify this undertaking. The contractors who based their offer on the understanding that they would obtain these concessions declined to carry out their undertaking till the promised concessions were secured. The Darbar made the grant of the concessions conditional on the receipt of certain advantages covering the general postal arrangements in the State which could not be accepted forthwith. A deadlock arose and protracted negotiations ensued of which the Government was kept fully informed. No headway was however made until November 1927 when the contractors effected an independent settlement with the customs authorities of the Darbar and soon after signed the agreement. So really our officers were not to blame for the delay.

67. *Mr. Das.*—You are satisfied that the Postmaster General was not responsible ?

*Mr. Rogers.*—I happen to know the line and I know the difficulties which he had to contend against. We paid the subsidy without having the agreement signed but there was a draft agreement signed and the mails had actually been carried and we had to pay. It did not really affect the service or the security of the service. The subsidy agreed to in the draft agreement was given but the actual execution of the final agreement could not be carried out for these reasons.

*Chairman.*—The matter is one in which an Indian State is concerned and I would suggest to the Committee that there are wider issues involved as most members of the Committee know. I suggest therefore that we need not pursue the matter unless the Auditor General has anything to say.

68. *Sir Frederic Gauntlett.*—The only point I would make in this connection is whether it is not desirable to start negotiations for a new contract, specially if the negotiations are likely to be protracted and difficult, sometime beforehand.

*Mr. Rogers.*—We generally start 12 months before the time in the case of a big contract and in the case of smaller contracts 6 months. In a case like this we start at least a year ahead.

*Sir Frederic Gauntlett.*—But instead of taking 1 year it took 4 years !

*Para. 40.*

69. *Mr. Mitra.*—There is a very important matter here. I think it is very important if the purity of Government Departments worked on these commercial lines is to be secured. The Report says : “ Attention is drawn to the fact that until the arrangement was discovered in a local inspection, no formal orders had been issued to which the usual audit tests could be applied.” So no rules, no regulations, are there. It is left to the Department to negotiate for itself with certain parties. There may be an infinite amount of corruption and bribery if these things are allowed to continue.

*Chairman.*—I admit the flaw. That is, the Government of India did not issue orders. In these cases the orders have to be issued by the Government of India ; it is not left to the Department. The action was taken by the Postal Department under an order of the Government of India but that order was not formally communicated to the audit authorities. That, I fully admit, was a defect on the part of the Government of India, but the Department is not concerned. I think I am correct in saying, Mr. Ryan, that in future the orders would be communicated to audit !

*Mr. Ryan.*—Oh yes.

*Chairman.*—The flaw here is that no formal orders were issued to audit on which audit could work. It is not a question of the Department being allowed to do what it likes. If it had done so, the authorities would have discovered it long ago. The order was given by the Government of India during the War. The order was given then and was not communicated to the audit authorities. That is a flaw, I agree ; and if the Committee wants to record an observation that all these concessions should in future be given under orders of the Government of India, such orders being communicated to audit, we will record that. In business it is usual to give and take such concessions. I agree, however, that there was some irregularity and therefore we might record a recommendation that these concessions should in future be given under the authority of the Government of India and the orders communicated to the audit authorities.

70. *Mr. Mitra.*—This is now continuing under orders of the Government of India which has been communicated to audit ? Can the Public Accounts Committee express an opinion ? Here it is said : “ The line was utilised by him for calls of some considerable duration and as at times the amounts of bills which should have been recoverable from him rose to several hundreds of rupees per month, “ the aggregate benefit of this concession was not inconsiderable ”.

*Chairman.*—If it had been several thousands or lakhs, instead of hundreds, I myself would have felt very unhappy. The concessions which the Department receives from the party on the other hand perhaps also amount to several hundreds a month ; otherwise I am sure the Government of India would not sanction such concessions.

71. *Mr. Mitra.*—I think we should discuss this matter fully. It seems to be a rotten system.

*Chairman.*—But I have said that the concession can now be given only after the authority of the Government of India has been obtained. What we want is, so to say, to establish that in our recommendation. It would not be left to the Postmaster General or even to Mr. Rogers to give the concession to any of his friends. It has now been laid down that the concession can only be given under the orders of the Government of India.

*Sir Frederic Gauntlett.*—Perhaps Mr. Mitra's point would be met if the Committee rather enlarged its recommendation and expressed the opinion that these concessions should be scrutinised jealously.

*Chairman.*—That these concessions should be given under the orders of the Government of India which should scrutinise them jealously and the orders of the Government of India should in each case be communicated to audit.

72. *Mr. Das.*—I am glad that this matter has come up with regard to the Department of Posts and Telegraphs because I know that on the Railways various concessions are given to contractors.

*Mr. Mitra.*—You don't give any concessions to contractors ?

*Mr. Rogers.*—No.

*Para. 43.*

73. *Chairman.*—Lines 3 to 5 merely express a truism, nothing more or less than that, and I don't think the Committee need record anything on that.

*Sir Frederic Gauntlett.*—It is a very important truism. The implication is that the grant ought not to be greatly in excess of requirements.

*Chairman.*—I quite agree. We shall deal with that specifically when we come to various grants. If we have any comments to make we should confine them to specific cases, particularly of capital expenditure.

74. *Chairman.*—Lines 3 to 5 on page 33 : " Subordinate controlling officers demand excessive provision and the superior controlling authority does not yet make sufficient allowance for the exorbitance of these demands."

*Sir Frederic Gauntlett.*—Of course that relates to items which are given in detail in the preceding three lines,—Allowances apart from House-rent allowance.

*Chairman.*—That is specifically referred to later on in your letter, Sir Frederic.

*Sir Frederic Gauntlett.*—Quite so, Sir.



75. *Chairman.*—"Under grant 87 the original provision was Rs. 60,97,000 of which Rs. 26,67,633 was saved and of the latter Rs. 25,60,000 was surrendered. Of the original grant 43.7 per cent. was saved but only 3 per cent. of the revised grant." This is very bad but I think we have taken action. The Finance Department themselves have taken action by largely reducing the grant in the Budget for 1928-29 and perhaps, though I myself have a good recollection of what happened, Mr. Ryan will perhaps tell us the story of what action has been taken to prevent the recurrence of such surrenders.

*Mr. Ryan.*—The truth is the capital programme was never scrutinised as closely as it should have been until I think the year before last, the programme for 1927-28. We then arranged that the programme should be put in future before the Standing Finance Committee and that the programme of work should be much more thoroughly justified than they had been in the past. There had been before that a tendency to put into the programme without examination almost anything that the Engineering Branch thought likely to be sanctioned in the course of the coming year and of course very often anticipations were not fulfilled and invariably there were heavy lapses.

*Mr. Das.*—In future such things are not likely to happen ?

*Mr. Ryan.*—You cannot have them now because the programme comes before the Standing Finance Committee.

*Chairman.*—That is due to the change introduced in the system. We had better leave it at that. I am pretty sure the Accountant General will go on pursuing the matter if he finds the change does not satisfy him and this Committee will no doubt pursue the matter again next year and in following years, if it finds it necessary to do so.

76. *Mr. Das.*—Does the Financial Adviser know he is to check every amount ?

*Sir Frederic Gauntlett.*—He is doing it. I think he insisted on this coming before the Finance Committee. I would like to draw attention to the last sub-paragraph of paragraph 43 at page 33.

*Chairman.*—That is right. "Subordinate authorities generally are paying greater heed to expenditure control, etc., etc."

*Sir Frederic Gauntlett.*—As many members are new to the Committee I trust they realise that we are really dealing with transactions which closed 17 months ago, so that there has been 17 months' progress since then.

*Para. 44.*

77. *Chairman.*—As the Auditor General rightly observes, it is not necessary for us to pursue the matter as the form of the demand has been changed in 1927-28. Here again the Accountant General's views were taken into consideration and the form of the demand was changed.

*Para. 45.*

78. *Chairman.*—This is a matter in which the Accountant General, if I have understood him correctly, is under some misapprehension. The Accountant General says : “ It is suggested that in the revised estimates produced before the Legislative Assembly no item of deduction for probable savings should ever appear. The reductions made under the sub-heads in the revised estimates of the Posts and Telegraphs Department were all absolutely justified in the event, but these reductions should have been carried down to the detailed heads.” Now I know something about how estimates are prepared having done the work for a good many years in my younger days and the remarks surprised me. I shall first make my own observations and then leave it to other members to ask any question they like. The system of budgeting in regard to the Posts and Telegraphs Department is something like this. (The Chairman here explained the system at some length.)

*Sir Frederic Gauntlett.*—I think, Sir, Mr. Badenoch’s point is this : it is perfectly true that the departmental revised estimate is scrutinised and sometimes very drastically dealt with before the production of the final revised estimate. But so far as the department is concerned, that final revised estimate is an estimate which is imposed upon them from above and one suggestion is that unless an attempt is made to separate the lump cuts over the details, it will be very difficult for the officers of the department to know what they have to work up to in order to realise the revised estimate which has been imposed upon them by superior authority. Mr. Badenoch may be wrong in the suggestion that those details might be of value in the production of the estimate for the following year, if in fact the distribution cannot be made before the date on which the original budget estimate has to be produced. I think it is still pertinent to say that if the lump cut is a considerable one, there are heads, if the lump cut were distributed, under which the proportion of the lump cut would be very considerable ; and if so, it is possible to take up one individual item like that and revise the budget estimate for the following year. It is perfectly true that minor variations will be of no value ; but if you have a very important lump cut under a particular head, it is still possible to alter your budget estimate for the following year having regard to the final figure which you accept as the estimate for the previous year.

*Chairman.*—I have got two observations to make in regard to that. In the first instance, because the Finance Department reserve to themselves the right to make these lump cuts—and they must reserve it, otherwise the whole of the budget machinery will fail,—they have never said that the revised estimates are to be adopted as appropriations ; a modified appropriation is quite different from the revised estimate. That meets the first point. The subordinate officers are not bound by the revised estimate : there is no obligation on them to work up to the revised estimate. At the same time, the Finance Department, I am pretty sure, will definitely refuse at that stage to attempt to distribute this lump cut among the various detailed heads and the administrative authorities would find it impossible to do so because the cuts are made some time in January and the budget in its final form must be ready about the end of that month. I would strongly advise the Committee to leave matters as they are.

*Mr. Jagat Prasad.*—There is no idea of limiting the expenditure in making these cuts ; it is only an anticipation of what will probably happen.

*Sir Frederic Gauntlett.*—I think the essential answer, if I may say so, is that there is no requirement placed upon the departmental officers for the distribution of the lump cut.

*Chairman.*—That is so.

*Sir Frederic Gauntlett.*—Then I think this may be dropped.

*Para. 49.*

79. *Chairman.*—Here I am in entire agreement with the Accountant General. I wish some of these detailed heads could be abolished and Mr. Jagat Prasad would apply his pruning knife to some extent in the Postal budget.

*Sir Frederic Gauntlett.*—I may remark that in 1913 I spent nearly a year abolishing about one-third of the detailed heads in the various budgets all over India, but they came back again within six years.

*Para. 51.*

80. *Chairman.*—I would invite the attention of the members of the Committee to some observations of the Accountant General. I am pretty sure the thanks of the department are due to Mr. Badenoch for the improvement.

*Sir Frederic Gauntlett.*—I may remark that so far as my recollection goes that is the second best result in India, the first being the United Provinces which comes within 8 per cent.

81. *Chairman.*—It is said towards the end : “ On the other hand expenditure on ‘ Repairs to buildings ’ never appears to come within 20 per cent. of the budget.” The real explanation is not over-estimating but a defect in the machinery for executing repairs.

*Mr. Rogers.*—That is partly due to the fact that the telegraph engineer has a full day’s work of his own to attend to and partly because he has no experience of building work.

*Para. 52.*

82. *Chairman.*—I draw attention to the first sentence which meets the question of Mr. Abdul Matin Chaudhury yesterday. The Accountant General says definitely : “ It may be stated at once that there is no evidence whatever of any intention on the part of the authorities responsible for preparing the budget to secure a concealed reserve.” I draw particular attention to this because Mr. Chaudhury was somewhat sceptical about the whole position.

**Evidence taken at the Third Meeting of the Public Accounts Committee,  
held on Thursday, the 16th August 1928, at 2-30 p.m.**

**PRESENT :**

- |   |   |                           |
|---|---|---------------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> .        | } | <i>Members.</i>           |
| 2. Mr. S. C. Mitra.   |   |                           |
| 3. Mr. Abdul Matin Chaudhury.                                     |   |                           |
| 4. Mr. B. Das.  |   |                           |
| 5. Rao Bahadur M. C. Rajah.                                       |   |                           |
| 6. Mr. W. Alexander.  |   |                           |
| 7. Khan Bahadur Mian Abdul Aziz.                                  | } | <i>Were also present.</i> |
| 8. Sir Frederic Gauntlett, Auditor General.                       |   |                           |
| 9. Mr. Jagat Prasad, Accountant-General,<br>P. and T.             |   |                           |
| 10. Mr. S. P. Varma, F. A., P. and T.                             |   |                           |
| 11. Mr. T. Ryan, Joint Secretary, Department<br>of I. and L.      |   |                           |
| 12. Mr. P. N. Mukerjee, Assistant Director-<br>General, P. and T. |   |                           |
| 13. Mr. B. Nehru, Assistant Auditor General.                      |   |                           |
| Mr. P. G. Rogers, Director General, P. and T., <i>Witness.</i>    |   |                           |

*Paras. 53 to 55 of the Accountant General's Report.*

83. *Chairman.*—Under "Temporary" establishments there is a saving of 15 per cent. What have you got to say, Mr. Rogers ?

*Mr. Rogers.*—It appears that in accordance with the orders existing at the time, the pay of officers on special duty was provided for under this head, and subsequently it was decided by the Accountant General the other way. Hence the actuals were shown under "Officers on special duty". This accounts for savings under "Temporary establishments".

*Chairman.*—Have steps been taken to avoid the recurrence of similar anomalies in future ?

*Mr. Rogers.*—Yes, Sir.

84. *Chairman.*—Under "Stamps" there is a saving of 11 per cent. What is the explanation for it, Mr. Rogers ?

*Mr. Rogers.*—The estimate was furnished by the Central Board of Revenue. This saving was entirely under cost of manufacture of post-cards.

*Sir Frederic Gauntlett.*—I think that all that can be said is that this was the first year of the working of the Security Printing Press, and the officer in charge could not be quite certain how rapidly his machines would work in the first year, but there is a very marked improvement.

*Chairman.*—We cannot pursue this matter now, and if things do not improve next year, we will take up the question then.

85. *Mr. Jagat Prasad.*—Stationery and Printing.—Even though the Codes were sent to the press a long time ago, they were not ready. They are now ready, and a few copies have been distributed. The rest are expected to be ready in September.

*Chairman.*—We shall leave the subject there with the hope that after the abnormal expenditure has ceased to affect the estimates, these large variations will not arise.

86. *Mr. Das.*—Radio Expenses—Why don't you commercialise the accounts ?

*Chairman.*—The accounts have been commercialised. It is quite possible that when I go back to my own department, I will have to consider the question of more fully amalgamating the Directors' office at headquarters with the rest of the Director General's office. Before I left the Industries Department, I drew up a scheme of re-organization of the Director General's office under which it is expected that greater co-relation will be secured between the postal and telegraph engineering department, but I deliberately left Radio outside. It looks to me now that the remedy is to bring the Radio also more fully within that organization.

*Mr. Rogers.*—The variation is due to shortage of supervising staff.

87. *Mr. Das.*—I think it is a thing which is mostly utilised for military purposes. I was a Member of the Standing Finance Committee, and I strongly objected to the bringing in of Radio under this head. If it was required for commercial purposes I said I would be a party to it, but that I would not be a party to the military policy of the Government of India. We want to see our military budget as a whole.

*Sir Frederic Gauntlett.*—I think, Sir, it is desirable not to confuse the functions of the Public Accounts Committee and the Standing Finance Committee.

*Mr. Das.*—Is it not a fact, Sir, that meteorology and aeronautics are developed more for military purposes ?

*Sir Frederic Gauntlett.*—While Government is extremely courteous in giving information, I doubt very much whether this Committee is entitled to raise an elaborate discussion of the questions under consideration. This Committee has to deal with accomplished facts, and the question whether the amount should be credited to Radio for services rendered outside has not yet been finally settled.

*Chairman.*—We shall make a comment in regard to the tendency to over-estimating.

88. *Chairman.*—Pie money and task work earnings—I find from the table on page 41 that the savings amounted to only Rs. 25,000.

*Sir Frederic Gauntlett.*—The only point there is that while it is Rs. 25,000 in 1926-27, for three years out of five it had been over a lakh.

*Chairman.*—That shows that the Accountant-General's efforts which have been appreciated by the administrative authorities have led to a large reduction in the saving.

*Sir Frederic Gauntlett.*—We hope it will be continued, Sir.

*Chairman.*—The amount is not large and I think we had better drop the matter.

89. *Chairman.*—We then come to Liveries and Uniforms.

*Mr. Rogers.*—The lapse here is due to a larger quantity having been obtained through the Indian Stores Department at much cheaper rates.

*Chairman.*—I think it would be useful to record that we understand that the saving was due to purchases being made through the Indian Stores Department at much cheaper rates than was anticipated in the Budget which contemplated departmental operations.

*Sir Frederic Gauntlett.*—I cannot say that that is a complete explanation. There were much larger savings—35 per cent. in 1925-26 and 31 per cent. in 1924-25. Apparently this is a head under which you can make cuts.

*Mr. Varma.*—That head also shares in the general improvement in the Budget.

90. *Chairman.*—I have a personal grievance in this matter. These unfortunate subordinates in the Post Office have been howling for adequate supply of uniforms and my recollection is that I have been told time and again that there was no money. But I find that even in 1926-27 a lakh of rupees lapsed.

*Mr. Rogers.*—The whole question of the supply of uniforms was under consideration and the case has now been finally settled and we have issued orders with reference to the Post Office and the Railway Mail Service. I imagine that the over-budgeting was due to the fact that it was expected that orders would come out on the subject for the whole department but did not actually come for the whole of it during the year under report. The case took very much longer than was expected. It was a very difficult and complicated case.

*Mr. Das.*—Except in towns I do not find liveries being supplied in the mufassil.

*Mr. Rogers.*—Under the new dispensation far more uniforms are being supplied in the mufassil than before.

*Chairman.*—Now that orders have issued, can you say that this is not likely to recur ?

*Mr. Rogers.*—I hope so.

91. *Chairman.*—We now come to Travelling Allowance.

*Mr. Rogers.*—The saving here is due to over-estimating of the amount that we should have to spend owing to the withdrawal of free passes on the railways.

*Mr. Das.*—Last year, Mr. Sams told us that the Divisional Engineers are not making enough tours.

*Chairman.*—The Divisional Engineers did not want to tour much because the travelling allowance they got was inadequate. It has nothing to do with railway passes. I believe that case has not yet been settled ?

*Mr. Varma.*—It has not been settled yet.

*Chairman.*—Mr. Rogers' point here is that previously the railways were granting free passes to our mail service subordinates. They decided

to withdraw those passes and everybody had to pay for his travelling and Government had to meet this expenditure to the extent permissible under the Travelling Allowance Code. This therefore is a clear case of over-estimating in the absence of adequate details. Can you give us any assurance that this state of affairs will not recur ?

*Mr. Rogers.*—It is not likely to recur.

*Para. 57.*

92. *Chairman.*—The Accountant-General remarks : “ The practice of combining in one grant both capital and revenue expenditure is not a convenient one ”. I should like to know what the inconvenience is.

*Sir Frederic Gauntlett.*—I think the word “ inconvenience ” is not quite accurate. The point of primary importance to the Legislative Assembly when voting grants is the revenue results of the year, the surplus or deficit on the revenue actuals. If one grant combines both revenue and capital expenditure, it is possible by a very large transfer of savings from revenue to capital or from capital to revenue to alter materially the revenue results of the year.

*Chairman.*—In regard to that, this is capital expenditure chargeable to revenue. The position to which Sir Frederic Gauntlett refers can only arise in connection with the result of the posts and telegraphs department and that certainly is not a matter of any great importance. It has not led to any actual inconvenience in practice, nor has it led to any inconvenience in England where the system has been in force for years. Sir Basil Blackett, with his knowledge and experience of the English system, refused to accept this recommendation last year. I myself was generally inclined to support the Accountant-General, but Sir Basil Blackett pointed out that the Accountant-General’s arguments had no substance in them.

*Mr. Mitra.*—It is not so much objectionable from the administrative standpoint as from the standpoint of the rights and privileges of members of the Assembly.

*Chairman.*—When the Assembly cannot go into these matters of detail, it is immaterial how many heads we open in the estimates. The time at their disposal is limited.

*Mr. Mitra.*—We have to look to the ideal condition.

*Chairman.*—That is the reason why I drew attention to the English practice. A fully elected and representative House of Commons finds no difficulty or inconvenience in this procedure. Apart from that I am told that there is a rule which provides that the Finance Member may at his discretion include in one demand grants proposed for even two or more departments. I would simply drop this matter.

*Sir Frederic Gauntlett.*—The Chairman has pointed out that what is referred to here is not a joinder under one grant of expenditure which finally appears both under the revenue and under the capital side of the account but only of expenditure which appears ultimately solely on the revenue side of the account. There is practically very little objection in principle to that.

*Chairman.*—The other expenditure comes under grant No. 87. That really meets your point of principle.

*Sir Frederic Gauntlett.*—Yes.

*Mr. Jagat Prasad.*—If I find any practical inconvenience I will return to that.

*Para. 63.*

93. *Chairman.*—Sub-head C—Direction—The savings are large. What is the explanation ?

*Mr. Rogers.*—The intention was to transfer the entire office from Calcutta to Delhi during 1926-27, but owing to lack of residential accommodation in Delhi, the office had to be transferred in two portions, one portion was transferred in 1926-27 and the other portion in 1927-28, but budget provision was made for transferring the whole office.

*Chairman.*—I recollect the case. When we prepared the Budget we were given to understand that housing accommodation for all the clerks will be available. Then, after the Budget had been passed, some time in June or July we were told that for certain reasons it would be impossible to provide accommodation for all the clerks in that year, and the Director General was specially requested to spread the move over 5 or 6 months. That, if I may say so, is an occasional case. The Accountant General, I hope, will keep a watch on the Director General's grant, and if there is a further tendency to over-estimate his requirements, he will bring it to notice again next year.

94. *Chairman.*—We then come to the credit on account of stores returned to stock.

*Mr. Varma.*—These are stores required by the Chief Electrician for experimental work. He is regarded as part of the D. G.'s staff.

*Chairman.*—Why was not that correctly estimated ?

*Mr. Rogers.*—I do not think there is any explanation except that such a large credit was not anticipated at the time of framing the budget estimates.

*Chairman.*—That is hardly a satisfactory explanation.

*Mr. Varma.*—The Chief Electrician gets the stores. They are all set up and he goes on with his experiments. During the course of the year he has come to the conclusion that there is no use going any further with the experiments and he returns the stores.

*Chairman.*—Does that satisfy you, Mr. Das ?

*Mr. Das.*—I would like the Accountant General to go into the store account and if he tells us that the stores were all used in particular experiments then we will accept that. Otherwise we won't accept it.

*Chairman.*—There is not much use taking that action in regard to a comparatively minor item like this. If you are not satisfied, I think we ought to record that the Director General should take steps to see that this does not recur in future. If it does recur in future, we may have to take more drastic action.

*Sir Frederic Gauntlett.*—It is a little difficult to say that the Director General must stop the Chief Electrician sending stores back when he has



finished his experiments. What really has to be done is that some attempt should be made to estimate how much he is likely to take out of stock or to return to stock.

*Chairman.*—Would that not be covered by “taking steps to make more adequate estimates about the return of stores”?

*Sir Frederic Gauntlett.*—I only suggested just a variation of wording.

95. *Mr. Chaudhury.*—The savings in “Travelling Allowance” are considerable. What is the explanation of that?

*Mr. Rogers.*—It must have been due partly to the postponement of the move of the Director General’s office to Delhi.

*Sir Frederic Gauntlett.*—I think little more is intended here than to call the attention of the Budget authorities to these defects and asking them to pay special attention to these heads in preparing future budget estimates.

*Chairman.*—I think we ought to make a general observation to that effect.

96. *Mr. Chaudhury.*—Sub-head C—II—Pay of temporary establishment. We have not discussed that.

*Chairman.*—It is a question of mis-classification—officers on special duty.

*Para. 67.*

97. *Chairman.*—Sub-head G. What is the explanation of the excess under head 2?

*Mr. Varma.*—The total lump provision of 50 lakhs contributed to general revenues from the Department was apportioned between the branches in the proportion of the pay of the permanent staff of the three branches. When the calculation for the revised estimate was made in consultation with the office of the Accountant General, a certain fairly large item was left under the Post Office although it should have been included under the Telegraphs. Hence there is a saving here under Post Office while there is an excess under Telegraphs.

*Chairman.*—This is the distribution of the 50 lakhs between Posts, Telegraphs and Telephones simply for the purpose of profit and loss account?

*Mr. Varma.*—Yes. This mistake came to light only when the actual accounts were being prepared. Nobody realised the mistake—neither we nor the office of the Accountant General—and it was too late for any re-appropriation to be sanctioned.

*Mr. Chaudhury.*—Does it matter how this amount is distributed between the three branches?

*Chairman.*—It does not matter from the point of view of appropriation or budgeting but it does matter from the point of view of the profit and loss account.

98. *Chairman.*—We may endorse the opinion expressed by the Auditor General.

*Para. 73.*

99. *Sir Frederic Gauntlett.*—If you turn to page 78—Repairs to telegraph and telephone lines and Radio communications—which is exactly the

same head, there is an excess of Rs. 1,48,000, and on page 95 there is a saving of Rs. 1,79,000.

*Mr. Varma.*—The item on page 95 deals with local telephone lines while the other item deals with telegraph lines including lines for railways and also trunk telephone lines. The only explanation we have is that this change was introduced for the first time towards the end of 1925-26. The details had not been settled before the budget for 1926-27 was prepared, in fact the whole thing was under consideration. It was a very complicated business and there was presumably a misclassification between telegraph lines and telephone lines in the budget estimate which was prepared under great pressure.

*Chairman.*—When you had not full information ?

*Mr. Varma.*—At that time we had really no information at all as to what is the cost of maintaining telephone lines inside towns and what is the cost of maintaining telegraph lines and telephone trunk lines.

*Chairman.*—We can leave it at that, but if this occurs again next year the Committee will have to pursue the matter more vigorously.

100. *Sir Frederic Gauntlett.*—I suggest a closer departmental check over the preparation of the budget. Mr. Ryan has said that it is being exercised.

*Mr. Rogers.*—Credit was not taken into account at the time of the preparation of the budget for 1926-27 as it was not anticipated that recovery of the amounts due from other departments would be effected during the year 1925-26. In the revised estimates for 1926-27, however, a sum of Rs. 90,000 was included on account of this credit of which Rs. 77,742 only was realised during the year.

*Chairman.*—This is the budget for 1926-27. When you prepared your budget surely you knew that these sums of money were outstanding from the various departments ?

*Mr. Varma.*—The budget is prepared in December of the previous year. This was the last budget prepared by the Accountant General and at the time the March final accounts were very far away and we expected our customers or clients would pay up their dues within the year. It is an item which is very difficult to estimate.

*Chairman.*—Does that satisfy you, Sir Frederic ?

*Sir Frederic Gauntlett.*—The anticipation was that that recovery would have been made in 1925-26. In fact it came in 1926-27. The main point that emerges out of these discussions about the preparation of the budget estimates is that the one thing which has to be watched with the minutest care is liabilities.

*Chairman.*—We may record an observation to that effect.

*Mr. Varma.*—It is realisation of assets.

101. *Mr. Mitra.*—If the majority of the anticipations go wrong there should be something to check their going wrong.

*Chairman.*—On the whole these particular estimates have turned out to be fairly correct.

*Mr. Varma.*—There is one thing about this. This particular head was introduced for the first time in 1925-26 and it is rather a heterogeneous head,

all sorts of things come in here,—work done for other people, advances made for repairs of postal buildings to petty contractors in out of the way places where we cannot get an engineer at all. Apparently the A. G. had no previous experience of that.

*Chairman.*—As a matter of fact it was the A. G.'s budget. It has been admitted that the estimates under this Capital head were not prepared with due care. A change of system has been made, but all the same I think we should be justified in remarking that particularly in preparing the estimates under the Capital head the unrealised assets should be properly allowed for. Will that do, Sir Frederic ?

*Sir Frederic Gauntlett.*—Quite. But the Committee has got to be satisfied.

*Mr. Mitra.*—If it satisfies the Auditor General, it ought to satisfy us. We are like umpires and it is the Auditor General who is the prosecutor and he has got to be satisfied. We do not get hold of all the papers and we do not know all the details.

102. *Sir Frederic Gauntlett.*—May I refer to item IX on page 10 which is an item of general interest ? You do not often see extraordinary receipts in accounts and it is of interest to note them when they do occur. There is a figure of Rs. 11 lakhs. The amount represents the sale proceed of the securities in the Departmental Guarantee Fund abolished from the 1st April 1926.

*Chairman.*—That arises out of a decision of the Secretary of State and probably you could not anticipate it in preparing the budget.

*Para. 80 (i).*

103. *Chairman.*—Has the Committee been formed ?

*Mr. Rogers.*—Yes.

*Chairman.*—When was it formed ?

*Mr. Rogers.*—It began to sit on the 24th June 1926, that is, about years ago.

*Chairman.*—What have they done ?

*Mr. Rogers.*—The total value of the unnecessary surplus stores estimated now is Rs. 28,54,376. The surplus store Committee held meetings during the period from the 24th June 1926 to the 11th June 1927 or at the average rate of one sitting a month. Rs. 10,86,358 worth obviously useless stores have been written off. Rs. 12,30,003 worth of stores held at an inflated price have been written down to Rs. 7,50,939 but as was found that not only were the stores held at an inflated price but there is an abnormally large quantity of some of them, further steps will have to be taken in respect of Rs. 6,98,575 worth of these stores. The present position may be summarised as follows :—

	Rs.
Value of stores obviously useless and remaining to be written off	68,112
Value of obsolete stores to be converted	29,168
Value of stores held at an inflated price to be written down	6,105
Value of surplus stores stocked in abnormally large quantities to be disposed or written off	11,33,202
Total	<u>12,36,590</u>

*Sir Frederic Gauntlett.*—That looks as if the work of the Committee is practically over.

*Mr. Varma.*—These Rs. 11 lakhs worth of stores have to be dealt with.

*Chairman.*—Are you satisfied with the progress of the work, Sir Frederic ?

*Sir Frederic Gauntlett.*—I would like to see matters hastened, but I do think it indicates that they are dealing with the subject thoroughly. After all we have to remember that they have other work to do besides.

*Mr. Rogers.*—The Committee consists of the Controller of Telegraph Stores, Superintendent of Workshops, Electrical Engineer-in-Chief, and the Deputy Accountant General.

*Sir Frederic Gauntlett.*—It is rather hard to ask them to meet more than once or twice a month.

*Mr. Rogers.*—I do not think they could.

*Para. 80 (iv).*

104. *Chairman.*—The Committee will note the position with satisfaction.

*Para. 83.*

105. *Mr. Das.*—I have to ask one question—with regard to page 118. The lines were taken over by the Eastern Telegraph Company thereby causing a loss ?

*Mr. Rogers.*—It does not cause loss of revenue to us. That is the Bombay-Calcutta line handed over to the Eastern Telegraph Company. No payment is made on either side for working. We of course get our terminal charges.

*Chairman.*—As it is, that shortage did not arise wholly from that cause. It arose largely from the fact that there was an interruption of traffic *via* Indo-route for about two months during the year under review, and I should like to mention for the information of the Committee the very peculiar position which arose out of the Joint Purse agreement between the Indo-European Telegraph Department and the Eastern Telegraph Company. The result of that is that the less the traffic on the Indo-European line and therefore the less the earnings on that line, the more we get out of the Joint Purse. The fact that we lost about Rs. 3,65,000 on that item does not mean that we were put to any loss on the whole.

*Sir Frederic Gauntlett.*—The Accountant General has specifically indicated at the top of page 119 : “ As a set-off against these deficits, there was an increase of about Rs. 5,27,000 in the receipts in England, mainly due to larger receipts on Common Purse Account, through which, as a matter of fact, the effect of the diversion of traffic to Eastern was neutralised.”

*Para. 89.*

106. *Chairman.*—I myself think that the observation is perfectly justified unless Mr. Ryan has anything to say to the contrary.

*Mr. Ryan.*—No, Sir.

*Mr. Das.*—Have we any control over the Directors of the Indo-European Telegraph Department ?

*Chairman.*—We have in theory, they are officers of the Government of India. Unless any member wants to go into details I think we may endorse the general remark and leave it at that.

*Para. 88.*

107. *Mr. Ryan.*—I have not much to say in favour of the attitude of the late departmental authorities. There has been a change of personnel lately and they are carrying out this investigation. The new Director has taken the thing up vigorously, I understand.

*Chairman.*—The authorities of the Posts and Telegraphs Department are trying their best to stop this obstruction.

*Sir Frederic Gauntlett.*—They have accepted the suggestion that they should make an independent enquiry to see whether they can run their own concern more economically and that was entirely the object with which our comments were made. We do not want to do this work ourselves. We would very much prefer that the authorities should do it for themselves. It is their work, not ours.

*Chairman.*—We may note that the Committee are informed that the departmental authorities have now agreed to accept the suggestion of the Accountant General.

*Para. 97.*

108. *Mr. Ryan.*—Page 139—There is no explanation to offer. The F. A. wrote lately to the Director in Chief on this subject giving instructions as to how these things should be avoided.

*Chairman.*—We ought to make a general remark to the effect that the Committee consider that steps should be taken to prevent such things.

109. *Chairman.*—Let us take up the question of introducing a stores suspense account for stamps which was left over for consideration till to-day. What is this suspense account? I do not quite understand it.

*Mr. Varma.*—It is something like the suspense account we have got for our ordinary stores.

*Chairman.*—What is this suspense account intended to represent?

*Mr. Varma.*—The idea of Messrs. Price, Waterhouse and Co. was that the department should take into annual revenue and annual working expenditure only the cost of such stamps as are actually required for use in the year. Previously we used to get these stamps out from England and sometimes the balances in India were very large.

*Chairman.*—But that has been stopped now.

*Mr. Varma.*—No reserve stocks are maintained in the Security Press. The only stocks are those held in treasuries. The Master, Security Printing regulates the printing according to the demands. We came to the conclusion that there was no necessity for a suspense account.

*Chairman.*—Has any member of the Committee any remarks to offer?

*Mr. Das.*—I think we may say that the Committee recommends that Government should reconsider the question of introducing the suspense account for stamps.

*Sir Frederic Gauntlett.*—If the stamps were being obtained from England, it would have been necessary to keep some such account for the purposes of our commercial accounts. But if the store in hand is practically not much more than till money, it is unnecessary to maintain a suspense account for the purpose. Even at that time there was no decision as to the extent to which the Master, Security Printing would retain stamps. There was still a very considerable discussion as to whether a big store godown should be built for him.

*Chairman.*—Has the Department reconsidered the matter?

*Mr. Varma.*—We have just received the remarks of the Master, Security Printing.

*Chairman.*—You cannot say that Government has definitely come to a decision. In view of what Sir Frederic has said, I doubt whether this Committee will desire to make any further comments on the subject.

Evidence taken at the Fourth Meeting of the Public Accounts Committee held on Friday, the 17th August 1928 at 2-30 p.m.

PRESENT :

- |   |   |                           |
|---|---|---------------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman.</i> | } | <i>Members.</i>           |
| 2. Mr. S. C. Mitra.                                       |   |                           |
| 3. Mr. Abdul Matin Chaudhury.                             |   |                           |
| 4. Mr. T. A. K. Shervani.                                 |   |                           |
| 5. Mr. B. Das.  |   |                           |
| 6. Rao Bahadur M. C. Rajah.                               |   |                           |
| 7. Mr. W. Alexander.                                      |   |                           |
| 8. Khan Bahadur Mian Abdul Aziz.                          | } | <i>Were also present.</i> |
| 9. Sir Frederic Gauntlett, Auditor General.               |   |                           |
| 10. Mr. A. F. L. Brayne, Army Secretary.                  |   |                           |
| 11. Mr. A. G. Barr, Director of Army Audit.               |   |                           |
| 12. Mr. B. Nehru, Assistant Auditor General.              |   |                           |

Mr. A. Macleod, Financial Adviser, Military Finance, *Witness.*

110. *Chairman.*—I shall take the report of the *ad hoc* Committee, leaving it to members to raise any points which they may want to raise on the connected documents.

*Mr. Das.*—Might I know if the Financial Adviser, Military Finance, has any general statement to make?

*Chairman.*—Have you any statement to make, Mr. Macleod?

*Mr. Macleod.*—No, Sir.

*Para. 1.*

111. *Chairman.*—This para. refers to Annexure A, showing the action taken and proposed to be taken on the points noticed by the Depart-

mental Committees on Army Accounts in previous years. We have recommended that this should in future form part of the Appropriation Accounts of the Financial Adviser.

*Mr. Mitra.*—That is a very good suggestion.

*Para. 2.*

112. *Mr. Das.*—I have two observations. A similar statement should form part of the Appropriation Accounts, and we shall have to say that in the Committee's report. Then I want to know whether full power has been given to the Financial Adviser to treat the grant as a whole. Last year the Chairman said that the power of reappropriation lies with the Finance Department only.

*Chairman.*—The Financial Adviser is the Finance Department here. He is the mouthpiece of the Finance Department. The point raised is a domestic matter for settlement between the Finance Member, the Finance Secretary, and the Financial Adviser, and the latter in agreeing to reappropriations simply functions as an officer of the Finance Department.

*Para. 4.*

113. *Chairman.*—The Committee desired the Financial Adviser to place some information before the Public Accounts Committee. What has been happening is this. They are concentrating the accounting work at certain centres instead of having it distributed over a number of centres, as previously; and we were not satisfied that that would result in any advantage from the point of view of financial advice. Therefore we asked the Military Financial Adviser to report on the basis of actual experience what was the result of this change on the financial assistance or advice required.

*Sir Frederic Gauntlett.*—I might supplement that by saying that when the scheme of organization of the Military Accounts Department was changed (as it has often been changed) into Divisional Controllers,—a Controller in each Division—one argument largely used in favour of that change was that it would give each General in charge of a division competent financial advice, and one naturally asks why you are changing the scheme which was devised in order to give competent financial advice on the spot.

*Chairman.*—The word 'district' should be substituted for 'Division'.

*Para. 5.*

114. *Mr. Das.*—We asked them for a statement and obviously we could not get anything more than this.

*Chairman.*—No official decisions have been arrived at on some of the recommendations. The report as a whole has still to be placed before the Military Council. Some of the recommendations have to be considered in the light of recommendations made by Mr. Heseltine. These latter are under consideration.

*Mr. Brayne.*—One of the recommendations of the Innes Committee was that an expert officer should be appointed to examine the clerical establishment at Army Headquarters. Mr. Heseltine was appointed and he submitted his report some months ago, and that report is now under the examination of the Army Department.

*Mr. Das.*—Mr. Joshi asked some questions on this and Mr. Young replied.

*Chairman.*—They said that as the matter had not yet come up before the Military Council they could not say definitely what was going to happen.

*Mr. Brayne.*—All of the recommendations of the Second Innes Committee, I think, have been carried into effect except the cases of four officers which are to come before the Military Council. All others have been accepted.

*Para. 10.*

115. *Mr. Das.*—I should like to refer to Mr. Neogy's question of last year, No. 597 at page 163 about expenditure of a non-recurring character. Mr. Brayne assured us previously that whatever saving is likely to be made in one year is taken into account in any reduction of the Military Budget of the next year. The Chairman last year said that Government allow reappropriations on non-recurring heads and utilize them for reducing the Military Budget next year.

*Chairman.*—There was a definite statement produced about the method of reappropriation on the military side. The Finance Department makes a very clear distinction between a reappropriation for non-recurrent purposes and a reappropriation which in any way involves recurrent expenditure.

*Mr. Das.*—We only do not want recurring expenditure to be added by taking the Military Budget as a net grant.

*Chairman.*—Recurring increases of expenditure are very closely guarded against.

*Mr. Das.*—I should like some assurance.

*Chairman.*—Such an assurance would be more or less nugatory. It is undoubtedly the fact that all recurrent expenditure is very jealously watched, but it does not follow, whatever assurance you might get on that point, that there will never be any increase in recurring expenditure.

116. *Mr. Das.*—Is it not the practice that the Financial Secretary is also present at this meeting ?

*Mr. Brayne.*—I was present here last year because I had some knowledge of the Military Finance Branch and Mr. Macleod could not attend.

*Para. 13.*

117. *Mr. Das.*—I should like some information from Mr. Brayne about the 'necessary modifications' referred to.

*Sir Frederic Gauntlett.*—If it be finally decided by the Government of India that disciplinary action rests solely with the Commander-in-Chief, the necessary modifications will have to be made in the application of these principles.

*Mr. Das.*—On every matter—military, accounting, etc. ?

*Sir Frederic Gauntlett.*—No. The only point at issue is whether the Commander-in-Chief or the Government of India is the final authority



for disciplinary action with regard to officers holding the King's Commission who are guilty of a lack of supervision or failure to observe regulations leading to financial loss.

*Chairman.*—Probably it will satisfy Mr. Das, if we were to supplement this by saying that the Government of India should carefully consider these necessary modifications before agreeing to them.

*Para. 24.*

118. *Chairman.*—That is a general question.

*Sir Frederic Gauntlett.*—The general orders are under consideration, but the *ad hoc* Committee did suggest that the Army authorities should specially call attention to this point in advance of the general orders.

*Mr. Das.*—But the Army authorities will accept the rules framed by the Government of India ?

*Sir Frederic Gauntlett.*—That is still under the consideration of the Army Department.

*Mr. Das.*—If the Army Department in the meanwhile have a different system to the general system of the Government of India, I would suggest that it should be brought before the Public Accounts Committee.

*Chairman.*—I am not sure that is a function of the Public Accounts Committee. If a different system is followed and it leads to financial irregularities, the Director of Army Audit will bring the matter to notice and that is the stage at which under the Indian Legislative Rules the Public Accounts Committee will become seized of it. It cannot otherwise interfere with the function of Government. Meanwhile we have recorded this :—  
“ The Committee considered that the attention of the military authorities should be invited meanwhile to the desirability of adopting the practice suggested by the Director ”.

*Sir Frederic Gauntlett.*—Might I put it this way ? The Government at the instance of the Public Accounts Committee is already very carefully considering the promulgation of a set of principles which will govern the placing of contracts. Those principles have been drafted and are under consideration of various Departments of the Government of India. Eventually the Government of India will come to some decision upon those principles. It is possible that with reference to the views of a particular department there may be some general modification which can be made in respect of contracts being placed by a particular department. I do not say it will, but it is possible. Eventually the set of principles will be drawn up with the final recognition and issued with the final authority of the Government of India. Seeing that that action will have been taken in pursuance of the recommendation of the Public Accounts Committee, I presume that those principles will be placed on the table for the information of the Public Accounts Committee when they have been finally issued.

*Para. 27.*

119. *Mr. Das.*—I should like to refer to this note regarding non-clerks or non-commissioned officers handling money or cheques and payments being only made by King's Commissioned Officers, etc. What I

cannot understand is, do not the accountants handle the money in the same way as the cashiers in the Government of India Departments?

*Chairman.*—The responsibility is that of a Gazetted Officer.

*Sir Frederic Gauntlett.*—I think the main difficulty throughout the Army is that in the smaller units, the Adjutant of a Battalion has only two or three clerks.

*Mr. Das.*—Then the special exigencies of the Army require that the officer must handle the money himself?

*Sir Frederic Gauntlett.*—I think the King's Regulations for the Army in India emphasise, and emphasise rightly to my mind, that the ultimate responsibility for money rests with the officer in charge. I am not sure that the actual handling of money by a clerk is prohibited.

*Mr. Barr.*—It is the case that in the Army the actual handling of money by the officer is much more usual than in civil departments. The head of an office does not generally pay his men himself, but the company commander does. And similarly, in all cash transactions that requirement is adhered to as closely and literally as circumstances permit.

*Mr. Das.*—But does he not take the assistance of an accounts officer?

*Mr. Barr.*—No, the accounts are kept in the name of the company commander and the whole thing is under his immediate control.

120. *Mr. Das.*—Then about the remarks on page 27 of the Director's Report: "The audit failure.....ensure closer co-ordination."

What I want to know is when you send a clerk or accountant to a particular unit to check the accounts, suppose there is some *golmal* and the Captain says he has no time to show him the accounts?

*Mr. Barr.*—If such a thing occurred, if necessary I should probably write to Mr. Macleod who would get at the Adjutant General and the thing would be attended to at once.

*Sir Frederic Gauntlett.*—I may explain that Mr. Barr is not the Military Accountant General. He is Director of Army Audit. The Military Accountant General is under Mr. Macleod.

*Mr. Das.*—But I suppose these officers are liable to make mistakes in their accounts?

*Mr. Macleod.*—Every unit has an accountant posted to it to help them to keep the accounts; but the unit accountant does not handle money.

*Mr. Das.*—But he handles the accounts.

*Chairman.*—What happens is that every month the unit accountant prepares the pay bill or muster roll of the men and hands it over to the Captain, who gets the money and doles it out to the men himself, getting their signature for amounts received. Then the local audit officer comes round and sees if things are all right.

*Sir Frederic Gauntlett.*—The defect of organization which Mr. Barr calls attention to was admitted by the Military Accountant General. That happened some two years ago and the offices have been steadily improving ever since. What happens is that certain part of the check can be exercised in the central office by the Military Accountant

General or by his Controller. There are certain factors which can only be checked during local audit. If when the bills come to the head office the check indicates the possibility of laxity which can only be checked by local inspection, that shows failure of organization in that those possible defects were not indicated by the audit section to the local inspection staff. That is the lack of organization which Mr. Barr called attention to and the Military Accountant General has taken action to rectify that.

*Mr. Das.*—Is there sufficient co-operation between the Military Accountant General and the Audit side?

*Sir Frederic Gauntlett.*—There again the lack of co-ordination was between the central checking section and the local checking section of the Controller's office. There is very real co-ordination between Mr. Barr and Colonel Ross.

*Mr. Barr.*—Most certainly.

121. *Mr. Das.*—It has been mentioned somewhere that the military section of the Accounts did not employ civil accountants.

*Chairman.*—You are wrong there. The Military Accountant General's Department has been largely Indianised; even of the superior staff nearly 30 are now Indians.

*Mr. Brayne.*—There are only very few, about 12 or 13, military officers now left.

*Mr. Das.*—But I have seen it stated somewhere that the usual practice is to put in army sergeants and corporals in the accounts side.

*Chairman.*—You are thinking of arrangements inside the unit?

*Mr. Das.*—I am thinking of the clerks, who are not civilians.

*Chairman.*—They have to be soldiers, because in the field the clerks must be under military discipline and they must be military men.

*Mr. Aziz.*—Even in the Police the clerks have to be policemen.

*Mr. Das.*—But I mean that the accounts have been ill-kept because of the employment of military men.

*Chairman.*—That is why we have introduced a system of accountants so that things may be kept straight at the source.

#### Para. 30.

122. *Mr. Das.*—I would like to know why no refund could be obtained.

*Chairman.*—Because we could not prove anything against them. The stores in this case were examined first in England and then on landing in India by representatives of the Government of India and were passed by them.

*Mr. Mitra.*—Do we buy large quantities of part-worn but serviceable equipment?

*Chairman.*—We did. It was more economical than to buy new articles at higher rates.

*Para. 31.*

123. *Mr. Das.*—I would like to know in regard to the guarantee given by the Imperial Bank regarding the losses of the Canteen Board whether the Government of India will recoup the loss?

*Mr. Brayne.*—The Imperial Bank advanced this money on the guarantee of the Government of India that they would make good if the Army Canteen Board did not pay.

*Para. 48.*

124. *Mr. Mitra.*—This is about a big fire. Was it not possible to insure or in some way to secure Government property? A large sum has been lost in consequence of this fire.

*Chairman.*—That question of insurance has been discussed in the past.

*Mr. Mitra.*—Yes, but this is such a big sum to be lost.

*Chairman.*—It cuts both ways. You may go on paying the premium for insuring Government property and in view of the value of the property you will have to pay a very heavy premium year after year, whereas loss by fire occurs only occasionally.

*Mr. Brayne.*—It would be difficult to insure the whole of the property; it would come to something like 40 or 50 lakhs a year.

*Mr. Mitra.*—Insurance is only a suggestion, but if you are going to lose 14 lakhs, the sum is so big that something must be done. It is strange that there are no arrangements against fire.

*Chairman.*—That is the very reason we make this recommendation. If we had to insure the whole of our military property.....

*Mr. Mitra.*—I do not mean that.

*Chairman.*—We have made some other recommendations. We simply say here that some steps should be taken. "The Committee considered that the Military authorities should seriously take up the question of providing suitable accommodation for valuable and combustible stores which would prevent the possibility of large losses by fire similar to the one in this case". The next point is that "the Financial Adviser should take adequate steps for proper stock-taking of stores of this category, and that he should report next year what steps could be taken in general or in particular to obviate the recurrence of similar calamities". We here make two suggestions. You may think of others.

*Sir Frederic Gauntlett.*—With regard to your preliminary remark, would you turn to Annexure A, item 34?

*Mr. Mitra.*—Well, it would appear from this that the suggestion of insurance was summarily dismissed.

*Sir Frederic Gauntlett.*—We suggest that the question of safe custody should be approached from another standpoint—that is all.

*Para. 51.*

125. *Mr. Mitra.*—Where do we stand now in regard to this?

*Chairman.*—There is no money to be distributed, so the case for the time being has automatically settled itself, though we have not withdrawn our claim. Isn't that so, Mr. Brayne?

*Mr. Brayne.*—Yes, that is right.

*Mr. Mitra.*—But you say here it is doubtful.

*Chairman.*—If the doubt is cleared and there is a surplus we will then step in and ask “Where is our share?”

*Para. 52.*

126. *Mr. Das.*—I want to raise the question of officers in civil employ. Do you make it a rule that all military officers should get the Lee concessions?

*Mr. Brayne.*—Only officers belonging to the Indian Army, not those belonging to the British Army. The mistake here was that India paid when India should not have paid.

*Mr. Das.*—My point is if you increase the number of officers employed in civil departments to whom you give these Lee concessions the expenditure may be 2 or 5 lakhs, still we increase our burden.

*Chairman.*—These military officers were lent to Iraq.

*Mr. Das.*—No, I mean when they are lent to the Indian services for civil employment.

*Chairman.*—Military officers are in civil employ in India. That is a fact. They are employed in the Political Department, they are employed in certain other departments. Here the whole point is that the cost of these passages to these people should not have been charged to the Military Budget. It was done by a mistake. These are special concession passages given to officers serving in Iraq.

*Sir Frederic Gauntlett.*—I think the answer to Mr. Das is that once the principle has been accepted that these concessions are to be given to military officers, if you have regard to the burden upon India as a whole, it does not matter in the least whether those officers are employed in civil employ or whether they are employed in the Army. What is possible is that if you could not make use of the surplus officers during peace time by passing them over to civil employ, you would still have to retain that number of officers in the Army and get other civilians to fill those posts. So you will increase and not diminish your burden.

*Chairman.*—Either way it is a big question of policy. It is quite a different problem from the one we are considering now.

*Mr. Das.*—I don't want to discuss any big question of policy. Surely I can ask whether the number of officers is increasing owing to their employment in civil work.

*Chairman.*—The answer is this. The organisation of the various civil services allow for the employment of a certain number of military officers. Take the Political Department. When an officer is seconded from the Army to the Political Department, his place in the regiment is filled by another man. That is a question of policy.

*Mr. Das.*—What I want to know from the accounting point of view is whether the net expenditure on these officers is increasing or decreasing.

*Mr. Mitra.*—Let us put it in this way. Is it a fact that because military men are employed in civil employ the cadre of Indian Army officers has been increased ?

*Chairman.*—It is not the cadre of officers in the Army. Take for instance, the Surveyor General of India who may be an Army officer. When he is appointed to the Survey Department, he is seconded from the Army. His pay and allowances are both on the Survey of India estimates. In the Army he is shown as having been seconded, so that does not mean any increase of expenditure in the Army.

*Mr. Mitra.*—As Sir Frederic explained, by lending these officers, we economise.

*Chairman.*—Sir Frederic is not wholly correct. An officer, when he is sent over to civil employment to fill an appointment in the cadre of that civil service, is seconded from the Army, and his place in the Army is filled up by another man.

*Mr. Brayne.*—They are a kind of reserve. There is a reserve of R. E. officers for time of war, so it is an advantage to have those officers there because they are employed in the Civil Departments in place of civilians.

*Sir Frederic Gauntlett.*—I may have been a little wrong in not formally referring to seconding. My broad point is still correct.

*Chairman.*—It is only partially correct. In any case, it is a question of policy which does not affect the accounts or the financial procedure of Government.

*Mr. Das.*—I only want to find out how far it affects our expenditure.

*Chairman.*—It does not because, as I have already said, these officers are seconded. They are employed in other Departments and their expenditure is met from those estimates. Our functions here are twofold firstly, to see that the expenditure is met by appropriations and secondly, to examine the financial procedure to see whether it is adequate to secure that first object and to guard against losses, defalcations and various financial irregularities.

*Para. 55.*

127. *Mr. Das.*—Are you satisfied, Sir Frederic, in this matter ?

*Sir Frederic Gauntlett.*—I think these are very important conclusions as a matter of fact. I would like here to make one statement and that is that our function is much more to get procedure rectified than it is to go into past cases to see whether in any individual case the disciplinary action has been really sufficient.

*Para. 56.*

128. *Chairman.*—You think, Mr. Macleod, you recover the best amount you could under the present arrangements ?

*Mr. Macleod.*—Yes. I do not say it is a perfect system but it is growing and improving with time.

*Sir Frederic Gauntlett.*—Perhaps Mr. Macleod might state a little of the evidence General Atkinson gave as to the general arrangements that he makes for this purpose.

*Mr. Macleod.*—I think as regards this particular point there is a full statement here.

*Chairman.*—I think I shall be able to summarise that statement. What the Master General said was this. Surplus stocks of articles for which there are central markets like Bombay, etc., he sends to those markets and he employs commission agents through whom he disposes of surplus stocks for which there is a market at central stations. On the other hand, there are certain articles for which there is no such market and he arranges to have them disposed of locally for whatever can be obtained for them. In some other cases he may not send them to central places at all. For instance he sends old brass to Mirzapur where there is a demand for brass. That, broadly speaking, is what he mentioned to us.

129. *Mr. Das.*—I would just like to enquire if the Military Department do not make over some of the materials they cannot use to their factories such as Cossipore, or whether the Government of India could not use some of these materials in various branches.

*Mr. Macleod.*—But that is mentioned here. I think if I remember rightly the Master General said something like 36 per cent. of the surplus was passed on either to other branches of the Army or other Departments of the Government of India.

*Chairman.*—It is here stated definitely that they are supplied to other Government Departments.

130. *Mr. Das.*—Is the Indian Stores Department consulted ?

*Mr. Bruyne.*—Yes, it is frequently consulted.

*Para. 57.*

131. *Mr. Mitra.*—There is a loss of about 15 lakhs here.

*Chairman.*—The explanation will be found down below.

*Sir Frederic Gauntlett.*—The question was raised because I made a comment when the papers came before me. When I was drafting my comments upon the whole report, the fact that struck me as curious was that 8 lakhs of maunds of green fodder must occupy a very considerable area and that one must assume that it was a little difficult to lose 8 maunds of fodder without being aware of it. When however all the facts were explained to me, it did not appear to be quite so serious.

*Chairman.*—The Auditor General was perfectly correct in bringing the matter before the Public Accounts Committee but when he understood the circumstances of the case, he himself did not press the point.

*Sir Frederic Gauntlett.*—There is a special provision, in the draft rules regarding disciplinary action, that if there is any case outstanding of a serious nature against an officer who is about to retire, the officer who would have to report upon his pension should be warned, so that no final orders should be passed until the disciplinary action has been considered.

*Para. 61.*

132. *Mr. Chaudhury.*—Can we not make a suggestion that in cases of lack of supervision or failure to observe regulations leading to financial loss, the final authority to settle the question should be the Government of India ?

*Chairman.*—I think we ought not, because we do not know what the constitutional position of the Government of India in the matter is.

*Sir Frederic Gauntlett.*—I suppose it is a question of considering the Government of India Act in conjunction with the Army Warrant.

133. *Mr. Das.*—In connection with item 7 in Annexure D, are they not already under military law ?

*Chairman.*—If a fraud is committed on field service, there can be a military court-martial ?

*Mr. Brayne.*—Yes.

134. *Mr. Mitra.*—With reference to the foot-notes on the last page of the report, are you going to introduce the practice that if I commit a fraud and leave Government service and my assistants are still working, you will not prosecute them ?

*Chairman.*—No, unless their cases specifically merited such action. You have got to take the thing as a whole. In these cases we understood the Comander-in-Chief had the results of the investigation before him and he did not consider that any of the cases merited that disciplinary action except in the case of one officer. This officer has retired on pension, because the case against him was not considered enough to stop his pension. That brings us again to the same old question : we were not sure whether he was the final authority or not and this is a matter which has to be settled with reference to the Government of India Act and the King's Regulations, etc. We may, however, suggest that as a matter of general principle, the fact that certain officers have been demobilised or have retired should not be made a justification for absolving those who are guilty but still remain in service.

*Para. 5 (e) of the Auditor General's letter.*

135. *Mr. Mitra.*—Is there anything to indicate that after the war these frauds have decreased to a considerable extent ?

*Chairman.*—I think that is so.

*Sir Frederic Gauntlett.*—I think it may be definitely stated that the orders regarding promptitude in reporting these cases have issued.

*Mr. Mitra.*—We would like to know what is the experience during the last two or three years—whether these frauds are decreasing.

*Mr. Barr.*—Yes ; I should certainly say that they are decreasing, but the actual result is a little bit confused by various circumstances. For instance, I think the Military Finance Department are functioning much more efficiently now and the result may appear that there were more frauds : what really is the case is that more are being found out. The ultimate result would be that they are being reduced.

*Sir Frederic Gauntlett.*—In fact I may say that the Military Accountant General warns us that the concentration of all pension audit in two offices is bound to increase the efficiency of audit of pensions and that the inevitable result will be that in the first year there will be an apparent considerable increase in the number of pension frauds, which is merely an increase in efficiency and not an increase in the number of frauds.



*Para. 6.*

*Mr. Das.*—May I know from Sir Frederic Gauntlett if we have no right to criticise the reappropriation ?

*Sir Frederic Gauntlett.*—The position is extremely complicated out here in India because the whole of the Army Budget is non-voted; and it was obviously the intention that the Public Accounts Committee should function solely with regard to voted. The rule in the Legislative Assembly Rules has been interpreted so as to give the Public Accounts Committee a right, which, I think I am correct in stating, it was not intended that they should exercise. If it was a question merely with regard to the form of the account which is being maintained for a voted grant, I should myself emphatically say that you have every right to make a suggestion; and theoretically, if you are given the same power with regard to non-voted that you have with regard to voted, I think the answer, theoretically, is yes. On the other hand, I am practically certain that it is a right which should not be exercised because the authorities who will have to consider it are dealing with matters which are really not within the purview of the Legislative Assembly.

*Chairman.*—That is a statement of the present position and as I understand it, it is a concession and not a right.

*Mr. Das.*—In what way then are we to record anything about this paragraph 6 ?

*Chairman.*—This matter was discussed and the Auditor General was satisfied with the explanation offered. It has got nothing to do with net grants or with questions of policy. That is the reason why no comment was made by the *ad hoc* Committee in its report.

*Sir Frederic Gauntlett.*—I think it is going a little far to say that I was satisfied with the explanation. I did concur in the conclusion that it was unnecessary to make any further comment. After all I am not a member of the Committee and I had no part in determining what should go into the report: the Committee was most extraordinarily good in considering any suggestions I had to make, but having heard that explanation I have no further comment to offer.

*Mr. Das.*—What I was thinking of was these three or four sections of the Army Budget and that they should not transfer from one section to another; but the resolution prevents me from criticising any more and so we only ask the Auditor General to look after our interests in these matters.

*Mr. Mitra.*—Our point is this: this arrangement about the net grant is only provisional and when the question is reopened we do not want to be bound by any conventions that may arise in the meantime.

*Sir Frederic Gauntlett.*—I may say that paragraph 6 raises no question whatever about a net grant; it is merely a transfer from one head to another under gross expenditure. The essential point, if I may put it, is this: the Assembly could not produce any resolution urging government to have a net grant for the Army because that is entirely outside its purview; and if the Assembly cannot do it, it seems comparatively useless for this Committee to attempt to do anything which the Assembly itself cannot do. The point here was very simple. It was suggested that they transferred a sum of Rs. 4.3 lakhs from the head Military Engineer Services to Army. One must assume that that was done on the

assumption that there would be ultimately savings under that head ; that assumption was ultimately falsified and the question arose why the transfer should not have been made from other heads under which there were savings.

*Chairman.*—It is a piece of carelessness : there is no question of principle.

*Sir Frederic Gauntlett.*—It is a question of the adequacy of the scrutiny which is exercised over the progress of expenditure.

*Para. 17.*

136. *Sir Frederic Gauntlett.*—It may be explained that one reason why this large loss occurred in Waziristan was because they brought into the officers' shops there surpluses from the officers' shops in Mesopotamia as they were gradually demobilised : consequently an effort was being made through the shops in Waziristan to dispose of material which had come from the disbanded shops in Mesopotamia.

*Chairman.*—That statement is not wholly correct : articles which were put into these shops at Waziristan at the outset were articles which had been purchased by the Government of India from surplus stocks in Iraq. It is not that they took them over at their book values but they purchased them at a certain valuation which was adequate for 1919.

*Sir Frederic Gauntlett.*—Hoping that they would be able to dispose of them in Waziristan.

*Chairman.*—Yes.

*Mr. Barr.*—That is a book loss.

Evidence taken at the Fifth Meeting of the Public Accounts Committee held on Saturday, the 18th August 1928, at 11 a.m.

PRESENT :

- |  |   |                    |
|--|---|--------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> . | } | <i>Members.</i>    |
| 2. Mr. S. C. Mitra.  |   |                    |
| 3. Mr. Abdul Matin Chaudhury.                              |   |                    |
| 4. Mr. T. A. K. Shervani.                                  |   |                    |
| 5. Mr. B. Das.   |   |                    |
| 6. Rao Bahadur M. C. Rajah.                                |   |                    |
| 7. Mr. W. Alexander.                                       |   |                    |
| 8. Khan Bahadur Mian Abdul Aziz.                           |   |                    |
| 9. Sir Frederic Gauntlett, Auditor General.                | } | Were also present. |
| 10. Mr. J. M. Hartley, Accountant General, Railways.       |   |                    |
| 11. Mr. B. Nehru, Assistant Auditor General.               |   |                    |
| Mr. A. A. L. Parsons, Financial Commissioner, Railways.    | } | <i>Witnesses.</i>  |
| Mr. P. R. Rau, Director of Finance, Railway Board.         |   |                    |

*Chairman*.—We shall take up the letter from the Auditor General dealing with the Appropriation Accounts of Railways and go through it paragraph by paragraph.

137. *Mr. Das*.—The Financial Commissioner might perhaps like to make a statement as he did last year.

*Mr. Parsons*.—There is one statement with regard to this report that I think I could make which would relieve the Committee of a certain amount of detailed work, but I would suggest that it is made when we reach paragraph 24.

*Chairman*.—We will wait till we reach paragraph 24.

*Para. 3 of the Auditor General's letter. Paras. 2 and 3 of the Accountant General's Report.*

138. *Chairman*.—The statement of the Auditor General is undoubtedly correct. What I do not understand is why the Accountant General repeats what he said on this point last year. Was he not set right last year, Sir Frederic ?

*Sir Frederic Gauntlett*.—I forget ; I may have set him right last year.

*Chairman*.—That is not a matter of any importance.

*Mr. Mitra*.—These misapprehensions should be removed. If the Public Accounts Committee have no right to go through non-voted items.....

*Chairman*.—It is not a question of the Committee going through non-voted items. Sir Frederic's letter describes the position accurately. The

Government of India's decision, as I read it, rules out any discussions on questions of policy relating to non-voted expenditure like that which my friend Mr. Das tried to raise yesterday. I have checked the note of the Auditor General with the letter of the Government of India. The Auditor General is absolutely correct. I hope the Accountant General will take note of the position. He must have received a copy of the Government of India's letter.

*Mr. Das.*—May we say in our report that the Committee endorse the remarks of the Auditor General ?

*Chairman.*—There is no question of endorsing. No endorsement from this Committee is required. The Auditor General refers to the order of the Government of India and I think, Sir Frederic, we had better leave it at that.

*Sir Frederic Gauntlett.*—I think so, Sir.

*Paras. 4 to 6 of the Report.*

139. *Mr. Chaudhury.*—I want to know why there was a supplementary demand for Rs. 15.43 lakhs when there was a saving in the original grant for "Capital—Strategic Lines".

*Chairman.*—That is part of the general question which the Auditor General has brought to our notice. Therefore let us pursue the general proposition and let us ask the Financial Commissioner what explanation he has got to offer on that point.

*Mr. Parsons.*—I will take the grants mentioned in the report one by one and explain the position with regard to each of them. The first is grant No. 4, Revenue—Working Expenses—Administration, where there was a saving of about Rs. 42 lakhs. The original grant actually included Rs. 31.65 lakhs for administration charges of the N.-W. R. strategic lines. The Appropriation Account does not include this sum. That will be seen if you turn to page 175.

*Chairman.*—What happened to that expenditure ?

*Mr. Parsons.*—The practice in that year was to show the administration charges of the strategic lines of the N.-W. R. under grant 4, then to deduct them from grant 5 and add them again under grant 14. That is what I think occurred. They are now charged direct to the strategic lines grant No. 14. I do not think therefore that there was anything bad in the budgeting ; allowing for the sum of about 32 lakhs, we got within 1 per cent.

*Sir Frederic Gauntlett.*—It was brought to light because in the budget you put the item under one head and in the accounts you put it under another head.

140. *Chairman.*—I hope the Committee will be satisfied with one or two prominent items ; in fact, we need not take all. Let us try item 11.

*Mr. Parsons.*—If the Committee will turn to page 264, foot-note 6, they will find that there were certain incorrect adjustments of English payments amounting to Rs. 8,28,000.

*Chairman.*—Were you not aware of it in time ?

*Mr. Parsons.*—No.

*Chairman.*—The point is, was not this adjustment foreseen when the budget was prepared ?

*Mr. Parsons.*—So far as we were concerned, no.

*Sir Frederic Gauntlett.*—On the question of adjustment at that time, all that happened was an incorrect entry in the account which was only discovered when it was too late to put it right in the accounts of that year.

141. *Mr. Das.*—May I ask a question about No. 10. The depreciation fund is at the disposal of the Financial Commissioner, I think ?

*Mr. Parsons.*—Appropriation from the depreciation fund is for actual expenditure on replacements. In this particular case, as you know, we always have difficulty in getting our estimates right. The saving was chiefly due to the non-receipt of material from England and to some extent, especially on the Burma Railways, to the fact that they could not get on with the work because they had heavy floods that year. It is extremely difficult to estimate our English expenditure. We never know exactly when the bills are coming in. If bills come in on the 31st March which you expected on the 1st April, your estimates go wrong. I expect Mr. Shankar Rau is having the same trouble.

142. *Mr. Das.*—If the Railway Department wants the Government of India to provide 10 or 12 crores of rupees of capital, the Government of India raises that capital, and the Railway Department does not utilise all that money, it is so much loss of interest to the Government of India because the Government of India does not charge to the Railways interest on the full amount borrowed.

*Mr. Parsons.*—In practice I do not think that the Government of India raises much capital in excess of what we actually spend : and as a reply to this particular question, I would suggest that in this particular year, taking our estimates of capital as a whole, we have got very much nearer the amount than we did before under our capital grants—I think we exceeded our estimates by only 24 or 25 lakhs.

*Sir Frederic Gauntlett.*—This is the first year in which the big lump cut that Mr. Sims inaugurated has proved to be excessive. They have gradually been increasing the lump cut until it reached the point where it proved to be too much.

143. *Chairman.*—Let us come to item No. 12.

*Mr. Parsons.*—May we take Nos. 12 and 13 together ? What occurred was that mainly on account of a phenomenal increase in goods traffic on the E. I. Railway during the last two months of the year and a saving in working expenses, the result of the working of the railways was much better than we anticipated when the revenue estimates were framed and consequently we had more money to put into the reserves. We did better than what we expected.

*Sir Frederic Gauntlett.*—The entry in the account shows how much you have improved over your anticipations.

144. *Mr. Das.*—Before you put money into the reserves, the Government of India deduct a certain percentage, and may I ask whether by budgeting like this you are not depriving the general revenues of a certain sum of money ?

*Mr. Parsons.*—No. What we pay to the general revenue is based on the accounts of the penultimate year except that under the arrangements sanctioned by the Assembly, if we get more than 3 crores of rupees to put into the reserves, Sir Bhupendra takes one-fifth of the excess.

145. *Chairman.*—Let us come to item No. 14.

*Mr. Parsons.*—More than half the saving was actually under repairs and maintenance in the N. W. Railway and was due partly to the fact that we closed down in that year,—and we were not aware of the likelihood when the budget was framed—certain workshops at Rawalpindi, Sukkur and Karachi. The saving was partly due to an adjustment of an erroneous credit which is detailed at page 269.

146. *Mr. Chaudhury.*—What was the object with which they were closed down ?

*Mr. Parsons.*—To save money.

*Mr. Chaudhury.*—You could not anticipate that when you framed the budget ?

*Mr. Parsons.*—We could not anticipate that they would be able to close down during the year. My recollection is that a recommendation had been put forward by the State Railway Workshops Committee but that we had come to no conclusion on that.

*Mr. Rau.*—We had not even got the report then.

*Mr. Das.*—Were these workshops entirely for strategic lines or were they also for general lines ?

*Mr. Parsons.*—We do not build workshops specifically for strategic lines.

*Mr. Shervani.*—One can understand reduction in the number of employees in the workshops but to close down the workshops altogether a few months after the budget was framed seems rather strange.

*Chairman.*—The point is that this idea had been exercising their minds but they had not come to any conclusion at the stage when the budget was framed. Therefore no provision could be made in the budget for this particular contingency. After the budget was prepared they came to a conclusion in regard to these three particular workshops and therefore they took that action.

*Mr. Parsons.*—I am not sure that we even had that idea in our minds at the time the budget was framed. As Mr. Rau has reminded us, we did not actually receive the State Railway Workshops Committee's report before the end of the year.

*Mr. Chaudhury.*—When did you receive the report of the Committee ?

*Mr. Parsons.*—Some time in April or May 1926, I think.

*Mr. Chaudhury.*—When did you come to a decision that the workshops should be closed down ?

*Mr. Parsons.*—I cannot remember now.

*Sir Frederic Gauntlett.*—Might I suggest that while there is a very important principle that as far as possible expenditure which is not provided for in the budget should not be incurred during the year, there is no

reason whatever why Government should not make a saving as soon as a saving becomes evident even though that saving has not been anticipated in the budget. Do you think that Government ought to go on spending the money of the tax-payer even though it has become evident that it could be saved ?

147. *Chairman*.—The next item is No. 15.

*Mr. Parsons*.—The explanation of the Railway Administration is that non-receipt of English material for rolling stock and of material intended for the construction and renewal of certain works greatly affected the position. There is no doubt that they did have difficulty in that year in getting English material because it was affected by the general strike.

148. *Chairman*.—You went up to the Assembly for a supplementary grant in March 1927, that is, just before the year closed. Is it your contention that even in March 1927 you had no idea that that expenditure would not be anything like Rs. 58 lakhs ?

*Mr. Parsons*.—It is extremely difficult, as I have said, with this English expenditure. What happened on this occasion was that the Railway asked for an additional grant of Rs. 21 lakhs. We were not satisfied about it and we referred back to them. They reduced the demand to about Rs. 17 lakhs and we further reduced it to Rs. 16 lakhs. It is this difficulty of estimating what English expenditure is going to be incurred.

*Chairman*.—I fully realise that difficulty in regard to the budget but you go up for a supplementary grant about the end of the year and that is really what is exercising my mind. Have you taken any steps to avoid that state of affairs in the future ?

*Mr. Parsons*.—I think we always have this difficulty with the English grant. We get our figures from the Secretary of State and the High Commissioner and as regards the company-managed railways from the Boards of Directors through the Secretary of State. The difficulty is the common difficulty of knowing when actual bills will come in for payment on delivery of material in England.

*Mr. Chaudhury*.—What about the supplementary grant ?

*Mr. Parsons*.—If for instance we are told by the authorities in England that there is going to be a certain amount of expenditure, practically speaking, we have to accept their estimates. I might say that when I find the estimates of English expenditure on the high side, I cut them down ; that is, I reduce the High Commissioner's and the Secretary of State's estimates.

149. *Sir Frederic Gauntlett*.—*Mr. Parsons*, you said first of all that you obtained information from the Secretary of State and the High Commissioner with regard to probable expenditure. Having regard to the fact that there was a big strike, do you think they might have taken that into account in giving you their estimates ?

*Mr. Parsons*.—I should think that they almost certainly did.

*Sir Frederic Gauntlett*.—Taking the original grant and the supplementary grant together you anticipated an expenditure of Rs. 73 lakhs. Your actual expenditure was Rs. 50 lakhs even including all that came in during March.

*Mr. Parsons.*—Even when we get the estimates there is the difficulty of knowing whether the material is required for strategic lines or commercial lines. It is not at all easy to say that even when we have got our figures.

150. *Sir Frederic Gauntlett.*—Mr. Parsons, you cannot argue that you were not quite certain as to the distribution between strategic lines and ordinary lines, because if that had been the explanation you would have expected to find an excess on the ordinary lines, whereas there was a large saving.

*Mr. Rau.*—As regards English expenditure we get our figures for all railways.

*Sir Frederic Gauntlett.*—You suggested that it was very difficult for you to know as to how it would be distributed between strategic and ordinary lines.

*Mr. Rau.*—The allotments are not based on revised estimates. They are based on the expectations of each particular railway. In the case of strategic railways the chief difficulty is that it is a very small portion of our capital expenditure. When the Agent of the N.-W. Railway comes up and says that he wants so much, it is very difficult for us to take the responsibility and say you do not want so much.

151. *Sir Frederic Gauntlett.*—I think that raises the general question, and that is, are you satisfied with the arrangements on individual railways for initial budgeting and watch over expenditure during the year.

*Mr. Parsons.*—I am not entirely satisfied, particularly in regard to the N.-W. Railway.

*Chairman.*—We shall come to that presently, but I cannot help saying that some action should be taken to avoid a repetition of what happened in the particular case.

152. *Mr. Das.*—I have one difficulty with regard to the strategic railways. We treat the vote for that as non-votable like the Military and the Standing Finance Committee is not in a position to go into the demand.

*Chairman.*—Is it right that these are not subject to examination by the Standing Finance Committee ?

*Mr. Parsons.*—First of all it is votable expenditure. Secondly, we do not differentiate in putting proposals before the Standing Finance Committee according to whether the expenditure happens to be voted or non-voted. Actually only the salaries of a certain number of officers are non-voted.

*Chairman.*—Then I am right in saying that this expenditure of Rs. 58 lakhs was voted by the Assembly and in the second place you brought up the details before the Standing Finance Committee.

*Mr. Parsons.*—Before going up for a supplementary grant to the Assembly, I always lay the proposals for the supplementary grant before the Standing Finance Committee.

*Mr. Das.*—What I meant was that the strategic lines are not commercial propositions and we are not in a position to say that a particular strategic line should not be taken up.



*Chairman.*—Is there any bar to the Standing Finance Committee giving any advice as regards strategic lines ?

*Mr. Parsons.*—I cannot remember whether this was actually for new lines or for anything else, but I put proposals relating to the strategic portion of the N. W. Railway before the Committee in exactly the same way as I put any other proposal.

*Chairman.*—I think it will be improper for this Committee to interfere in any way in, or to criticise, the action taken by another Committee of the Legislature. That meets Mr. Das's point. But that does not in any way meet the point which I have taken up before, namely, that in this case there was serious over-estimating.

153. *Mr. Mitra.*—The main question is that out of 15 heads there is a saving in 11. There is a very large percentage of saving in the voted grants. If there is so much difference, there will be larger taxation.

*Mr. Parsons.*—In dealing as a whole with our revenue grants from the point of view of whether if we overestimate, there will be, I won't say over taxation but a postponement of the reduction of charges for railway transportation, you have to consider not so much the figures based on the expenditure side alone but the revenue and the expenditure together. In this particular year, we were something like 4 crores down in receipts. They were not so good as we anticipated.

*Chairman.*—I think we had better stick to item 15 and record the opinion that the Committee are not satisfied about the need for obtaining a supplementary grant and they would ask the Government of India to consider the question of devising some means of securing a more satisfactory arrangement.

*Para. 4 (b) of the Auditor General's Letter.*

154. *Mr. Parsons.*—One of the grants was under the control of the Accountant General and I think the Auditor General will agree that we like other officers experience difficulties. We do not at present get out figures until some two or three months after the expenditure was incurred.

*Chairman.*—I think we may make a general remark to the effect that the Government of India should consider the desirability of an improvement in the present arrangements for watching the progress of expenditure against appropriation, adding that the Committee hope that it may be possible for the Government of India to devise some means to achieve the object desired.

155. *Sir Frederic Gauntlett.*—I would invite the attention of the Committee to much the worst instance on page 210. You have an original grant of 1 crore 74 lakhs and an excess of 49 lakhs was converted into a saving of 46 lakhs by an additional allotment of 95 lakhs.

*Mr. Rau.*—These are reappropriations with the North Western Railway under different heads.

*Sir Frederic Gauntlett.*—It does raise a question of importance and it is a point, Mr. Parsons will agree with me, of considerable importance. Would a mistake of that sort be possible if there was a proper appreciation of the accounts position on the North Western Railway ?

*Mr. Parsons.*—I should get very much nearer the actual expenditure if we could get our accounts earlier than we do at present.

*Sir Frederic Gauntlett.*—The general impression is that budgeting on the North Western Railway is not done well.

*Mr. Parsons.*—I think I told the Committee last year that I always thought they were bad.

156. *Sir Frederic Gauntlett.*—Have you taken any definite steps to improve the budgeting on the North Western Railway ?

*Mr. Parsons.*—We have got a very able officer on special duty on this job and we are expecting his report shortly.

*Sir Frederic Gauntlett.*—Does that cover the North Western Railway only or all railways ?

*Mr. Parsons.*—He made, I think, a special investigation into the budgeting of the North Western Railway but the report will cover all the State-managed railways. In recent years we have not relied much on the North Western Railway figures.

*Chairman.*—We can remark that the present budgeting arrangements are not satisfactory.

*Para. 8 of the Report.*

157. *Chairman.*—In the previous years there were large savings. As Sir Frederic mentioned, Mr. Sim started the system of lump cuts to secure greater approximation between expenditure and appropriation. Lump cuts had naturally to be made on an arbitrary basis. The result was that in the case of these two capital heads it was found that the lump cut was too big. In the second case that was to some extent anticipated and therefore a supplementary grant of a crore and 7 lakhs was obtained from the Legislative Assembly but still there is an excess.

*Mr. Chaudhury.*—These things should have been foreseen ?

*Mr. Parsons.*—It is difficult to estimate what the lump cut should be when you are spending 25 crores, and I would be prepared to defy anybody to get it nearer the mark.

*Sir Frederic Gauntlett.*—When Mr. Sim made the lump cuts, he made it perfectly clear to the Railway administrations that they were to pay no attention whatever to the lump cuts. They were to go on spending up to the amount they had themselves asked for in their budgets as finally accepted.

*Para. 15.*

158. *Mr. Chaudhury.*—Since the starting of the East Indian Railway Account office, has there been any change in the internal arrangements of the office ?

*Mr. Parsons.*—There have been many improvements.

*Sir Frederic Gauntlett.*—The only change of organisation which I note is really a change in the organisation of the railway administration on a divisional basis which was accompanied simultaneously by a change in the accounts organisation whereby small accounts offices were attached to each division. That is the only major change in organisation.

*Mr. Parsons.*—I am not quite sure which came in first. They came in practically simultaneously.

*Chairman.*—Are you taking steps to effect a speedy improvement in the accounts offices ?

*Mr. Hartley.*—Mr. M. K. Mitra in his last report says that an appreciable improvement has been made in dealing with arrears—a result due to the special endeavours made by the Accounts Department in this direction.

*Mr. Parsons.*—I entirely agree.

*Mr. Chaudhury.*—Shall I be very wrong in inferring with reference to the remark, ' there is no doubt that many irregularities should have been detected in the course of internal check of accounts offices ' that it would have been so but for this separation ?

*Mr. Parsons.*—Quite the contrary.

*Mr. Hartley.*—We have an independent authority telling us exactly the kind of work that is going on in the accounts office.

*Sir Frederic Gauntlett.*—I may inform the Committee that a report is just on the point of being sent home to the Secretary of State on the general success which has attended the separation, and I think it is only fair to Mr. Parsons and to Mr. Hayman to say that it is a record of very considerable efforts made under very high pressure to attempt to put right a large number of matters which have been brought to notice since the Government of India took over the E. I. R., both by their own independent efforts in the accounts office itself and with the assistance of my own audit office under Mr. Mitra. I think Mr. Parsons would entirely endorse that !

*Mr. Parsons.*—I am entirely in agreement.

*Chairman.*—I would say that the Public Accounts Committee share the anxiety of the Auditor General that a speedy improvement should be attained in the accounts office.

*Paras. 17-18.*

159. *Mr. Das.*—Are the company-worked lines satisfied with this test-check ?

*Mr. Parsons.*—The B. B. & C. I. has expressed its desire to come into the clearing accounts office system on the 1st of October and at present wishes to have its own officers to carry out a test check. I have had informal discussions with the Agent and the Auditor, and I think what will happen is that they will start by sending their own men and when they find that there is no reason for suspicion, probably they will remove them.

160. *Mr. Das.*—Can you bring about a certain amount of uniformity in the matter of general accounting ?

*Chairman.*—As I understood Mr. Parsons, he is trying to persuade these railways to come into line and so far he has met with a great deal of success. There may be some outstanding points here and there but he has every hope of getting them entirely into line with his arrangements. That being so, is it necessary to pursue the matter further now ?

*Mr. Parsons.*—It is only the B. B. & C. I. which is at the moment prepared to come in, but the companies in Southern India have been so

struck with the success of these arrangements which were really initiated by Mr. Scott, that they wish to establish at once in Madras a branch clearing office.

*Chairman.*—That may be in a sense satisfactory. I believe that Sir Frederic Gauntlett also holds that instead of enlarging the bulk of this office and putting in probably more clerks than can easily be handled, a branch office somewhere in Southern India might be preferable.

*Sir Frederic Gauntlett.*—The answer to Mr. Das's question is that inasmuch as the results appearing in the accounts of Companies' lines have to work in with the results as shown in the accounts of State lines, Government is in a position to impose a general structure of accounts upon companies' lines, and they have to work under the orders of the Government of India in that respect.

*Para. 21.*

161. *Sir Frederic Gauntlett.*—I have instructed the Accountant General to devise what I would call a model scheme of test audit which will be applicable to State or companies' lines.

*Mr. Parsons.*—I should like to express on behalf of the Railway Board entire agreement with the Accountant General in para. 21.

*Para. 24.*

162. *Mr. Parsons.*—I might make my general statement now. We have received certain replies from the Agent of the B. N. Railway which are under examination. Though many of the cases are in themselves serious, it is the cumulative effect of all of them which is the most serious thing of all, and we propose to take special action with regard to it. I should, therefore, if the Committee agree, prefer not at the moment to be examined on the detailed instances. I want to make a thorough examination of the whole position with a view to our writing about it to the Board of Directors.

*Mr. Mitra.*—In what year is the B. N. Railway going to be transferred to Government ?

*Mr. Parsons.*—1950 or 1951.

*Mr. Chaudhury.*—What about cases which are under investigation by the Railway Board ?

*Mr. Parsons.*—All the cases will be gone into.

*Mr. Chaudhury.*—What particular objection is there in taking up cases which have been settled ?

*Mr. Parsons.*—That is a matter for the Committee to decide.

*Sir Frederic Gauntlett.*—I think it would be wise to accept the suggestion made by Mr. Parsons.

*Chairman.*—We may say that the Committee were assured that the next report of the Accountant General would give the results of the special measures contemplated by the Railway Board and that in view

of this assurance, the Committee decided not to pursue on the present occasion the cases of irregularities on the B. N. Railway which have been set forth in the present report of the Accountant General.

163. *Mr. Das.*—These irregularities lead us to think that there might be similar irregularities on other companies' railways, due to Government test audit not having been introduced on companies' lines.

*Sir Frederic Gauntlett.*—It is not quite correct that there are no Government examiners elsewhere. There are Government examiners on every Company's line. Certain general proposals in this connection are now under my consideration.

*Paras. 26-27.*

164. *Mr. Chaudhury.*—Has the rate of exchange been fixed ?

*Mr. Parsons.*—The question is under consideration.

*Para. 39.*

165. *Mr. Das.*—The decrease in revenue is said to be due among other things to smaller movement of labour to tea gardens. I think the Railway Board ought not to expect much revenue out of shifting tea labour in view of popular feeling ?

*Chairman.*—So far as railways are concerned, they must take any traffic offered to them.

*Table on page 16.*

166. *Mr. Chaudhury.*—There is a general improvement on the Eastern Bengal Railway and that is due to increase in the passenger traffic in third and inter class : is there any possibility of reduction of rates in those classes so as to increase the traffic ?

*Mr. Parsons.*—I am afraid I cannot say ; it is too early at present to say how the results are working out.

*Table on page 19.*

167. *Mr. Chaudhury.*—Any explanation of the increase on the E. I. Railway ?

*Mr. Parsons.*—Reduction of fares led to a fall in the earnings, but the figures for the working expenses per train mile, are quite good. In Burma, floods reduced earnings and increased the working expenses.

168. *Sir Frederic Gauntlett.*—I might explain that these two statements on pages 16 and 19 were introduced at the special desire of the Public Accounts Committee because they contain very valuable statistics for study as regards progress and efficiency so far as they can be gauged by statistics.

*Mr. Parsons.*—I should like to draw attention to one point in both these statements. In them the Accountant General has taken the expenditure incurred by companies' railways on renewals and replacements instead of what really comes into the Government Accounts, the appropriation to the depreciation fund. I myself am a little doubtful whether they would not

be improved if throughout he took the appropriation to the depreciation fund.

*Chairman.*—What you say, Mr. Parsons, seems to be *prima facie* correct and I leave it to the Accountant General to further examine the matter.

*Mr. Parsons.*—One other suggestion I should like to make. I am a little bit doubtful with regard to the statement on page 19 whether for the purposes for which this is used it would not be better to omit the expenditure on replacements and renewals, or the appropriation to the depreciation fund.

169. *Mr. Das.*—Page 19, first line. Referring to B. N. R., I find the expenditure on replacements and renewals is very low. Owing to strikes and floods some of the renewals and replacements might not have taken place, but what strikes me is that being a Company railway, they might not wish to spend sufficient money from the revenue towards repairs and maintenance and renewals because they want larger dividends, leaving the greater amount of the repairs to be done by the Government when they acquire the line. For instance, the permanent-way of the line in my province is in a very bad condition. To enable me to understand the position, perhaps Mr. Parsons can give me information on one point. On the B. N. R. has not the Company got to make over to the depreciation fund a proper amount ?

*Mr. Parsons.*—That system works only on State Railways and for Government accounts on Company Railways. We take the appropriation to the depreciation fund on company railways in our accounts on the basis of the rules of the depreciation fund, but the calculation of the surplus profits in any year on company railways takes into account the actual expenditure on renewals. Mr. Das's point is an extremely pertinent one. It arises as a matter of fact in certain of the individual instances quoted in this report which we are considering. We have taken up the question with the Company : Our power in this connection is necessarily restricted by the terms of the contract.

*Para. 12 of the Auditor General's letter.*

170. *Chairman.*—We have got rid for the time being of the Bengal Nagpur Railway cases, but with regard to the cases on the East Indian and North Western Railways, can you tell us what general action you are taking ?

*Mr. Parsons.*—We are taking up each individual case. I do not think the position on these two railways is such as to require special measures.

*Mr. Shervani.*—How is it that when the number of cases is so large you do not take special action ?

*Mr. Parsons.*—Because the position in regard to these two railways is much simpler and we can deal with each individual case.

*Para. 13.*

171. *Chairman.*—Can you tell us, Sir Frederic, whether the rules which are under contemplation in regard to contracts will meet these irregularities from a general point of view ?

*Sir Frederic Gauntlett.*—They would if the Railway Board accepts the principles in their application to railway contracts.

*Mr. Parsons.*—The Finance Department did send us the proposed rules and I think we found that they were to a large extent already in force on railways.

*Sir Frederic Gauntlett.*—You say these principles are generally laid down on the railways ; would you accept the view that these are departures from the principles which have been laid down ?

*Mr. Parsons.*—I should have to look into the individual cases. The trouble generally is not so much a matter of principle as that the contracts have been wrongly drawn up without sufficient legal advice. We have emphasised on railways the necessity of taking legal advice before important contracts are drawn up. I see from the file that we dealt with these proposed rules at the beginning of this year. We submitted certain observations to the Finance Department and we suggested that in one case they could not be applied on railways. But there is no difference of opinion between the Finance Department and ourselves in regard to the essential of the proposed rules.

*Sir Frederic Gauntlett.*—Did you bring out the necessity of some relaxation in the case of a really immediate work, like that of a bridge being washed away ?

*Mr. Parsons.*—I dealt with this last January and I cannot recall all the points which we raised.

*Chairman.*—Of course cases may arise, as in the case of a bridge breaking down, when the railway would have to take immediate action. I think therefore we might say that the general rules which are now under contemplation to govern contracts should be applied to railways as far as possible.

#### *Para. 14.*

172. *Chairman.*—Irregularities in connection with the taking of measurements. Apart from individual cases, has any general action been taken by the Railway Board in this connection ?

*Mr. Parsons.*—Except where they refer to the Bengal Nagpur Railway, I think I am right in saying we have taken no general action. We have dealt with individual cases.

*Chairman.*—In view of the large number of irregularities would it not be desirable to impress on the people concerned their particular responsibilities in this connection and the great importance of observing the rules ? Of course no system can be foolproof.

*Mr. Parsons.*—I am quite prepared to write a letter to railway administration on those lines, but such general letters do not do much good.

*Chairman.*—I admit nothing may come of it, but in view of the large number of irregularities discovered, you could impress the extreme importance of observing the rules.

173. *Mr. Shervani.*—What is the method of scrutiny of these measurement books ?

*Sir Frederic Gauntlett.*—When Audit Officers go round inspecting divisions the measurement books are looked into. We do not confine our attention to measurement books of works in progress or which have concluded but get in as many measurement books as we can and scrutinise them quite impartially. It is that scrutiny which brings these defects to light. These books are important because every thing is built up from them and it is that point which I think wants bringing out in any general letter on the subject.

*Mr. Shervani.*—I wanted to know whether these irregularities are detected by the railway authorities before you detect them.

*Sir Frederic Gauntlett.*—Oh yes, an Engineer going round may find that the measurement books have been badly kept and on investigation it is found that a lot of money is lost. It comes to our notice and if the case is sufficiently serious it is included in this book. We do not distinguish between cases which we ourselves detect independently and those discovered by the executive authorities.

*Mr. Shervani.*—My point is that there are cases which were initially discovered only by audit.

*Sir Frederic Gauntlett.*—Oh, yes.

174. *Mr. Parsons.*—I entirely agree with Sir Frederic Gauntlett as to the seriousness of individual cases, and that they are very numerous. But at the same time I should like to point out that the expenditure dealt with in these railway accounts is immensely greater than that of any other department. And if there happen to be 5 or 10 or 15 serious cases, it does not mean that the railway men as a whole are disobeying rules to a larger extent than in other departments. In fact, on the whole I think you can say that our procedure is generally regular. There is here a matter of 25 crores of capital expenditure, very large depreciation fund expenditure and a good many small works charged to revenue. I wish therefore to put in a plea for the railway officers. The expenditure is very large and therefore more cases of this kind come to notice. It does not mean that our men as a whole are paying less attention to the rules.

*Sir Frederic Gauntlett.*—Might I invite the attention of the Committee to page 129? The total expenditure dealt with in these accounts is 132 crores.

*Chairman.*—In view of that consideration, I think the Committee might record that the Government of India should consider whether the risk of these irregularities cannot be reduced by the issue of any general instructions. That would also apply to the cases referred to in paragraph 15. I do not think we can go beyond that, as although the cases are numerous, they are not perhaps relatively greater than those which are brought to light in other departments.

*Para. 60 of the Report.*

175. *Chairman.*—There are three questions involved here. Perhaps Mr. Parsons could explain.



*Mr. Parsons.*—This was due to adjustments made by the Chief Auditor without the knowledge of the officer responsible for the grant. We have asked the Accountant General for the Chief Auditor's explanation.

*Mr. Hartley.*—I may explain that these Government Inspectors are paid by the nearest accounts officer, wherever they may happen to be. In the case of the officer in circle No. 3 he is paid by the East Indian Railway. The Chief Accounts Officer, East Indian Railway, paid him regularly but sent in the debit too late to the Eastern Bengal Railway to be taken into the accounts of that year.

*Sir Frederic Gauntlett.*—So that it is a mistake on the part of the Chief Accounts officers of the East Indian and Eastern Bengal Railways?

*Mr. Hartley.*—And I think the Senior Government Inspector himself also comes in a little. He is the officer responsible for watching the grant and he started an argument whether he should or should not ask for an additional grant. But both Accounts officers were wrong and the Government Inspector is also somewhat to blame.

*Chairman.*—Have you taken steps to prevent a recurrence of this

*Mr. Hartley.*—Yes, I have written to the Chief Audit Officer of the Eastern Bengal Railway.

*Mr. Parsons.*—The East Indian is under me. I have to wait until get the report for which I have asked Mr. Hartley.

*Chairman.*—Then the Committee understand that this incident arose out of the erroneous action of the Accounts Department and that steps will be taken to prevent a recurrence of it.

*Paras. 63 to 65.*

176. *Chairman.*—The Auditor-General remarks: "The Accountant General's remarks in these paragraphs seem to indicate that funds were allotted at the close of the year without adequate knowledge of the progress of expenditure and of the probable liabilities." I think, Mr. Parsons, you will admit that. We will have to put in a general remark about it.

*Mr. Parsons.*—We have already dealt with the main point. There is one point I want to raise here. It was discussed in the Committee last year. It refers not only to paragraph 63 but to certain remarks in various other paragraphs of the report. If we make an additional allotment to one railway, we do not withdraw from savings anticipated on other railways.

*Chairman.*—That is not the point raised here. It is raised somewhere else and you can take it up there.

*Sir Frederic Gauntlett.*—It is a point of general importance because it involves the whole theory of re-appropriation, as to whether you can have one-sided re-appropriation.

Evidence taken at the Sixth Meeting of the Public Accounts Committee, held on Saturday, the 18th August 1928, at 2-30 p.m.

PRESENT :

As at the 5th Meeting.

*Paras. 63 to 65 of the Report of the A. G., Railways.*

177. *Chairman.*—We shall make some general comment on this in to-day's proceedings as in the case of the Posts and Telegraphs, etc.

*Para. 68.*

*Chairman.*—What action has been taken here ?

*Mr. Parsons.*—There is no doubt that the Railway made a thorough muddle of this business. We are not taking any specific action on this case, but we are taking action to amend the form of the agreement so as to avoid such losses in future. At the moment the revised draft is not ready, but the Railway Administration are taking legal advice as to the form which the agreement should take in future.

*Mr. Chaudhury.*—Why was not legal advice taken earlier ?

*Mr. Parsons.*—As I have said the Railway made a muddle of the business. I agree with the Accountant General's description of the case.

*Paras. 71 and 72.*

178. *Mr. Parsons.*—I can make some general remarks on the three individual cases which are brought to notice. Our practice is this. As a general rule, additional allotments are made to Railway Administrations only when they are asked for. The practice is specifically to ask all Railway Administrations and others concerned, towards the beginning of February, to intimate by the first week of March, the additional allotments and reappropriations which require the sanction of the Railway Board. Sanction is then accorded after examining the demands, by the end of March, and not before, because, in certain cases, supplementary grants have to be voted first by the Assembly before sanction can be accorded. As regards the three specific cases mentioned by the Accountant-General, the first is the case of the Assam Bengal Railway. It was a mistake on the part of the Assam Bengal Railway. They work certain lines for branch line companies and they recover from them the cost of the working. When the Agent asked us for an additional allotment, he forgot that he was going to get these recoveries. In the second case, that of the M. and S. M. Railway, the explanation is partly the same, and also, there was some change of practice.

*Mr. Rau.*—Budget provision was made for remission of earnings that were not collected because at the time the idea was that we should get the vote of the Assembly, but later on, the Legislative Department decided that when earnings were not collected by us, remissions were not refunds and did not require the vote of the Assembly. This was decided in the middle of the year.

*Mr. Chaudhury.*—We find instances in the report where money has been allotted to various Railways when they did not ask for it.

*Mr. Parsons.*—I would not like to say that we never did it. Assuming we did not get an application from a Railway in time, where the information we got on the revised estimates quite definitely showed that the allotment of funds was insufficient, and we had money to re-appropriate, I won't say that we should not allot funds in order to regularise the position. But our general practice is exactly as I have stated. We wait for definite demands from a Railway for increased allotments which we ask them in February to send to us, and then we give them that demand or a portion of it as we think necessary in March.

*Sir Frederic Gauntlett.*—My reason in asking this question is to elucidate the position so that the Committee might understand whether the responsibility rests with the Railway Board or with each individual Railway Company. The replies indicate that the responsibility in these cases rests with the individual company that made an application for funds which they did not require.

*Mr. Parsons.*—I have already stated that in the first case, the facts were overlooked by the Railway and in the second case, it was partly that and partly owing to the operation of the Legislative Department advice. The third case will be explained by Mr. Rau.

*Mr. Rau.*—In the case of the B. N. Railway, in that year a grant had been given to them under suspense from which they had no power to make re-appropriations. We expected that the difference between the outstanding at the end of the two years would be — 5 lakhs. They thought that it would be only — 2 lakhs and they came up for a grant of 3 lakhs, because they had no power to re-appropriate and we had to make an additional grant. It happened that their estimate was out. It was about — 6 lakhs in the end.

*Paras. 74 and 75.*

179. *Chairman.*—The Auditor General draws attention to the very satisfactory position noticed in these paragraphs.

*Mr. Mitra.*—We would like to know whether the complaints also were less.

*Mr. Parsons.*—I think I am correct in saying that they were less. I have not got my statistics here.

*Chairman.*—The Auditor General draws attention to the reduction in expenditure which is really what we are concerned with. It has come down from 116 lakhs to 13 lakhs. That undoubtedly is a satisfactory position.

*Mr. Mitra.*—It is a satisfactory position, but we should like to be satisfied that the number of claims also was less, not merely that they paid less by passing rules.

*Mr. Parsons.*—The rules have not been altered. It is generally a question of legal liability.

*Chairman.*—Have you tightened up your rules in the meanwhile ?

*Mr. Parsons.*—As far as I know there are no rules affecting the admissibility of demands. It is a legal question. May I explain what I mean ? Say, you send a bale of jute by the Eastern Bengal State Railway and we lose it. We are legally liable to pay for it. In most cases it is not a question of rules but of legal liability.

*Mr. Mitra.*—But were the claims less ?

*Mr. Parsons.*—The number of claims less ? I am sorry I have not brought the figures with me.

*Mr. Mitra.*—If they could be supplied it would make the position stronger.

*Chairman.*—The information you want will be supplied to you.

*Mr. Mitra.*—That is all. I did not want anything more.

*Para. 78.*

180. *Chairman.*—Has Mr. Parsons any additional facts to put before us ?

*Mr. Parsons.*—The case has been practically settled. As explained in the Report the Resident Engineer has been severely reprimanded. We have asked how the Audit staff happened to pass the second bill.

*Chairman.*—So the Public Accounts Committee will know more about it next year.

*Mr. Parsons.*—I can give the information now.

*Mr. Hartley.*—The idea was that the Audit Office should have known or had suspicions—when the second bill came in—from the fact that it was for the same amount as the first bill. But this was a case of the supply of cast-iron sleepers. These supplies go on from month to month and very often one month's consignment is exactly the same as another and there would be nothing suspicious in one bill being exactly the same as the last one. Of course the number and dates of the bills were different.

*Chairman.*—So it is difficult to say the two bills were for the same supply ?

*Mr. Hartley.*—The Financial Commissioner thought that because the two bills were for the same amount some suspicion should have arisen in the Audit office as to whether the second bill was not in connection with a supply that had already been paid for.

*Chairman.*—Therefore it is now difficult for you to say whether there was a double payment.

*Mr. Hartley.*—No, this was admitted by the executive.

*Sir Frederic Gauntlett.*—The point is whether the Audit Office should have gathered the suspicion from the fact that two bills within a short time for the same kind of material were of exactly the same amount, that those two bills related to the same transaction and represented a double payment. Mr. Hartley has explained that it is reasonable to assume that it was not necessary for any such suspicion to be aroused because these cast-iron sleepers are being paid for constantly and as the rate usually remains unchanged for some time you might get 400 sleepers one month and another 400 the next month and the two bills would be for exactly the same amount.

*Mr. Parsons.*—That is the only outstanding point as far as we know. We punished the Executive Engineer.

*Mr. Hartley.*—I made the enquiry.

*Para. 80.*

181. *Chairman.*—This is also a Bengal-Nagpur case.

*Mr. Parsons.*—The B. N. Railway actually have given us information which I am prepared to give, but I would prefer not to at this stage because I hope to take more effective action.

*Para. 82.*

182. *Mr. Das.*—As regards disciplinary action taken in these cases, all the officers concerned have since left the service. We raised this question last year, whether when an official leaves the service the Government of India cannot take action on his pension or his provident fund.

*Chairman.*—Here they have taken their provident fund and gone and it is difficult for the Government of India to take any action against them. But I think the Auditor General explained to us that some general action was being taken in the matter.

*Sir Frederic Gauntlett.*—The general action, I think so far as I recollect, related to pensions only. Whether the rules should be expanded to include provident funds also is a very important point which I think the Government should take up.

*Mr. Parsons.*—I may say I have seen the file very recently and the point is being considered. There is nothing that I can add on this individual case.

*Mr. Das.*—I am satisfied, but we may endorse the remarks of the Accountant General and the Auditor General.

*Para. 92.*

183. *Chairman.*—Have you anything to say with regard to this, Mr. Parsons?

*Mr. Parsons.*—The questions raised in the concluding sub-paragraph of paragraph 92 had been thoroughly examined by the Railway Board and the Agent. The Agent's explanation was that when the indent was placed in 1922 it was intended to use the steel for the manufacture of North-Western Railway cast-iron pot sleepers but owing to a change of policy next year, they became surplus and tenders were called for the sale of the hoop iron. The Railway Board were not satisfied with the Agent's explanation and told him so, but after lengthy investigation they decided that no useful purpose would be served by pursuing the matter further and that it should be dropped. They decided that the defects revealed by the case should be considered in connection with the examination of the recommendations in the Dickinson Report.

*Para. 93.*

184. *Mr. Das.*—This is about the Burma Railways. In the second paragraph it is said "The Auditor General remarked that apart from the negligence on the part of the Inspector of Works the reliability of the contractor and the question of giving him further contracts should be considered".

*Mr. Parsons.*—As a matter of fact the contractor is a perfectly reliable man. He was in England at the time and this was actually done by an illiterate subordinate of his.

*Para. 97.*

185. *Chairman.*—This is a case of a defect in the agreement. Do not the rules provide that agreements should be more specific and should not contain vague and elastic clauses ?

*Mr. Parsons.*—I do not know that the rules at the moment lay down the manner in which these agreements should be framed. If there are any such rules I have not seen them.

*Sir Frederic Gauntlett.*—I don't think so.

*Chairman.*—In the rules that are being framed in regard to contracts will there be such provision ? That is, will this defect be remedied by the general action which we understand is being taken in regard to contracts ?

*Sir Frederic Gauntlett.*—I am not quite sure that this particular point is covered. I would not like to make a definite statement one way or the other.

*Mr. Parsons.*—We have taken steps to see that agreements are properly framed.

*Chairman.*—Apparently it is part of the general rules, because in paragraph 13 of last year's report the Committee recommended the adoption of certain broad and fundamental principles and one of them is that the conditions of a contract must be clear and definite and without the previous sanction of the Finance Department there must be no informal waiver of contract conditions. That I take it is a principle which has been accepted. The Resolution itself says the principles have been accepted.

*Mr. Parsons.*—I would like to explain that we have taken steps to see that agreements of this kind shall in future be properly framed and secondly I should like to explain that this is not as bad a case as it looks, because when the contractor was allowed the use of this oxy-acetylene plant his rate was reduced, so the result was that the cost to us was practically the same and there was no real loss.

*Mr. Hartley.*—My Chief Auditor did not tell me that.

186. *Mr. Aziz.*—Was the agreement drawn in a standardised form ?

*Mr. Parsons.*—We occasionally used standardised forms, but in this case I should think almost for certain not. You cannot standardise agreements for works which may differ very considerably. The conditions must depend on the circumstances of the individual case. The really important point is that each agreement is framed in definite terms under competent legal advice.

*Sir Frederic Gauntlett.*—This sort of thing does not occur frequently or under sufficiently similar conditions to warrant standardisation.

*Mr. Parsons.*—I am rather frightened myself at the idea of standardising agreements because a person might apply them to cases where they should not be applied.

*Mr. Chaudhury.*—In the case of important contracts do you consult your legal adviser ?

*Mr. Parsons.*—Yes.

*Para. 100.*

*Chairman.*—“ Action is being taken to set the procedure on a uniform basis in order that such a contingency may not arise in future ”. That is in regard to the Jaipur Darbar.

*Sir Frederic Gauntlett.*—My comment was merely as to why it was impossible to obtain a supplementary grant.

*Mr. Parsons.*—I think I explained it at the time.

*Sir Frederic Gauntlett.*—It was not known till later.

*Para. 101.*

187. *Chairman.*—This relates to excess in a capital grant which we have already discussed. The point is that the lump cut proved to be too high and in spite of the fact that steps were taken to obtain a supplementary grant from the Legislative Assembly, that did not cover the whole of the excess.

*Mr. Parsons.*—Not quite.

*Chairman.*—We have already discussed that.

*Mr. Mitra.*—This will require an excess vote.

*Para. 102.*

188. *Mr. Parsons.*—Shall I just make a brief statement ? We have not been able to trace any authority for the provision of the allotment of 13 lakhs to the Madras and Southern Mahratta Railway.

*Mr. Hartley.*—That is a mistake.

*Mr. Parsons.*—The criticism does not apply in regard to them. The East Indian Railway asked for an additional allotment of 12,50 for expenditure in India, while anticipating a saving of 6,00 under English expenditure including exchange. The grant was sanctioned and it was considered unnecessary to withdraw particularly the grant under England. That explains the saving of 5½ lakhs on the Coalfields.

*Para. 104.*

189. *Mr. Das.*—I have one question to ask. Last year we were given to understand that all new constructions should come before the Standing Finance Committee.

*Mr. Parsons.*—That is the practice. Whatever the amount, even if it is very small, I always put new constructions before the Standing Finance Committee whether they have actually appeared in the Budget as passed by the Legislative Assembly or not. In this particular year you may remember that the Assembly ceased to exist in September and it was quite impossible for me to put anything before the Committee until the end of January, when a new Standing Finance Committee came into existence. At the same time we could not stop all work on the railways

because there was no Standing Finance Committee in existence at the time and therefore these projects of which No. 4 is the only one of any great importance were sanctioned without my being able to put them before the Standing Finance Committee. No. 6 is a project which has not been sanctioned at all. The actual amount which we spent might really be called survey expenditure on "land and final location". The project has not been sanctioned because instead of this particular alignment we have taken up a different alignment from Trichinopoly through Pudukkottah.

*Chairman.*—I think all that is really explained here by the Accountant General. He also adds at the end: "The expenditure on the above-noted projects is covered by reappropriations and provision for all these constructions exists in the Grant for the year 1927-28 voted by the Assembly." So that is due to unavoidable causes.

190. *Sir Frederic Gauntlett.*—I think the point I made is still a point of very considerable importance, whether the construction of a new line should not in itself be regarded as a new service and therefore if there is no provision in the Budget, it automatically requires the sanction of a supplementary grant by the Legislative Assembly. I would like to ask Mr. Parsons whether there is any recognised convention entered into by the Legislative Assembly allowing you to obtain the concurrence of the Standing Finance Committee, the Legislative Assembly recognising that as sufficient.

*Mr. Parsons.*—No, nothing of the sort.

*Sir Frederic Gauntlett.*—I would definitely raise the question whether in principle a new line should not be regarded as a new service. I would like to explain that one of the Statutory rules is that there must be a supplementary grant for a new service not contemplated in the budget; and the point that I wish to raise is that a new line under construction is a new service and therefore if no money is provided for it in the budget, it was not contemplated in the budget, and automatically requires a supplementary grant.

*Chairman.*—I see this point was discussed in 1927 and that it is dealt with in the Appropriation Report for 1924-25. Has the Government of India since then devised a precise definition of the term 'new service'?

*Sir Frederic Gauntlett.*—May I explain the position, Sir? I drew up an elaboration of my views on what constituted a new service which the Government of India forwarded to the Secretary of State and asked if he was satisfied with it. The Secretary of State said it still seemed as vague as the original phrase; but that if the Government of India desired to press for an amendment of the statute, he would be prepared to consider its views, but he thought it was a question which might appropriately wait for the Statutory Commission. The position still is that we have to interpret the term and I have deliberately brought up before this Committee several cases in which the question arises because where you have to interpret so very vague a phrase as new service, you must get a gradual interpretation by case-law; the point being that the Committee would suggest in a particular case that it should be regarded



as a new service and if the Government did not accept that view it would give its reasons for not accepting the Committee's view, and the Committee would reconsider the question at its next sitting. I suggest that in this case the matter is so obvious that we should straightaway say it is a new service.

*Mr. Parsons.*—May I protest against the Auditor General's suggestion? I entirely disagree with him. The service which railways have been rendering to this country from the time the first rail was laid was the service of transportation by rail; in fact the construction and management of railways is what the Railway Department exists for to-day. I take a new service to mean a service of a type which has not been rendered before by railways; and if any other interpretation is given I should like to raise various points. Take, for instance, an occasion on which we have 10 crores for new constructions in our budget and are anticipating a lapse in that grant of a crore because, owing to difficulties in acquiring land or for other reasons, we cannot get on with one or two of the projects mentioned in the budget. In the meantime we have investigated another railway project which is a good financial proposition and will give the people in the tract which it serves the advantage of better communications. Are we to postpone taking up that project and giving railway communication to that tract though we have money available to do so; or are we to go to the Assembly and ask for, say, an additional 20 lakhs for it, though we know we do not want any extra money and that the additional allotment, if we get it, will merely increase the lapse in the grant, and give this Committee an occasion a year or two later to pillory the railway administration for asking for an extra grant from the Assembly which they did not want?

*Mr. Chaudhury.*—May I interrupt for a minute? Suppose it is a question of starting a new university for spreading education, will it be a new service?

*Mr. Parsons.*—I would prefer to deal with subjects that I know. The construction of an extension of our line is not a new service; and I think I am right in saying that in the reply which the Secretary of State gave he said it was a term in the interpretation of which it would be reasonable to allow a certain amount of elasticity.

My second point is this: what happens in the construction of new lines? We put into the budget a series of new lines; we do not actually take them up unless they are expected to be paying lines; and if they are paying lines we can take it for granted that they are wanted in the area which they will serve. Suppose in the course of the year one of these lines cannot be taken up because of the hitches that sometimes occur; are we then, when we have got the agreement of the Assembly to our spending 10 crores, not to go ahead and build another line which we can get on with, with that money? Would that be good business? I would suggest to the Committee that at any rate as far as railways are concerned a new service should mean a fresh activity which Government has not in this country taken up before; that is to say, if we for instance came to the conclusion that it would be desirable to start a large number of bus services, a thing we have not done before in this country, I should quite definitely hold that it was a new service to the public. But I do not hold that a service which is exactly of the type

which we have been rendering to the country from the beginning of railways in this country is a new service.

*Chairman.*—Though I was inclined at the outset to take a different view, I think I may be able to explain and amplify Mr. Parsons' arguments. It is a part of the function of railways to develop the particular transportation service of the country. That is the first point. That being so, it is part of the function of railways to undertake new construction. The Legislative Assembly votes money for new construction.

*Mr. Chaudhury.*—For particular new construction.

*Chairman.*—It votes money for new construction and the particular items of new construction are settled after consultation with the Standing Finance Committee. As Mr. Parsons has said, in order to stop preventable lapses the Railway Board may decide in the course of the year to commence the construction of a line which was not in their original programme, finding the money from the grant at their disposal. If they were to wait for a supplementary grant for that purpose until the Assembly sits, there will be delay and money which is available will lapse; and all the arguments which have been used before against the taxpayer having to bear interest charges will come into force. I shall also try to compare great things with small. There is the postal service. In the budget we provide for certain extensions. If we wanted to have other extensions or to have a motor service for the conveyance of mails between two points, and if we are to treat that as a new service, the thing, if I may say so, becomes absurd. The railways are there to provide certain transportation facilities for the public. The Posts and Telegraphs Department is there to provide certain other facilities to the public.

*Mr. Aziz.*—And the Irrigation Department can dig a new canal. It will not be a new service?

*Chairman.*—On the same analogy, the Irrigation Department can dig a new canal if it can meet the expenditure without an additional grant. But still that does not take the matter out of the purview of the Legislative Assembly, because they cannot do that until they have brought it before the Standing Finance Committee. This is not a question of wholly ignoring the Assembly; it is more or less a question of practical politics.

*Mr. Chaudhury.*—What is the objection to bringing it in a supplementary grant?

*Chairman.*—There is no question of objections here; but if you say the work is not to be commenced until the supplementary grant is made, there is a practical difficulty.

*Mr. Shervani.*—My point is this: this term must be interpreted in connection with the budget; if you do not put in some such definition as is suggested by the Auditor General, then the Railway Board may involve the Assembly and the country in the construction of a new line of which the Assembly has got no idea whatever at the time when it sanctioned the grants. As the Legislative Assembly has got every right to demand an account of the sum which each department is going to spend

on any particular thing, a new venture should not be taken in hand as a matter of principle without the consent of the Assembly.

*Mr. Parsons.*—There is no intention of avoiding the Assembly; it is the practical difficulty which appeals to me. There is no idea of my trying to hide things from the Assembly. What I have done so far is this. We put up before the Assembly a programme of the extensions which we propose to take up during the following year so far as our information goes at that time; in addition we also give the Assembly a programme of further railways in contemplation; we select for the budget grant those which our information at the time warrants our expecting to take up; and in practice, assuming that the narrow interpretation of the term 'new service' which is suggested is given, it would only mean this, that it would be necessary for us to put all the lines in contemplation into the programme of the following year. That really would not assist the Assembly in any way; I think the Assembly is even better assisted by our present method. What I have actually done is to extend the purview of the Standing Finance Committee, a Committee of the Assembly, and even though the Assembly may have passed a grant for a new line in the budget and the Government of India can go ahead with it, I still do not take up that line without putting up the proposal before the Standing Finance Committee. For these reasons I put to the Committee that a reasonable interpretation of the term 'new service' is a new type of service which has not been rendered before.

*Sir Frederic Gauntlett.*—May I make some further remarks in reply to Mr. Parsons? I think Mr. Chaudhury's question about the university was very pertinent, if I may say so. Obviously, the duty of the Education Department is to provide education and that is a service for which the Education Department is there; if we were to accept Mr. Parsons' principle, the Education Department could go and start any university it likes without the concurrence of the Assembly. I did devote some considerable thought to the development of the theme as to what we should regard as a new service and it is set out in full in my memorandum which I drafted for the Public Accounts Committee. It is not possible to keep the definition of a new service to the very general lines which Mr. Parsons desires. I do not think it will be fair to the Assembly to interpret it in that way. I think it is absolutely necessary to go beyond the new kind of service which is what Mr. Parsons would like to contemplate and to say that you must have some control over new instruments of service; a new university is a new instrument of service to the Education Department and so a new line under construction or a new extension is a new instrument of service for the Railway Department. I suggest that if you accept Mr. Parsons' general proposition the phrase 'new service' will be of no value whatever to the Assembly.

*Mr. Parsons.*—Except to prevent the Government of India, without the Assembly's agreement, undertaking activities which the Government in this country has not previously undertaken.

*Sir Frederic Gauntlett.*—My point is that the definition of the term must be something much stricter than what Mr. Parsons would desire and it

is for that reason that I have brought it up prominently. As regards Mr. Parsons' practical difficulty, I would suggest that in the budget you should enter a certain number of new lines which you have every hope of taking up and give reasonable sums for them ; in case you may not be able to devote all the money to those all that would be necessary is to enter a few lines with one rupee against each. The alternative way is to lump together some five or six items and put a lump sum against them.

*Chairman.*—What happens in England ?

*Sir Frederic Gauntlett.*—They are not governed by legislative rules in the same way. This phrase does not occur in any rules there, but there is a very well established procedure. The railways in England are not a government concern, while Posts and Telegraphs is. I think the point is fully met by the admission that with regard to new instruments of service you would not worry over minor details but that you must fix a limit above which the Assembly is entitled to be approached to have some voice in the decision as to whether that particular work should be started or not.

*Mr. Das.*—Mr. Parsons' interpretation has rather taken me by surprise ; I think if the Auditor General's suggestion is carried out it would help much to facilitate our discussion.

*Mr. Parsons.*—May I add one further remark ? If, as I understand the Auditor General to suggest, it is at any rate to some extent a matter of degree whether you should consider an item as a new service or not, I would ask the Committee to observe a distinction between a big commercial department like Railways and any other department. In attempting to run a department on commercial lines, you will not be able to get it run as successfully as we hope to do, if you tie us up by too limited rules in respect to grants and so on. The state management of railways in India is a big experiment in the way of trying to run a very large commercial concern with the reasonable control which a parliamentary body can ask to exercise ; for example, within the last few years my predecessor and myself quite definitely refused to lay down any rules of procedure for the Standing Finance Committee, not because we have wished to keep anything from the Committee but because we wanted to be able to put before them, without going outside any prescribed rules of procedure, a great deal of information which we are not bound to put before them ; and my fear is that if any attempt is made to tie up a big railway organisation with too definite rules, you will not succeed in running railways successfully.

*Chairman.*—Do you admit that a new line, though it may not be a new service, is a new instrument of service ?

*Mr. Parsons.*—Certainly ; I should have to admit that—even in regard to an extra siding in a marshalling yard ; it will be a new service in that sense.

*Sir Frederic Gauntlett.*—I would like to make a remark : The Standing Finance Committee does not represent in any way the Legislative Assembly in this matter.

*Mr. Parsons.*—I entirely agree ; what I have said is that we are trying to build up a system, possibly not entirely logical.

*Chairman.*—But you admit that a new service means at least a new instrument of service ?

*Mr. Parsons.*—Yes ; but I would point out that rigorously applied that would refer to almost all our building activities.

*Chairman.*—As it is, it comes to this, you admit that it is a new instrument of service. Your point is one of practical working and that evoked rightly Sir Frederic Gauntlett's criticism. Anyhow, we have discussed this matter as fully as possible for the present, and if Sir Frederic Gauntlett could let us have any information about the English practice, we shall be greatly obliged.

*Sir Frederic Gauntlett.*—I shall certainly put one of my officers to examine the epitome and see if there is anything bearing on the point.

*Chairman.*—Then all we need say for the present is this, that the Committee discussed the matter fully and reserved it for further consideration.

*Para. 106.*

191. *Mr. Das.*—I entirely endorse the remarks made by the Auditor General that the second Executive Engineer apparently misrepresented facts by incorrectly describing the nature of the ground cleared.

*Chairman.*—Have you anything to say on that point, Mr. Parsons ?

*Mr. Parsons.*—I also agree with the remarks made by the Auditor General. I may however point out that because an officer is no longer in service it should not be considered that he has not been punished.

*Mr. Chaudhury.*—Was any action taken in this particular case ?

*Mr. Parsons.*—He has left the service.

*Sir Frederic Gauntlett.*—If there is really a serious case against an officer, it is almost certain that it is not the only time that he has done a thing of the same sort, but he has probably been warned by his superiors. When a definite case comes to the notice of the railway authorities, they have an easy way of getting rid of officers and the men retire very quickly.

*Para. 109.*

192. *Mr. Parsons.*—The contractor has been debarred from further employment.

*Para. 110.*

193. *Mr. Parsons.*—We obtained a Report from the Agent on this case. It appears there was no stipulation in the work order that the rate payable to the contractor should be reduced ; but the rate of 12 annas per cubic ft. was a reasonable rate. The Audit Department of the B. B. and C. I. Railway urged a reduction of the rate from one rupee which was originally agreed upon, and since the contractors did not raise much opposition to the reduction, a further recovery was made. The Agent considers that this is not a case requiring disciplinary action and the Railway Board concur with him.

*Para. 115.*

194. *Chairman.*—Why do you distribute the supplementary grant you receive from the Legislative Assembly ?

*Mr. Parsons.*—It is due to the fact that the railway administrations themselves have no power to transfer funds between England and India without the sanction of the Railway Board. When we know that there are going to be savings we give them an additional allotment without withdrawing funds elsewhere. This is a point which was dealt with by the Public Accounts Committee last year and Sir Basil Blackett endorsed our action as being correct. With regard to getting a supplementary grant from the Assembly, I think that since we got a grant we were perfectly justified in distributing it in such manner as we thought necessary.

195. *Mr. Mitra.*—Who is the officer responsible for these allotments ?

*Mr. Parsons.*—I leave it to the Director of Finance generally. If any points of importance arise, they are always brought to my notice. The Director of Finance generally makes these allotments under the powers I have given him, but it is all done under my responsibility.

*Para. 116.*

196. *Mr. Chaudhury.*—How is it that there are no special remarks here ?

*Mr. Parsons.*—In both cases what happened was that the Agent wrote up to us asking for additional allotment. The wording of his letter was not very clear and it was misunderstood in our office.

*Mr. Chaudhury.*—On page 194 we find that the Agent of the N.-W. Railway did not ask for any grant under this head, but the Railway Board made an allotment of 10 lakhs.

*Mr. Parsons.*—It was the practice in that year to take an estimated figure for Suspense in this grant based roughly on previous actuals. The total was distributed between different railways and the fact that any particular railway did not make provision for this in their estimates is of no importance ; as against the fact that in the case of the N.-W. Railway, the Railway Board went wrong in their estimate, may be stated the fact that in the case of the G. I. P. Railway their estimate was in the right direction. This practice is no longer in force.

*Para. 117.*

197. *Mr. Parsons.*—The balance was made up from anticipations of savings. It is no question of overallotment as far as we are concerned. What actually happened was that certain allotments were made in anticipation of savings, and the Accountant General has taken these allotments as additional appropriation. In accordance with the procedure approved by the Committee last year, we do not withdraw savings in practice.

*Para. 118.*

198. *Mr. Parsons.*—We are investigating this matter. It is also dealt with in Sir Arthur Dickinson's Report. The system suggested is probably a good one, but in the present disturbed conditions of labour when and at what stage we could introduce a change it is rather difficult to say. The present position is that no final decision has been arrived at in the matter.

*Para. 119.*

199. *Mr. Das.*—I think it is very necessary when giving lump sum contracts that all the details should be settled in writing.

*Sir Frederic Gauntlett.*—Might I offer some comments on this, because for three years during the war I was dealing very largely with contracts and this question constantly arose. The whole tendency of Government during the war was to obviate the difficulties which arose from the application of this principle. It was one of the most troublesome problems that arose during the war. If they were starting an absolutely new kind of work, they had to start on the basis of cost *plus* a certain percentage of profit, but as soon as they found that reasonable rates were laid down, they abandoned the principle. My point is really raised from the point of view of future possibilities. All that I wish to do is to call attention to the dangers of pursuing for any length of time this principle, although it may perhaps be the only possible principle in the first year or so of introducing a new type of work into India altogether.

*Chairman.*—I think we will leave it at that, because if experience proves that the system is working against the financial interests of Government, the Accountant General will bring the matter to our notice.

*Mr. Parsons.*—I entirely agree with the remarks of the Accountant General that such contracts should be signed, sealed and delivered before work is begun.

*Mr. Mitra.*—Does not the second instance show that the principle of lump sum contracts is being continued ?

*Chairman.*—The principle of giving lump sum contracts cannot be objected to. The objection in the preceding paragraph is that the terms included actual cost *plus* 10 per cent. The whole work is scheduled, and the man is given a very complete idea of what work he has to undertake and then he enters into a contract to do the whole work for a definite sum.

*Mr. Parsons.*—We are trying to extend that system, but we find some difficulty in getting good firms of contractors.

*Chairman.*—I see that last year one of the recommendations made by the Public Accounts Committee was that contracts should not be given without agreements as to price which should always be quoted nett by the contractors. Does that rule out contracts on the basis of actual cost *plus* 10 per cent. ?

*Sir Frederic Gauntlett.*—I presume that it is intended to cover cases where Government might be supplying part of the material.

*Chairman.*—If it were intended to rule out the first case, I should feel very sorry myself.

*Mr. Das.*—In the matter of contracts, as an Engineer myself, I can say this, that it won't be desirable for Government to always insist on competitive tenders, because sometimes spurious firms will tender very low.

*Chairman.*—That is provided for by the fact that the officer who is to place the contract is not always bound to accept the lowest tender. I have once or twice explained that in the Legislative Assembly ; in fact, the officer in charge has got to use his discretion in giving out a contract and he should see to the standing and position of the firm or of the contractor. But that question does not arise in any of these cases. In the first case, I know, the contract was given to a reputable firm, and the only thing here is that the terms were not settled and reduced to writing before the work was started.

*Mr. Parsons.*—All the main terms were settled. It is not always easy to put in all the various points in the agreement before work is started.

*Chairman.*—As it is, one of the main recommendations of the Public Accounts Committee last year was that the conditions of contracts must be definite and clear.

200. *Mr. Chaudhury.*—Is this system of actual cost plus 10 per cent. the most economical way ?

*Mr. Parsons.*—The main line there was breached and had to be repaired quickly.

*Mr. Chaudhury.*—You do not consider this to be the most economical way ?

*Mr. Parsons.*—I would not like to make a general aspersion on this system. In some cases it might be the most economical, in some cases not.

*Chairman.*—In this particular case ?

*Mr. Parsons.*—I do not think we could have got this work done more economically. It is very hard to express an opinion.

*Chairman.*—To the best of my recollection it was done in India and the alternative perhaps was to try and get it done outside India.

*Mr. Parsons.*—The alternative was to do it departmentally.

#### *Para. 121.*

201. *Chairman.*—This refers to materials at site. This was discussed by the Committee last year.

*Mr. Parsons.*—We held this matter over till our consideration of Sir Arthur Dickinson's Report. The instructions are in draft, but I shall have to see them myself. They will be published in the course of the next week.

*Chairman.*—We shall say that the Committee understand that orders on the subject will be issued before the end of the month, to be on the safe side.

*Mr. Chaudhury.*—Is the practice of sending down materials to site from stores in order to show a reduction of the stores balance a good one ?

*Mr. Parsons.*—I do not think it is a good practice.

*Mr. Chaudhury.*—You said something about it in your evidence.

*Mr. Parsons.*—I admitted that I did not think it a good practice.



*Mr. Chaudhury.*—I suppose when you insist on a reduction of the stores balance, your subordinate officers transfer materials irregularly from stock to site ?

*Mr. Parsons.*—My suspicion was that when we pressed them to reduce their stores balance, this was one of the methods adopted. I do not think it was a good one.

202. *Mr. Das.*—Regarding stores balances, the opening balance on 31st March 1926 is here given as Rs. 15,68,00,000 whereas the closing balance on 31st March, 1926, is given as Rs. 14,88,00,000 on page 45 of last year's accounts. What is the explanation ?

*Sir Frederic Gauntlett.*—It is a very pertinent criticism and I think we must ask Mr. Hartley to make a statement on Monday.

*Chairman.*—I find we have got certain new lines. That is the explanation.

*Mr. Das.*—Last year we were given the impression that there was a reduction of stores balance of 1 crore and 92 lakhs.

*Sir Frederic Gauntlett.*—That was perfectly correct with regard to the particular railways which were in existence at the beginning of the year. They were merely comparing like with like. They did not include railways which have been started during the year. I do agree that when you are looking at the grand totals of the stores balance all over India at the end of the year, you ought to have had another figure indicating the stores which had gone to the new railways. That would have made the whole thing quite clear.

*Chairman.*—It would have saved trouble if the Accountant General had put in a foot-note. We shall not record anything but the Accountant General will bear this in mind.

*Para. 128.*

203. *Chairman.*—We should like to have a little more information on this case.

*Mr. Parsons.*—The Agent's report is that though according to the Accountant General he received several offers, he has never received a firm offer up-to-date.

*Chairman.*—You have not yet dealt with the explanation ?

*Mr. Hartley.*—I have not seen the explanation. What he says is that though at various times they got people who nibbled, they never had a firm offer and so could never sell it. If they get a reasonable price they will sell it as early as possible.

*Chairman.*—I think we had better record an observation that the Public Accounts Committee hope that early steps will be taken to dispose of the building.

*Para. 129.*

204. *Chairman.*—This again is a Bengal-Nagpur Railway fraud. It is a big one and I think we had better leave it over.

*Mr. Parsons.*—This is not really a Bengal-Nagpur Railway case. It is a sleeper control case. The Chief Engineer, who was opposed to this particular contract, was the Chief Engineer of the Burma Railways, who was not a member of the Eastern Group Sleeper Control. The Railways who formed the group thought that a long contract was desirable, because you cannot get sleepers cheaply from Burma unless you give at least a three years' contract.

*Mr. Chaudhury.*—The main point is whether the firm of contractors were an established firm.

*Mr. Parsons.*—They had fulfilled previous contracts satisfactorily.

*Mr. Chaudhury.*—But the Chief Engineer, Burma Railways, expressed himself against this contract.

*Mr. Parsons.*—He did say so, but the other three Engineers who were parties to the contract and whose railways required the sleepers had previous satisfactory dealings with him.

205. *Mr. Shervani.*—The sleepers, when they were passed, were alright. Afterwards, some sleepers of inferior quality were introduced. It was due to the fact that when the sleepers were passed, they did not pass through the railway, but they again passed through the contractor, and that practice in itself was bad.

*Mr. Parsons.*—I entirely agree with you.

*Chairman.*—There is great force in your remark, that nobody on behalf of the railways took over the stuff before it was shipped. That is in regard to the past. In regard to the future they have taken some action. If you look at the bottom of page 61, you will see that a Shipping Officer was appointed to supervise the loading of passed sleepers into steamers. So the defect has been remedied for the future. But what about the past ?

*Mr. Parsons.*—I cannot add anything to what is contained in the report. I entirely agree that once the sleepers were passed, they ought not to have gone back into the hands of the contractors, and that that was what led to the frauds. With regard to the action taken, it is given in the last paragraph of the Accountant General's report. The contractor was acquitted by the High Court and the Assistant Engineer, Burma Railways, left the service before the frauds came to light.

206. *Mr. Shervani.*—What action did you take against the gentleman who was originally in charge, who entered into the contract, and who approved of the system of passing of the sleepers and then giving them back to the contractor ?

*Mr. Parsons.*—You mean the Chief Engineer, Burma Railways ?

*Sir Frederic Gauntlett.*—His remark is against the Agent of the Bengal-Nagpur Railway, who entered into the contract.

*Mr. Parsons.*—I understand it was done by the Sleeper Group by the Chief Engineers of the three Railways.

*Mr. Shervani.*—You entrusted the Chief Engineer of Burma Railways with the task of seeing whether the sleepers delivered were of the same pattern. You did not further entrust him with the task of shipping the passed sleepers, and that was a mistake on the part of the Agent of the Bengal-Nagpur Railway who entered into the contract.

*Mr. Parsons.*—I am not sure that you are quite correct as to the procedure. I anticipate—it is not clearly stated—that probably the Chief Engineer of the Burma Railways was entrusted with all the arrangements, both of passing and of shipping. I will make further inquiries on the point. I have no definite knowledge on the subject.

207. *Mr. Shervani.*—My second point is this. The fraud was not detected until the entire supply was delivered. How is that? When did the detection take place?

*Sir Frederic Gauntlett.*—I do agree that dates would be pertinent in this case.

*Mr. Parsons.*—I will look into that point also. I would only make one comment here. It looks as if the Chief Engineer, Burma Railways, had very little to do with this case except the nomination of a particular person to do a particular job.

*Para. 130.*

208. *Mr. Parsons.*—The Agent of the Eastern Bengal Railway, decided in January, 1924, that 40 per cent. of the pooled wagons should be fitted with automatic vacuum-brakes and 60 per cent. with train pipes, varying the previous proportion of 75 and 25. Subsequently, the Railway Board decided that each Railway Administration should have 60 per cent. of its pooled wagons fitted with vacuum-brakes and 40 per cent. with train pipes.

*Chairman.*—Has the Railway Board taken any notice of the action of the Agent?

*Mr. Parsons.*—It is not, I think, a serious matter. It was in our opinion, a misjudgment. We have informed all other State-managed Railways that their requirements should be met by indents on the Eastern Bengal Railway. It is not a matter on which you can take action, because, any two officers may have a different opinion as to the proportion of vehicles which should be fitted with vacuum-brakes and train pipes?

*Chairman.*—Does that satisfy you?

*Sir Frederic Gauntlett.*—If arrangements have been made to make the best possible use of the wagons that are already so fitted. That is really the point.

*Para. 133.*

209. *Mr. Parsons.*—This was due to a wrong design. The Consulting Engineers were consulted and in 1922, one of the partners personally came out and inspected the traversers and put forward suggestions to remedy the defects. Unfortunately those attempts to remedy the defects were not successful. I believe the G. I. P. Railway have not had occasion to place any further orders with the particular firm: but they are a reliable firm and it was not their fault. The designs were not successful.

*Mr. Mitra.*—Rs. 1,45,000 is not a small amount.

*Mr. Parsons.*—In any large concern like a Railway, you will find that occasionally you get hold of a design for something which, as far as you can see without trying, is likely to be very successful but when actually used, does not work out as well.

*Mr. Mitra.*—You could have ordered one instead of three.

*Mr. Parsons.*—There is always uncertainty in any business operation.

*Mr. Mitra.*—India is a poor country, after all. That also matters.

*Mr. Parsons.*—It is not so much whether India is a poor country or not. You cannot avoid cases in which a plant does not actually work out as well as was expected. You may consult the best people in the world and yet, when it is actually tested, it may not be found to work as well.

*Mr. Shervani.*—The point is whether the defect was in the machinery or in the setting up?

*Mr. Parsons.*—The defect was in the actual design of the traverser.

210. *Mr. Mitra.*—The original cost was Rs. 35,000, there was a subsequent expenditure of Rs. 49,000 and again after 4 years there was an expenditure of Rs. 14,000.

*Mr. Das.*—The order was originally placed by a company-managed railway in 1912 and apparently at that time the Railway Board had no control over that railway.

*Sir Frederic Gauntlett.*—The material arrived. It was comparatively expensive in the first place and the engineer wanted to make some use of it. So he decided that rather than have all this material lying idle it was worth while spending some more money to try and work it. That seems to be the way in which all this expenditure came to be incurred.

*Chairman.*—They seem to have spent good money after bad.

*Para. 132.*

211. *Mr. Das.*—I want to put a question regarding paragraph 132. Is it the general practice in the Railway to have electric installations for the use of officers only?

*Mr. Parsons.*—No. In this case the actual reason why we put in a bigger plant was that it was the original intention of the B. B. and C. I. Railway to build a larger number of quarters on the Pali Hill.

212. *Mr. Das.*—Is the Railway bound to provide electric light to officials?

*Mr. Parsons.*—No.

*Chairman.*—As a general proposition, Mr. Das, don't you think it desirable that the employers should provide certain conveniences for the employees?

*Para. 135.*

213. *Chairman.*—Your special enquiry will take note of the Auditor General's point whether the brickfield referred to in paragraph 108 (i) is the same as this one?

*Mr. Parsons.*—I believe it is.

*Para. 145.*

214. *Chairman.*—The Railway Board have censured the parties concerned. Is not that the position ?

*Mr. Parsons.*—Yes.

*Sir Frederic Gauntlett.*—I simply say that I endorse the remarks of the Railway Board. I might point out that it is not a question whether I accept it as adequate. I only comment on the disciplinary action if I think it is so inadequate that it might almost be regarded as perverse.

*Mr. Parsons.*—I may say the Railway Board also takes the same view with regard to Agents.

*Para. 148 (1).*

215. *Mr. Parsons.*—The cost of the new works sanctioned against the savings was on the whole very small and the Agent would have been competent to sanction those works without coming to us under his ordinary powers.

*Chairman.*—You state here you have taken up the matter with the Railway Administration.

*Mr. Parsons.*—In both these cases, that is, (i) and (ii), the revised estimates proved to be seriously in excess of actual requirements. The reason is partly that in both cases the revised estimates were sanctioned long after they had been prepared. During that time rates decreased very considerably. Moreover, the Administration made continuous endeavours to find ways and means of reducing the cost of various works involved. In the case of the Ahmedabad yard, for instance, a saving of three lakhs was made by substituting reinforced concrete for masonry in the approaches of the road over-bridge, the reconsideration of the layout of the permanent-way led to a saving of nearly four lakhs. As regards Bassein Bridges, after the revised estimate was prepared, the Engineer-in-charge of the work hit upon a device for forcing the piles of the bridges through the hardclay otherwise than by the much more expensive methods adopted previously. This device proved so successful that a saving of about 20 lakhs on the revised estimate was rendered possible.

*Sir Frederic Gauntlett.*—Personally, when an officer makes or gets hold of an invention or does something which saves us a lot of money, I am inclined to favour giving him a bonus to encourage such efforts.

*Para. 152.*

216. *Mr. Parsons.*—The Agent has explained that the clerk had a very large amount of work to do and this was the only mistake committed by him. In the circumstances we do not think that he deserves more severe disciplinary action.

*Para. 153.*

*Mr. Parsons.*—The Railway Board have accepted the opinion of the Agent that no disciplinary action was necessary as there was no intention to defraud on the part of the officers concerned, but they have told him to convey to the officers concerned the disapproval of the Railway Board and to take steps to bring specially to the notice of his subordinate officers that misrepresentation of facts in accounts is a serious offence of which serious

notice will be taken. I may say that in addition to that, we wrote personally to the Agent.

*Chairman.*—Action has been taken in accordance with the Accountant General's suggestion in the matter ?

*Mr. Parsons.*—Yes.

*Para. 156.*

217. *Mr. Parsons.*—It looks much worse than what it really is. There were two works involved in connection with this case : (1) Kurla : removing and re-erecting water columns ; (2) providing new water column for up local line in the new position and removing to existing one. Both these were started in anticipation of an estimate on account of their urgency. The Divisional Engineer assumed that one revised estimate would be prepared for both these works, and allocated the major portion of the outlay against the first. When it was later decided to have separate estimates prepared, adjustments were effected between the two works.

*Chairman.*—What action has been taken ?

*Mr. Parsons.*—I do not think that any further action is necessary. I do not think that this was done actually to avoid audit objection.

*Sir Frederic Gauntlett.*—I do not think it is worth while pursuing the matter. I merely asked what was the explanation on which the matter was dropped by the Agent.

*Para. 158 (1).*

218. *Mr. Parsons.*—We have modified the procedure. Of the clerks responsible, one was dismissed and others were warned.

*Para. 159.*

219. *Mr. Parsons.*—This has been put right. Metals put into furnaces are now weighed, but in the Permanent-way Foundry there is no room for putting down weighment machines. Arrangement has been made for a more frequent periodical verification of stock of metals in hand in the foundry. Steps have also been taken for an outturn and delivery account which would give the actual quantities put into the cupola as also the weights of defective castings, heads and runners and cupola wastage.

*Chairman.*—It is stated here in (b), " A revised system intended to remedy this has been introduced as from 1st July 1926, but the Chief Auditor reports that he is not quite convinced that this system is entirely satisfactory and that the question is under discussion with the Chief Accounts Officer."

*Mr. Parsons.*—I made enquiries. I understand that the Chief Auditor is now satisfied.

*Mr. Rau.*—I have a letter from the Chief Auditor, dated the 1st April 1928. Apparently he is satisfied in all cases except in the case of permanent-way foundry.

*Chairman.*—No doubt certain defects have been removed and if that does not provide a complete solution of the problem, the Accountant General will bring the matter to the notice of the Public Accounts Committee.

*Mr. Shervani.*—In what way has the old system been found defective by the Chief Auditor ?

*Sir Frederic Gauntlett.*—Might I explain ? The Chief Auditor has to be very careful about expressing complete satisfaction with any system until he has seen it working for some time, and I do not interpret this as in any way serious. He is merely safeguarding himself against an assurance of complete satisfaction. I do know how things are being worked now on the E. I. Railway. I do feel that the Chief Auditor and the Chief Accounts Officer are working together very harmoniously to put right all the defects and there are very serious defects which have been pointed out on the E. I. Railway during the last two years. I only regard that as a statement safeguarding himself. I do not think that there is any real serious difference of opinion which cannot be settled on the spot but I am telling him to watch the results very carefully and let us know how things are going on or rather to bring to our notice if they are not going on correctly.

*Para. 160.*

220. *Mr. Parsons.*—Provision was made in the estimate for workmen's quarters primarily for departmental labour. Over 80 per cent. of these were so occupied and the remainder were occupied from time to time by skilled daily labour imported by the contractor from other parts of India. It was considered economical for the Railway to house them, as attempts to charge rent would have resulted in putting up the contractor's rates.

It is understood no such concessions are given except in rare and special cases, and without taking fully into consideration the rates allowed to the contractors for work done for the railway. In view of the facts already stated, in the case under objection, it is not considered that the concession granted was irregular and objectionable from an audit point of view.

*Para. 161.*

221. *Mr. Parsons.*—The Chief Accounts Officer reports that, as a rule, penalties are enforced unless waived by competent authority for valid reasons.

It is understood that the actual cases reported by the Chief Auditor [in 161 (a)] referred only to the Allahabad Division. In this Division arrangements have since been made to record in Work Orders reasons for extension of the originally stipulated time limit, and penalties leviable under the Work Order are now enforced when a work is not completed within the stipulated time. Similar action, if found necessary, will be taken also in other Divisions.

(b) The Chief Accounts Officer reports that the Chief Auditor was asked to furnish full particulars of the items objected to by him, and his reply is awaited.

*Para. 162.*

222. *Chairman.*—Who was responsible for the loss ?

*Mr. Parsons.*—The matter has not yet been settled. I have not yet got some replies to inquiries.

*Para. 163.*

223. *Mr. Parsons.*—The Agent is issuing orders to discontinue the wrong practice of employing labourers on other than their legitimate duties and has also agreed to issue instructions to Executive Officers to test-check the muster with a view to avoiding such irregular employment of staff.

*Chairman.*—We can endorse the opinion of the Auditor General.

*Para. 164.*

224. *Mr. Parsons.*—The question of accumulation of bricks was taken up originally by the Accounts Officer, who is watching their disposal 36,000 bricks have since been used and the Engineer reports that there are estimates awaiting sanction on which the remaining bricks will also be utilised. The bricks were part of those burnt in the Railway brick-field for use on works in and around Lucknow, and it was the practice to have a standing imprest of ten lakhs maintained in Lucknow to meet current demands.

*Para. 165.*

225. *Mr. Parsons.*—I have received an assurance from the Chief Accounts Officer that steps have been taken to minimise the outstandings. I doubt whether it is worth while pursuing the matter.

*Sir Frederic Gauntlett.*—I will tell the Chief Auditor to watch how things are going on.



Evidence taken at the Seventh Meeting of the Public Accounts Committee held on Monday, the 20th August 1928, at 11 a. m.

PRESENT :

- |   |                     |
|---|---------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra.                | <i>Chairman.</i>    |
| 2. Mr. S. C. Mitra.                                     | } <i>Members.</i>   |
| 3. Mr. Abdul Matin Chaudhury.                           |                     |
| 4. Mr. C. S. Ranga Iyer.                                |                     |
| 5. Mr. T. A. K. Shervani.                               |                     |
| 6. Mr. B. Das.  |                     |
| 7. Haji Chowdhury Mohammad Ismail Khan.                 |                     |
| 8. Rao Bahadur M. C. Rajah.                             |                     |
| 9. Lieut.-Colonel H. A. J. Gidney.                      |                     |
| 10. Mr. W. Alexander.                                   |                     |
| 11. Sir Frederic Gauntlett, Auditor General.            |                     |
| 12. Mr. J. M. Hartley, Accountant General, Railways.    |                     |
| 13. Mr. B. Nehru, Assistant Auditor General.            |                     |
| Mr. A. A. L. Parsons, Financial Commissioner, Railways. | } <i>Witnesses.</i> |
| Mr. P. R. Rau, Director of Finance, Railway Board.      |                     |

*Para. 167 of the Report of the Accountant General, Railways.*

226. *Chairman.*—We now begin with paragraph 167.

*Mr. Parsons.*—I may explain the enormous difference mentioned in the report, which amounted to as much as Rs. 50,000. It occurred during the Poojah holidays when the men were not working and the amount they got for the period had to appear somewhere. The difference in that case was certainly due to circumstances beyond the control of the officers concerned.

227. *Mr. Mitra.*—Why was the schedule rate so low as Rs. 210 per ton ?

*Mr. Parsons.*—That was due to a defect in the procedure which has been set right.

228. *Sir Frederic Gauntlett.*—Could you work out the cost of manufacture month by month ?

*Mr. Parsons.*—I think so, but I cannot give a definite answer off hand. The whole question is now under consideration.

*Sir Frederic Gauntlett.*—I do not say it is possible. I only put it forward for consideration.

*Mr. Parsons.*—I am not at all sure whether it is necessary to work out the cost month by month. It is probably more useful to do it for each particular job. I will consider the matter.

*Para 168.*

229. *Mr. Parsons.*—The practice has since been stopped.

*Para. 169.*

230. *Mr. Parsons.*—Here again the procedure has been set right. Con-  
signments are invariably weighed before issue notes are accepted and as for  
past payments without weighment, arrangements have as far as possible been  
made to make the necessary reductions in the contractor's bills.

*Para. 170.*

231. *Mr. Parsons.*—I agree with the Auditor General's remarks. Necess-  
ary steps have been taken to exhibit both sub-heads of estimates and account  
heads.

*Para. 171.*

232. *Mr. Parsons.*—I entirely agree with the remarks of the Auditor  
General with regard to clause (a). As regards clause (e), it looks like a falsifica-  
tion of accounts but it was not. The Chief Accounts Officer went into the  
matter and he finds that the Divisional Accounts Officer was under a mis-  
apprehension that bills received up to the 31st March had to be incorporated in  
the accounts of the year. He has been told that his idea was entirely wrong.

*Para 172.*

233. *Chairman.*—Have you anything particular to tell us about the results  
of the investigation ?

*Mr. Parsons.*—The Chief Auditor enquired first whether the railway agreed  
to supply coal from the Giridih colliery (which is very much their best coal) or  
from any other colliery, and secondly whether the coal supplied by the railway  
during the first two seasons was of such quality that it required more than one  
ton of coal to burn 5,000 bricks. He discovered no specific provision in the  
contract that Giridih coal should be supplied. It was provided in the agree-  
ment that the coal supplied by the railway should be on the basis of one ton for  
5,000 bricks and Giridih coal is the only coal that can do this. On the second  
point he was informed that the actual supply by the railway was of such a  
quality as would require  $1\frac{1}{2}$  tons to burn 5,000 bricks.

234. *Sir Frederic Gaunlett.*—There was even on this basis a short re-  
covery, and audit pressed for this recovery ?

*Mr. Parsons.*—The amount was recovered.

*Para. 174.*

235. *Mr. Parsons.*—The irregularity was only noticed after the officer had  
left the service.

*Para. 175.*

236. *Mr. Parsons.*—I am afraid we have not finished our enquiries into  
this case. The case was settled by the Chief Engineer after careful investiga-  
tion. The rates originally agreed to by the Mechanical Department were  
reduced to only 10 per cent. above the rates being paid to other firms for similar  
work in Calcutta. I have not got any further remarks to make at present.

237. *Sir Frederic Gaunlett.*—Would you accept it as a general proposition  
that, ordinarily speaking, a lump sum contract should have been enforced ?

*Mr. Parsons.*—Quite definitely.

*Sir Frederic Gauntlett.*—The whole question really is the suitability of the person having authority to depart from the terms of a contract. This is a question of extreme importance in India and I think it wants to be threshed out carefully.

238. *Mr. Das.*—Was any punishment awarded ?

*Mr. Parsons.*—We have not yet come to any conclusion. The Agent is now investigating the matter. The Deputy Chief Mechanical Engineer is no longer in our service.

239. *Chairman.*—I understand from a preceding paragraph of the report that normally these cases are not brought before the Committee until the A. G. has information about the action taken by the administrative authorities, but this year he has mentioned some of these cases for a certain purpose ; so it would be useful to the Committee if the A. G. would bring to the notice of the Committee next year the action taken on cases not yet closed.

*Mr. Hartley.*—I will do that in a special appendix.

240. *Mr. Das.*—I would like to know if the Railway Board have arrived at any decision about their purchase of stores in India through the Indian Stores Department.

*Mr. Parsons.*—We have come to an agreement with the Indian Stores Department. I think the total amount of extra stores ordered to be purchased through them will be about rupees one crore and a quarter a year. I don't recollect the exact figure.

#### *Para. 176.*

241. *Mr. Parsons.*—I myself personally investigated this matter. There is not the slightest doubt that the E. I. R. were making their purchases from day to day,—I think in a larger number of cases than the A. G. brought to notice,—and it is a bad way of doing the business. The best remedy for it is for most types of stores to have annual indents. It means investigation of the probable annual requirements of the railway. Since this happened, a very large number of articles on the E. I. R. have been brought into the annual indent system by the new Controller of Stores there.

242. *Colonel Gidney.*—What about purchases through the Indian Stores Department ?

*Mr. Parsons.*—We have been having negotiations with the Indian Stores Department in the course of this summer as a result of which we are asking them to purchase additional articles for us. Our total extra purchases through them for the State-managed railways are likely to average about  $1\frac{1}{4}$  crores—I am not quite certain of the exact figure.

243. *Sir Frederic Gauntlett.*—May I know whether there has been any change in the superior staff of the Stores Department in Calcutta on the E. I. R. since all these transactions took place ?

*Mr. Parsons.*—Yes.

244. *Colonel Gidney*.—May I know whether it is possible to hand over the entire purchase of stores for the State Railways to the Indian Store Department ?

*Mr. Parsons*.—I should be inclined to reply that almost everything is possible but not everything is expedient. I do not think it would be expedient. But I think we can use the Indian Stores Department to great advantage for the purchase of particular classes of articles, and we are gradually extending our use of the Indian Stores Department instead of taking up the question as a general matter of principle.

245. *Sir Frederic Gauntlett*.—One of the results of Sir Arthur Dickinson's investigation was, not a recommendation that the whole of it should be handed over to the Indian Stores Department but that you should improve your own staff for obtaining the stores ?

*Chairman*.—So far as the principle goes, I think the decision of the Government of India and the Secretary of State has been that there is nothing in the recommendation which stands in the way of the Railway Department making greater use of the Indian Stores Department.

246. *Mr. Das*.—Did not Sir George Rainy give us an assurance that he had no intention of creating a separate Stores Department for the railways ?

*Mr. Parsons*.—There is no question of creating it: We have it already.

*Chairman*.—He probably said 'a stores purchasing Department'. You have heard from Mr. Parsons of the action the Railway Department are taking in the matter, and when we have before us the representative of the Department of Industries and Labour we shall be able to find out more precisely how matters stand.

247. *Mr. Chaudhury*.—Have you accepted Sir Arthur Dickinson's recommendation that the purchase of stores should be entirely separated ?

*Mr. Parsons*.—To all intents and purposes we have accepted that recommendation. We think however that at the very top the Chief Controller of Stores should be the chief adviser to the Agent on all matters connected with stores.

248. *Mr. Chaudhury*.—Did he not recommend that there should be a supply officer also ?

*Mr. Parsons*.—That would mean another Head of a Department.

249. *Chairman*.—Your idea is that under the Controller of Stores there would be a purchasing Branch ?

*Mr. Parsons*.—It is only a question of exactly how far this distinction should go.

250. *Chairman*.—Mr. Parsons has explained the attitude of the Railway Department in the matter. While they are quite willing to hand over more work to the Indian Stores Department, they cannot hand over the whole of the work. I think one explanation of that from the practical point of view is that the Indian Stores Department at the present moment is not organized to buy all classes of articles, and if I remember the position correctly, I believe it is the policy of the Railway Department now gradually to hand over to the Indian

Stores Department all articles for which the latter Department is organized to purchase.

*Mr. Parsons.*—That is so. In fact in certain cases Mr. Pitkeathly himself suggested that there were certain classes of stores which it would not be desirable for him to take over.

251. *Sir Frederic Gauntlett.*—Probably the bulk of the stores you purchase are specialized railway stores for which Mr. Pitkeathly at the present moment has no organization.

*Mr. Parsons.*—I think so, especially in the case of a good deal of mechanical stores.

*Chairman.*—The best course will be for us to examine the representative of the Industries Department, and then we may have to record something in our report.

252. *Mr. Chaudhury.*—What about giving more work to the Indian Stores Department ?

*Mr. Parsons.*—We have already done so. At present the Indian Stores Department charge one per cent. on purchase and one per cent. on inspection. We raise no objection whatsoever to the one per cent. for inspection. But we think that where we place very large orders it is quite reasonable that there should be a reduction in the amount for purchase. I think we came to an agreement that 'or any purchases over two crores, the one per cent. should be reduced to three-quarters and for anything over two crores and a half it should be reduced to a half per cent. I cannot remember the Schedule exactly.

253. *Colonel Gidney.*—Could the Committee not record some opinion that except for such local and urgent necessities and so forth the railways should purchase through the Indian Stores Department ?

*Mr. Parsons.*—We have to consider whether it pays to purchase in that way or not. We have got to run our own Stores Department anyhow ; we shall have to keep them for custody, distribution and so on. We have also a highly paid technical Department on the Railways.

*Chairman.*—I think no decision should be arrived at before we have heard the representative of the Indian Stores Department or of the Industries Department.

*Para. 177.*

254. *Mr. Parsons.*—I have not the slightest idea here why it was done. The Agent declined to agree to the concession rate. Only Rs 30,000 was recovered from the contractor. The whole contract was handled in a most un-businesslike manner.

255. *Sir Frederic Gauntlett.*—Would you suggest that the snub to the Chief Engineer was severe ?

*Mr. Parsons.*—Yes.

256. *Mr. Chaudhury.*—Has the money been recovered ?

*Mr. Parsons.*—The money has not actually been recovered ; that will depend on whether we shall be able to do so. In some cases the contractor may expect further business and will not insist on his legal rights.

*Mr. Shervani.*—Is there any chance of recovery ?

*Mr. Parsons.*—There is, I think, no chance.

*Para. 183.*

257. *Mr. Shervani.*—Has the proportion been fixed now ?

*Mr. Parsons.*—I think so.

*Para. 186.*

258. *Mr. Parsons.*—This fixing of the seer at 2 lbs. was done deliberately by the Agent of the North Western as the climate of Quetta is very dry and has the effect of reducing the weight of certain articles of provisions carried from places like Lahore. But I admit that it was a very haphazard way of estimating the actual loss of weight which occurs. There is no doubt that stores do lose in weight but there is nothing to show that that was the correct proportion of loss. The agreement has now been terminated.

*Para. 187.*

259. *Mr. Shervani.*—What about this over-allotment ?

*Chairman.*—This matter was fully discussed last year. It is a matter in which the Financial Commissioner takes the responsibility of giving a supplementary grant to a particular railway or under a particular head of expenditure without making immediately a corresponding reduction in the grant of some other railway or under some other head. This was discussed at length last year and Sir Basil Blackett held that he saw nothing wrong in that arrangement and the Public Accounts Committee did not demur to it.

*Mr. Shervani.*—But suppose some new project is started and he requires more money ?

*Chairman.*—If it was a new service we should pursue that matter separately. At present we are only looking at it from the point of view of ordinary expenditure. The other matter we shall discuss at leisure ; we do not want any more evidence on that point from Mr. Parsons.

*Para. 193.*

260. *Mr. Parsons.*—May I say in answer to the Auditor General's note that the Railway Board have not come to any final conclusion about the crew system. We want to have the experiment tried over a longer time and on more railways. It is now being tried on three State and one Company-managed line. There is no doubt it does stop travelling without tickets to a large extent but it is rather an expensive system. I cannot express any final opinion, either of my own or of the Railway Board.

261. *Mr. Alexander.*—Might we know exactly what this system is ?

*Mr. Parsons.*—In practice it amounts to a system by which you put a member of the crew, as it is called, into each coach who travels by that coach and sees that people do not enter without tickets ; so that you stop at the door  
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the people who have not paid for their transportation. It means the employment of a very large staff.

*Sir Frederic Gauntlett.*—It is a variation of the American Pullman system with a conductor in each car.

*Mr. Parsons.*—We have come to no final conclusion yet. We might alter the design of our carriages and have a sort of vestibule and employ one man to look after two coaches where we now employ two.

262. *Mr. Shervani.*—Have you the figures of the money realized last year ?

*Mr. Parsons.*—I have not yet received the statistics for last year.

263. *Mr. Chaudhury.*—Is it not a fact that wherever the crew system has been enforced traffic earnings have increased ?

*Mr. Parsons.*—I think they have always increased, but it is not easy to say whether the increase is entirely due to the system or to adventitious circumstances.

264. *Colonel Gidney.*—Is the increase less or more than the cost of the system ?

*Mr. Parsons.*—I think in every case the increase has been considerably more than the cost, but as I have said, I cannot always take any increase in earnings as due entirely to the system.

265. *Sir Frederic Gauntlett.*—I think the first experiment was made on the East Indian Railway under Mr. Scott and he claimed that on the whole the result of the experiment had been a saving. You want time to confirm that by experiments over a longer period.

*Mr. Parsons.*—Yes.

266. *Mr. Das.*—In every train you have one superior officer who makes out the overcharge ticket ?

*Mr. Parsons.*—Yes.

267. *Mr. Chaudhury.*—Is there any question of raising the amount of the free allowance of luggage ?

*Mr. Parsons.*—I have not at present any proposal for doing so before me. I should be inclined to oppose it if I had, as raising the free allowance means more space taken up in third class carriages and consequently more overcrowding and discomfort. At the moment I do not know if any railway is proposing to take up this question. We have raised it to some extent by omitting certain articles of bedding, etc., from luggage which is charged.

268. *Chairman.*—We should like the Accountant General to give in his next year's appropriation accounts some figures comparing as far as possible the expenditure on the crew system on any particular line and the recoveries from passengers travelling without tickets.

*Mr. Parsons.*—I think it would be better if you asked the Railway Board to submit this report next year.

*Chairman.*—I said the Accountant General because we get this document from him and it will simplify our work to get it from him. We can put it that the Accountant General should obtain a report from the Railway Board and incorporate it in his document.

*Para. 194.*

269. *Mr. Parsons.*—The recommendations of the conference have been approved by the Railway Board.

270. *Chairman.*—What is meant by “hatching”?

*Mr. Hartley.*—Printing by means of parallel lines.

*Para. 195.*

271. *Mr. Parsons.*—We are now considering the special report in consultation with the Accountant General, Railways.

*Mr. Hartley.*—I am waiting for comments from my Chief Auditors.

272. *Mr. Shervani.*—In regard to No. (2), when you did not accept the plea of the six months’ time limit, why did you write off these amounts?

*Mr. Rau.*—The chief trouble was that the Army Department based their claim on a six months’ time limit agreement which has been in existence between the Army and Railway Departments for years. We did not agree with their interpretation but there was a possibility that their claim was *bona fide* and as there was room for doubt as to the intention in the agreement, we did not want to pursue the matter.

*Mr. Shervani.*—A certain plea was raised by the military authorities which you did not accept?

*Mr. Rau.*—We did not accept it but we thought the Army Department might be justified in the idea that their view represented the intention behind the agreement. So while we did not accept it we do not want to make recoveries.

*Mr. Parsons.*—Not accepting does not mean rejecting. It means we are not sure they are right. It does not mean we are definitely sure they are wrong.

273. *Mr. Shervani.*—Was it not a matter to be dealt with by the legal officers of the Government?

*Mr. Parsons.*—I do not think there is occasion for legal advice on an agreement between two parts of a unitary body like the Government of India.

What it amounts to is that the Army Department took one view of the intention of a document and the Railway Department took another view.

*Mr. Shervani.*—It is not intention but interpretation.

*Chairman.*—This was not a legal agreement and there was not much use in trying to get a legal interpretation. I think the agreement was really in the shape of some Government letter laying down the procedure to be followed in transactions between the two Departments.

*Mr. Shervani.*—But there must be some reasonable interpretation.

274. *Sir Frederic Gauntlett.*—Might I suggest that it does not make one penny difference to the Government as a whole.



*Mr. Shervani.*—But it gives one Department more than it can reasonably demand.

*Chairman.*—If the Railway Department wanted to fight a case like this, it would come up to the Finance Department for a final decision. In this case the Railway Department while not accepting the Army Department's view were not prepared to come up to that court of law, *viz.*, the Finance Department.

275. *Mr. Shervani.*—But in future are you going to stick to your view or accept that of the Army Department ?

*Mr. Rau.*—We have informed them that our opinion will not be governed by this case. Both Departments are quite clear as to the position now.

*Para. 211.*

276. *Chairman.*—We now come to the next item—the Assam Bengal Railway case in which the Auditor General does not agree that the disciplinary action taken was adequate.

*Mr. Parsons.*—The position was that the Administration could not prove definitely that it was any of the individual subordinates who was responsible for the travelling without tickets and therefore thought it was sufficient to warn them. The Railway Board have accepted the view that the disciplinary action taken was not inadequate. It really amounts to this, that though we might have taken stronger measures had we been the initiating authority, we were not prepared to disagree with the Agent as to the exact nature of the punishment which would meet the case.

277. *Sir Frederic Gaunlett.*—I based my comment on the statement here that an assistant surgeon and the head clerk were found to be implicated besides the guard. It looked as though there were a certain amount of evidence.

*Mr. Parsons.*—It was difficult to say quite definitely who was the rogue in the case.

*Para. 222.*

278. *Mr. Parsons.*—The amount has not yet been recovered, unless it has been in the last three weeks. The firm, which is an iron and steel firm, is in difficult circumstances. Actually if they can recover their position, they will be a source of considerable income to the railway.

279. *Mr. Chaudhury.*—Why was the amount due allowed to fall into arrears ?

*Mr. Parsons.*—I expect the railway could not get it, but I have no information on the point.

*Para. 224.*

280. *Mr. Parsons.*—We have improved the procedure here. They have opened as a check against the double passing of bills a register in which all bills are entered immediately on receipt to ensure that no bill for the same material has previously been accepted.

*Para. 228.*

281. *Mr. Parsons.*—We have established a new procedure which I think will secure that the verification is properly carried out in future. Station masters will now maintain a register showing the fees realized from vendors and these registers will be inspected by Inspectors of the Accounts Department and compared with a similar register kept by the accounts office. I think that ought to ensure a sufficient check.

282. *Mr. Shervani.*—Has any direction been given to the East Indian Railway that stalls should be let only to retired railway officials?

*Mr. Parsons.*—There is no direction from the Railway Board certainly.

*Colonel Gidney.*—Is it a fact that they are given to retired railway officers?

*Mr. Parsons.*—That is a matter which is within the competence of the Agent.

*Mr. Shervani.*—I know in Allahabad it is stated that no stall will be allotted to a non-railway man.

*Mr. Parsons.*—There is no direction from the Railway Board and I think it is extremely improbable there should be any such rule.

*Para. 230.*

283. *Mr. Parsons.*—The irregularities pointed out have been remedied. The Chief Accounts Officer assures me there has been much improvement.

*Mr. Hartley.*—The Chief Auditor also reports considerable improvement.

*Para. 232 (a).*

284. *Mr. Parsons.*—We have cleared this up. The trouble arose from a wrong system, under which instead of each invoice being checked there was only a test check. In this particular case the amount involved has been realized. On personal investigation we found that it was impossible to fix any individual responsibility. We have since put on additional checkers to check the whole number of invoices. Actually I think the supervising staff did not carry out what is a very important duty on their part: that is to say, the supervising officers did not themselves test check a certain portion of their subordinates' work. We have laid down now that each week the supervising officer has to check a portion of each subordinate's work. I think those steps will remove the trouble here.

*Para. 233 (vi).*

285. *Mr. Parsons.*—I explained last year that we were taking steps to get a formal agreement entered into by the firm with the Bengal Nagpur Railway. They have now done so.

*Para. 234 (I).*

286. *Mr. Parsons.*—This was a case which I asked to be postponed last year. The officer has now been retired from the service, both for the reasons mentioned in last year's report and for other things. I do not think we could have proved anything definite against him.

*Mr. Hartley.*—Except this one case of the travelling allowance.

*Mr. Parsons.*—And he has been retired from the service.

*Para. 234 (11).*

287. *Mr. Parsons.*—I am a little doubtful whether there was a mistake in the contract. What we had was a firm which on losing the case immediately went out of existence. The railway administration is at present endeavouring to obtain evidence that certain men of substance were partners of this firm. Till such proof is forthcoming, an application for execution is unlikely to be successful.

288. *Sir Frederic Gauntlett.*—You admit that the status of the contractor was not properly ascertained ?

*Mr. Parsons.*—It comes to that. I do not suppose they went into the details of who composed the firm.

289. *Mr. Hartley.*—They have an arrangement now by which a representative of the cashier attends auctions and takes the money ; they have changed the procedure.

*Chairman.*—So that there is no possibility of loss like this occurring ?

*Mr. Hartley.*—No.

290. *Sir Frederic Gauntlett.*—When we brought to notice one or two similar cases on the Army side, they drew up a very strict set of rules to govern the relations between officers sending goods for auction and the actual auctioneers.

*Chairman.*—Their rules now provide something similar to what Mr. Hartley was referring to, that is, the money will not be left with the auctioneer but will be promptly deposited into the Government treasury.

*Sir Frederic Gauntlett.*—The simplest proposition would be for the Financial Commissioner to obtain from the Army side the recent rules which were issued with regard to auctions.

291. *Mr. Parsons.*—I actually have got more information about this. I am not sure that the firm is entirely to blame. They auctioned and got about 5½ lakhs. They paid in 4¾ lakhs within the time allowed leaving a balance of just over Rs. 1,12,000. When the Controller of Stores pressed for further payment, they did make a further payment which reduced the outstanding to about Rs. 53,000. They acknowledged their liability but attributed inability to pay on account of the fact that they handed over all the cheques received on account of the auction sales to their bankers and asked them to pay to the credit of the railway. The bank failed to pay the amount. The Railway Board made enquiries and after considering the opinion of their bankers in Lahore they decided that it was advisable to defer legal action because such action would force the particular Bank into immediate liquidation.

*Chairman.*—We understand that steps have been taken which will minimise the risk of such losses in future.

*Para. 234 (13).*

292. *Sir Frederic Gauntlett.*—There is a very interesting and important point in No. 13.

*Mr. Parsons.*—It is a big question ; it is not a question on which I can make any statement ; it involves the Finance Department.

*Chairman.*—I do not think it would be appropriate to make a statement at this stage.

*Para. 235.*

293. *Mr. Parsons.*—We have taken steps and I hope there will be no arrears at the end of this month.

*Sir Frederic Gauntlett.*—I think perhaps it will be sufficient if Mr. Parsons makes a general statement with regard to these various details entered here. Are measures being adopted to improve every matter to which attention has been drawn by audit ?

*Mr. Parsons.*—Yes, I can quite definitely say that. In most cases measures have already been taken and that in the few remaining ones, they are being taken.

*Chairman.*—We need not pursue these items.

*Para. 236.*

294. *Mr. Parsons.*—*Item (viii).*—As I explained the other day, we were within 1 per cent. of the budget. I am not anxious to adopt for these establishment charges a lump sum cut method. I think I can get estimates of individual Railways more accurately without adopting that method by a detailed examination.

295. *Sir Frederic Gauntlett.*—One has to dive more deeply into General Administration to find out what the saving on establishment amounts to, because a very large number of other forms of expenditure come under the head. I was only quoting here what the universal experience was.

*Mr. Parsons.*—I prefer to do it by making direct deductions from the estimates of individual Railways.

296. *Chairman.*—We need not pursue this matter at present. If the actual procedure which Mr. Parsons is adopting is found by experience to be inadequate for the purpose, I daresay the Accountant General will again bring it to our notice prominently.

There is great force in one of the Auditor General's arguments. He says "On the other hand, it has to be borne in mind that flourishing trade may necessitate the employment of extra staff." I mention the point because I had experience of it in the case of a lump sum cut in the postal budget for 1927-28. When we went to the Standing Finance Committee, we explained that we made a lump cut on the assumption that the traffic to be handled would be so much and if that traffic increased with the result that it brought additional revenue, then there would be an increase in the working expenses.

*Mr. Parsons.*—When I make my examination of the estimates under Administration, I take into account my anticipations of traffic in the following year ; it does not affect the establishment heads under Administration to the same extent as it does under the demand for Operating expenses.

297. *Chairman.*—*Item (x).*—The Auditor General remarks that the defect has not been removed.

*Mr. Parsons.*—I am doing my best ; it is not entirely easy. We are now revising our budget orders.

*Chairman.*—It is stated that the question will be reviewed by the Railway Board after this report is out. I take it, it is a matter to which attention would be drawn in the next year's report. There is no risk of the point being lost sight of.

298. *Mr. Das.*—*Item (ix).*—It has been considered that the bringing to the notice of the Standing Finance Committee of expenditure on a "New Service" was not enough, but that a specific vote of the Assembly was necessary.

*Mr. Parsons.*—I have stated before that I entirely agree. The question is what is a "New Service".

*Chairman.*—That is a matter we can discuss separately.

*Para. 237.*

299. *Sir Frederic Gauntlett.*—*Item (9).*—The demand for railway grants should be in the same form as the appropriation accounts.

*Chairman.*—This was to be discussed generally between the Public Accounts Committee and the Railway Standing Finance Committee.

*Mr. Parsons.*—I have considered it. Our object is always to present these documents in an easy and intelligible form. We actually give the information contained in the appropriation accounts to the Assembly at the time of the budget. The chief difference is that we show the demands as one simple statement in one of the books we put before the Assembly and relegate details to the pink books. I realise the difficulty felt by some members when they wish to turn to the figures of individual railways and I am considering whether I cannot meet their wishes. The difficulty is a practical difficulty—the question of time. We have to put up the budget to the Assembly by the 20th February, and to the Standing Finance Committee before we can put it to the Assembly. If we make these documents more complex there will be the practical difficulty of getting them ready in time for presentation to the Assembly.

300. *Sir Frederic Gauntlett.*—Could the detailed statements be prepared after presentation of the budget to the Standing Finance Committee ?

*Mr. Parsons.*—The Standing Finance Committee do not finally deal with the budget before about the 10th of February. If various alterations are made, it is fairly easy to make alterations in one simple document. It is not easy to carry out those alterations in a lot of documents. We specifically give the detailed information in the supplementary documents called the pink books instead of in the Demands.

301. *Mr. Das.*—We only ask at present that the Demands may be presented as in the case of Posts and Telegraphs.

*Mr. Parsons.*—The difficulty here is that we are dealing with very much larger expenditure and the documents are received from a large number of railways.

302. *Chairman.*—This matter was discussed on a previous occasion and the recommendation was that the Government should consult the Standing Finance Committee with a view to consultation, if necessary, with the next Public Accounts Committee. Has the Railway Finance Committee been consulted in the matter ?

*Mr. Parsons.*—Not yet. We are waiting until a Committee has examined the question of separation of finances.

303. *Chairman.*—Will they also look into this matter ?

*Mr. Parsons.*—No, but if the examination is made there may be considerable alterations in the form of demands for grants.

*Chairman.*—We understand that the Government of India desire to ask for a Committee at the next Session of the Legislature for examining the question of separation of finances and that after that Committee has made its recommendations this particular point will be further considered.

304. *Sir Frederic Gauntlett.*—Do I understand that the general opinion of the Committee is that there should be more details in the appropriation accounts or in the demands presented to the Assembly ?

*Mr. Das.*—Last year we held the view that there should be more details given in the demands for grants.

*Mr. Parsons.*—I shall see if I cannot manage to get out some additional statements for next budget. The difficulty is of course time.

*Chairman.*—We shall wait and see. If a joint deliberation of the Railway Standing Finance Committee and the Public Accounts Committee is required, it can be arranged.

305. *Sir Frederic Gauntlett.*—*Item (13).*—This item is a serious loss to the railway on account of defective weighments. I imagine it is on the East Indian Railway.

*Mr. Parsons.*—We have taken action on that now. In such cases inspectors have been instructed by the Chief Accounts Officer to carry out special reweighment of parcels and specially of goods and loaded wagons.

306. *Colonel Gidney.*—Did it arise on account of inadequate staff ?

*Mr. Parsons.*—No. It is more a question of having weigh-bridges. It is a thing which will be set right by the local people. I shall look into the question of want of a sufficient number of weigh-bridges at Howrah.

307. *Mr. Parsons.*—*Item (16).*—We are considering that in connection with the Dickinson Report.

*Chairman.*—You have not come to any conclusion as yet ?

*Mr. Parsons.*—No, we are considering these recommendations one by one.

308. *Chairman.*—*Item (17).*—We now come to the question of the effect of reducing passenger fares on the earnings of railways.

*Mr. Parsons.*—We have made some examination of this question. It is always a difficult thing to determine because a growth in passenger traffic does not depend entirely on reduction of fares. In 1927-28 we quite definitely got a big increase of passengers and an increase of a crore in our earnings. On the whole you may draw the general conclusion that reductions in passenger fares, where they are substantial, have the effect of increasing passenger traffic and, what from our point of view is important, of increasing the average distance that the ordinary third class passenger travels.

309. *Chairman.*—It is not very conclusive?

*Mr. Parsons.*—No; it is always difficult to say anything definite. We have made very considerable reductions this year but it depends very much on whether the ordinary third class passenger has a good season and whether he will travel more this year or not.

*Para. 96 of the Auditor General's letter.*

310. *Chairman.*—Then we come to these detailed statements, that is the Appropriation Accounts themselves and comments in regard to increases or excesses as compared with the appropriations. I shall simply go through the general comments leaving it to members to raise any specific item which they want to raise.

*Mr. Parsons.*—May I make just one general remark? Here, where we come to individual railways under the capital heads the sum shown in the Appropriation Accounts is the sum unreduced by the large lump sum cuts we made. Therefore as our lump sum cut in this year was pretty accurate, naturally in the individual railway accounts there are large savings.

*Page 145 of the Report.*

311. *Chairman.*—The Auditor General has raised the question why the salaries of the special officer and his staff could not be provided for by reappropriation to avoid an uncovered excess under this head.

*Mr. Parsons.*—The East Indian Railway actually thought the cost could be met by savings under the head and that is why they did not reappropriate but they got it wrong by 23,000.

*Page 146.*

312. *Chairman.*—G. I. P. Railway and North Western Railway. "The explanations seem to indicate that the budgeting under this head was defective" is the Auditor General's comment.

*Mr. Parsons.*—Provision under "Leave allowances" is always difficult to make, an accurate estimate is never easy because you never quite know what officers will go on leave in the course of the year. I don't think they could have foreseen at the time of the Budget that they would have to employ this temporary compilation officer; and of course they did regularise the position by reappropriation.

313. *Chairman*.—You don't want us to pursue the matter? The course I propose to follow is not to pursue myself or to ask the Committee to pursue any one of these detailed items unless you think further action is required.

*Mr. Parsons*.—It may help if I make a general statement. I agreed on Saturday that the budgeting arrangements on some of our railways are not yet as good as I should like to see them and therefore you must expect occasionally things to be left out that should have been brought in.

*Sir Frederic Gauntlett*.—These details are set out like this very largely with the idea of giving the Financial Commissioner some general impression of the adequacy and accuracy of the budgeting work in the first place.

*Page 150.*

314. *Chairman*.—Here you say you are making certain enquiries. Have you anything more to tell us on this point?

*Mr. Hartley*.—I have been making the enquiry and it looks as if the Railway Board were at fault.

*Mr. Parsons*.—It is a very venial fault. Where we distribute among different railways the total amount of expenditure under any grant as estimated by us, we take into account the estimates of the various administrations but obviously we cannot invariably adhere to them. We make the distribution as best we can. I am afraid however I can give no guarantee that the distribution will always be entirely right.

*Page 151.*

315. *Sir Frederic Gauntlett*.—There is quite a big excess here under N.W. Railway.

*Mr. Parsons*.—The question here is that the whole amount was not met by reappropriation before the close of the year. I think it must have been due to having insufficient information about the growth of expenditure.

*Sir Frederic Gauntlett*.—I think I mainly called attention to that because there are so many items which apparently ought to have been included in the Budget.

316. *Chairman*.—I hope the investigations of your Officer on special duty into the budgeting procedure of railways will tend to improve matters in this respect.

*Mr. Parsons*.—I hope so. The North Western Railway has always been my chief difficulty.

317. *Sir Frederic Gauntlett*.—If you turn to page 153 you will see there an excess of 3½ lakhs on the North Western Railway. The note about it takes up almost half the page.

*Chairman*.—They did cover 2,94 by reappropriation.

*Sir Frederic Gauntlett*.—It is not that so much as whether it was possible to overlook all these points when budgeting.



*Pages 152 and 153.*

318. *Chairman.*—These also seem to indicate defective budgeting.

*Mr. Parsons.*—Well, 152 is about the Burma Railways and the budgeting is fairly good on the Burma Railways. I don't think when they sent up their budget they knew the position. The North Western Railway quite frankly is covered by my general explanation. With reference to 153 they did not know that the whole of the Sutlej Valley line was going to be opened in 1926. That was not so much defective budgeting as that the construction got on quicker than was expected. But I admit that the budgeting on the North Western Railway as a whole has not been good.

*Page 162.*

319. *Chairman.*—East Indian Railway. This is clearly due to overestimation.

*Mr. Parsons.*—Not entirely, I think. In this particular case they decided after the Budget had been framed to close down a particular technical school at Agra and transfer the work to the Chaundausi school. But there was defective budgeting to some extent because they provided twice for the pay of the traffic staff at amalgamated stations doing joint telegraph and traffic duties.

*Page 164.*

320. *Mr. Parsons.*—On the G. I. P. Railway it was due to unnecessary provision having been made for "crime and order" police. I do not think the Railway administration themselves were aware that when they came under Government they would not have to pay any longer for their crime and order police.

*Chairman.*—For the time-being the answer is sufficient.

*Page 170.*

321. *Chairman.*—G. I. P. Railway.—Overestimation due to bad budgeting.

*Mr. Parsons.*—Here I am slightly inclined to disagree with the Auditor General. It is not always possible to be accurate in the estimate of gratuities payable, since it depends on the number of retirements. The Agent's explanation is that the amount estimated could not be taken as an overestimate judging from previous years' experience. It is difficult for an individual administration to say what it is likely to have to spend in the year on retirements.

*Sir Frederic Gaunlett.*—You get a corresponding figure on the other side on the North Western Railway.

*Mr. Parsons.*—The other way round. I never blame the railway administrations for this but try to make the best estimates for the railways as a whole. Our own estimate for gratuities was excellent.

*Pages 172 and 173.*

322. *Chairman.*—Para. 112. Different methods of accounting for free passages.

*Mr. Parsons.*—We have set this right now by prescribing correct methods and procedure.

*Chairman.*—You have issued the necessary instructions to ensure uniformity ?

*Mr. Parsons.*—Yes.

323. *Chairman.*—E. B. Railway—why was the expenditure on account of Rates and Taxes not provided for ?

*Mr. Parsons.*—The rates came into force towards the end of 1925-26 and we only got the budget estimate from the railway administration on the 30th October of that year. On the other hand, though they were right when they sent up their original estimates, they ought to have let us know afterwards about the inclusion of these municipalities in the Corporation of Calcutta.

*Page 210.*

324. *Chairman.*—Under N. W. R. there seems to be an under-estimate.

*Mr. Parsons.*—The explanation is that we were able to get on faster than we anticipated with our construction programme.

325. *Mr. Das.*—On the E. I. R. some of the savings were due to trying to act under the Raven Committee's recommendations ?

*Mr. Parsons.*—Yes.

326. *Mr. Das.*—What about the commercial accounts of the railway collieries ?

*Mr. Parsons.*—We are investigating that also.

*Mr. Das.*—We will have to take that up next year.

*Page 213.*

327. *Chairman.*—Here again, there is a large underestimate under N. W. R.

*Mr. Parsons.*—The explanation is the same : I would cover it by my general statement, namely, that if you make lump sum cuts you must expect to have this sort of thing in a good many cases.

*Page 215.*

328. *Mr. Parsons.*—As regards the excess under G. I. P., it was not in a way defective budgeting. In the original budget the general charges were provided under the respective works : that was the practice on certain railways and as a matter of fact it is in some ways more convenient. It shows much more accurately what the real cost of a particular work is going to be.

329. *Sir Frederic Gauntlett.*—Do you mean a proportion of the general charges is eventually distributed over the several heads ?

*Mr. Parsons.*—I think that is how it is worked.

330. *Sir Frederic Gauntlett.*—Why should it have been recorded under general charges if there is provision in the estimates and there is an understanding

that the distribution is to be carried into the accounts? Was there this understanding that the general charges should be distributed over major works in the accounts of the G. I. P. Railway?

*Mr. Hartley.*—Not that I know of.

*Mr. Parsons.*—The explanation is that this was the practice on certain railways, not on the G. I. P.

331. *Sir Frederic Gauntlett.*—If there is any difference in practice, it ought to be made uniform?

*Mr. Parsons.*—Yes.

*Page 241.*

332. *Chairman.*—The Auditor General says: "The explanations furnished for the variation seem to indicate that the budgeting was defective." Do you want to controvert that statement?

*Mr. Parsons.*—On the Assam Bengal Railway it was due to a misunderstanding of the orders regarding the depreciation fund. On the Bengal Nagpur Railway the expenditure represents writes-back from capital to revenue which were not foreseen when the budget was framed. On the Eastern Bengal Railway I have nothing to say. As to the North Western Railway I am not quite sure whether it is defective budgeting or not; I do not think it is worth pursuing.

333. *Chairman.*—Now there are two general questions which arise out of the first day's meeting in regard to which we want to ask a few questions of Mr. Parsons. Mr. Das raised a question with reference paragraph 4 of the Resolution of 5th January 1928: would you like to make a statement?

*Mr. Parsons.*—We have already touched on the point this morning in regard to the administration estimates: I have already given the Committee my opinion that the procedure we adopt of going into them in more detail at the time the budget is framed and making our cut from individual railways is better than the lump sum cut undistributed in our estimates.

*Sir Frederic Gauntlett.*—I never suggested anything to the contrary.

*Mr. Parsons.*—I am not suggesting for a moment that you did. The only places where we make a lump sum cut is in our capital estimates and, if I may say so, I agree with the conclusions of the Committee last year. I am not however quite sure that we shall find lump sum cuts a very accurate method: you will see in the next year's accounts that we spent very much more than we allowed for with our lump sum cut. And my practice now in the Railway Department is to ask Agents to estimate as near as possible to the expending capacity in each year, so as to make lump sum cuts much smaller.

One further point I might mention is this : last year I think I told the Committee I was considering whether I should not make lump sum cuts in the repair and maintenance estimates, and Sir Frederic Gauntlett thought that it would be in consonance with the present scheme of lump sum cuts. I have not adopted that so far, because like the administration estimates I think I have found a method by which I could get more accurate estimates.

334. *Sir Frederic Gauntlett.*—My point is that as the budgeting arrangements improve down below, the lump sum cuts at headquarters will become progressively smaller.

*Mr. Parsons.*—That is certainly so.

335. *Sir Frederic Gauntlett.*—There is another point and that is that if funds are provided for capital expenditure on various railways which in gross are admittedly 20 crores more than is actually wanted, that money is available for reappropriation. It is true that it is within the grant, but it is available for reappropriation. From that point of view the original budget ought to be produced more accurately.

*Chairman.*—That is so ; but I think in these matters we can only grow wise by experience. Mr. Parsons is fully alive to the implications arising out of the precise method he is pursuing at the present moment ; he said this was a tentative arrangement and I think we had better leave it at that.

### *Appendix XII.*

336. *Mr. Das.*—As regards the Clearing House, I cannot understand how you are going to enforce the apportionment of charges as between various railways in the case of company-managed lines which are not a party to this system.

*Mr. Parsons.*—It really amounts to this : let us take the B. N. R. and the G. I. P. Up till now the G. I. P. and the B. N. R. have themselves conducted their wrangles about apportionment of the earnings from interchanged traffic between them. Now the G. I. P. has handed over that part of its business to the Clearing House ; and the Clearing Accounts Office will conduct the wrangles with the B. N. R. on behalf of the G. I. P.

337. *Mr. Das.*—Will it be binding on the B. N. R. ?

*Mr. Parsons.*—Just as binding as it was before. As regards the B. B. and C. I., they depute officers to Delhi to do a test check, but we hope that after a year or two when they see that the Clearing House is not out to do down any company-managed line they will probably remove those men.

Evidence taken at the Eighth Meeting of the Public Accounts Committee held on  
Monday the 20th August 1928 at 2-30 p.m.

## PRESENT :

- |   |                      |            |
|---|----------------------|------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra.                                | }                    | Chairman.  |
| 2. Mr. S. C. Mitra.   |                      | } Members. |
| 3. Mr. Abdul Matin Chaudhury.   |                      |            |
| 4. Mr. C. S. Ranga Iyer.  |                      |            |
| 5. Mr. T. A. K. Shervani.   |                      |            |
| 6. Mr. B. Das.  |                      |            |
| 7. Haji Chowdhury Mohammad Ismail Khan.                                 |                      |            |
| 8. Rao Bahadur M. C. Rajah.   |                      |            |
| 9. Lieutenant-Colonel H. A. J. Gidney.                                  |                      |            |
| 10. Mr. W. Alexander.   |                      |            |
| 11. Sir Frederic Gauntlett, Auditor General.                            | } Were also present. |            |
| 12. Mr. J. E. C. Jukes, Controller of Civil Accounts.                   |                      |            |
| 13. Mr. G. Kaula, Accountant General, Central Revenues.                 |                      |            |
| 14. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department. |                      |            |
| 15. Mr. D. C. Campbell, Director of Commercial Audit.                   |                      |            |
| 16. Mr. P. N. Mukherji, Audit Officer, Indian Stores Department.        |                      |            |
| Mr. A. H. Lloyd, Member, Central Board of Revenue.                      | Witness.             |            |

## GRANT 16—CUSTOMS.

*Para. 35 of the Report of the Accountant General, Central Revenues.*

338. *Chairman.*—We shall begin with the Customs grant. Here the Auditor General says : “ The attention of the Public Accounts Committee is invited to the remarks of the Accountant General in this paragraph. The Committee may desire to enquire into the method of budgeting and control over expenditure under this grant. The figures quoted seem to indicate that lump cuts could be made with advantage under the heads in question ”. Mr. Lloyd, can you tell us how your budget is prepared and how the expenditure is controlled ?

*Mr. Lloyd.*—As regards the preparation of our budget, it is prepared upon the material submitted to us. In the past of course, especially on establishment matters, there were certain circumstances which made the figures calculated in accounts offices always excessive owing to things like casualties. We have been in recent years, ever since this point received marked attention from the Public Accounts Committee, trying to squeeze out water from these parts of our budget, and all I can say about our budget in 1926-27 in our defence is that it was only the second budget we have had to prepare ourselves, that we had not yet introduced the lump cut system which, it will be found, was introduced in 1927-28 and 1928-29, and that we have every confidence that the accounts of years later than the one under consideration will show a very considerable reduction in the savings under voted expenditure.

As regards watching the expenditure, there again we have in recent years been to some extent feeling our way, and I think that our position is stronger

than it was in the year under review. From October 1926 we started taking more definite measures for enforcing the responsibility of Collectors to watch the expenditure on our behalf and report the possibilities of surrenders. The actual procedure under which we work in this respect was developed more fully in the following year 1927-28. There was a circular issued by us on this subject to Collectors of Customs in May 1927, shortly after the close of the year under review.

339. *Mr. Chaudhury.*—Is there not a Pay and Accounts Officer attached to the Central Board of Revenue?

*Mr. Lloyd.*—Yes, there is one officer attached to the Calcutta Custom House, but we have not got an officer attached to the Central Board corresponding, shall we say, to the Financial Commissioner for Railways. We have to do our own work in collecting information from the Accountants General. We have had under consideration for quite a long time a proposal for strengthening our control over accounts by the appointment of a Special Financial officer attached to the Central Board and to have Pay and Accounts officers in all the various centres in which the departments under the Board are working.

340. *Mr. Chaudhury.*—I believe it has been found that the institution of Pay and Accounts Officers has been very useful in watching expenditure. Why don't you adopt it?

*Mr. Lloyd.*—We have had under consideration, as a result of a very useful Report that was prepared for us by an officer of the Accounts and Audit Service who was kindly lent to us by the Auditor General, the desirability of introducing this system of Pay and Accounts Officers throughout all departments under our charge.

341. *Chairman.*—What action are you taking on that Report? How long ago was that Report submitted?

*Mr. Lloyd.*—I have forgotten the exact date; but I think it was submitted some time last year. We have not yet formulated our proposals.

342. *Chairman.*—Have you any idea how long you will take to introduce that system?

*Mr. Lloyd.*—It is a matter which I am anxious to proceed with more actively as soon as the meetings of the Public Accounts Committee are over.

*Para. 129, item 8.*

343. *Chairman.*—Does that report also deal with the question of introduction of internal check on customs receipts which would ensure an efficient scrutiny of the collection of such dues?

*Mr. Lloyd.*—It is mentioned in that report.

344. *Chairman.*—And the consideration of that will also be taken up by you in the near future?

*Mr. Lloyd.*—We have taken that up, last year.

345. *Chairman.*—What progress have you made?

*Mr. Lloyd.*—We submitted proposals to the Government of India which involved a considerable increase of staff, and the Government of India in the

Finance Department asked us to reconsider them. The expenditure was not inconsiderable.

346. *Mr. Das.*—Do you apply test audit to customs receipts ?

*Sir Frederic Gaunlett.*—I have a test audit which is applied to a small fraction of the customs receipts but covers the whole field.

*Page 116-A-4.*

347. *Mr. Chaudhury.*—To whom are these rewards paid ?

*Mr. Lloyd.*—To persons belonging to the Customs staff, as well as to those who do not belong to the Customs staff but are instrumental in detecting the offence.

348. *Mr. Chaudhury.*—Does it mean that this year's work has been less than the previous year's because you had no occasion to pay so much reward ?

*Mr. Lloyd.*—I think it would be very hard on any preventive staff to judge the efficiency of their work entirely by the value of the seizures made which is what is reflected in the rewards. I would not admit that there is any such implication possible in this saving. The note does mention non-payment of rewards to the extent anticipated as cases arising out of rummaging work and those of illicit exports of feathers did not materialise. I may mention that the cases regarding the illicit export of feathers were extremely difficult ones and it would be very difficult for the officer who has to anticipate what would have to be paid to take all the factors into account ; for one thing there is the possibility of decisions being upset on appeal by the Central Board of Revenue.

*Page 116-A-8.*

349. *Chairman.*—Referring to the saving in Madras, the Auditor General raises the question whether funds should be provided before all proceedings in connection with the acquisition of lands are completed, or at least before there is reasonable probability that those proceedings will be completed in time.

*Mr. Lloyd.*—With regard to the first suggestion, I think I need only observe that if we are to wait till the acquisition proceedings are completed, it might well happen that we might have to keep the payee waiting for his money for anything up to one day short of a year. As regards the reference to reasonable probability, the fact in this case is that there was a reasonable probability that the acquisition would be completed during the year 1926-27. It was an unexpected change of plan on the part of the port authority that entirely altered the whole complexion of affairs.

*Page 116—A-10.*

350. *Mr. Chaudhury.*—There is an excess here of Rs. 18,000. Could you not foresee that you would have to pay the Chemical Examiner of the Madras Government ?

*Mr. Lloyd.*—No, Sir. These claims and counter-claims between Governments are not always very easy to foresee.

351. *Mr. Das.*—You are not going to expand the Customs staff in all the ports except to the extent you have mentioned about accounting ?

*Mr. Lloyd.*—We have no proposals for the moment before Government for expanding the staff apart from the question of the additional internal check.

When I give an answer of that sort, I should like to make particular mention of the fact that this is an expanding department, the work is constantly expanding and it may be necessary even before the present year is out to formulate proposals for giving relief.

352. *Mr. Das.*—You find your Appraising Department complete? You do not intend to expand it?

*Mr. Lloyd.*—Not at the moment. But I wish to say that even before the end of the current year the development work which is proceeding all the time may make it necessary to increase the establishment.

353. *Mr. Das.*—Do you find the appraising efficient?

*Mr. Lloyd.*—That is another matter. That is the question of double check on appraisement. On that matter, as I have already mentioned, we have already submitted to the Government of India proposals for very considerable increase of expenditure which have not yet been accepted.

354. *Mr. Das.*—You do not contemplate increasing the expenditure on land customs?

*Mr. Lloyd.*—We have a few propositions for the Standing Finance Committee which will come on next week, but nothing considerable.

355. *Mr. Das.*—Are you increasing the establishment at the Viramgam cordon?

*Mr. Lloyd.*—We are settling down into more or less normal condition but certain slight adjustments have been found necessary.

#### GRANT 17—TAXES ON INCOME.

*Pages 119-121.*

356. *Chairman.*—Have you adopted the system of lump cuts here?

*Mr. Lloyd.*—Yes, Sir, and I also think it quite certain that the savings in the later years will be considerably less than in this year.

#### GRANT 18—SALT.

*Para. 37-41.*

357. *Mr. Das.*—What is the difference in the functions of the Director of Commercial Audit and the Audit Officer?

*Sir Frederic Gauntlett.*—The difference is this. Locally a set of commercial accounts is maintained. Those accounts are checked on the spot after they have been completed by the Director of Commercial Audit. Meanwhile, the Audit Officer of the Indian Stores Department is responsible for maintaining all the Government accounts which are not maintained on a commercial basis. When he is preparing his notes for this document he has to deal with the accounts which are available to him and it may frequently happen that the Director of Commercial Audit has not been able to audit finally the commercial accounts before the Audit Officer has to prepare his notes for inclusion in this volume. The position is admittedly unsatisfactory.

358. *Mr. Das.*—Eventually will there be one head or two heads?



*Sir Frederic Gauntlett.*—There will always be two heads so long as you do not have the commercial accounts absolutely included in the Government accounts. You do not have this trouble in the Posts and Telegraphs Department because it has been possible there to devise a scheme of accounts in which the Government account includes all the commercial results. It is a very complicated and elaborate system and it has not been attempted in the Salt Department with the result that I have to have two separate Audit Officers one to do the non-technical accounts and the other to do the technical accounts.

359. *Mr. Das.*—Is there any chance of commercialising the salt revenue account in the near future?

*Sir Frederic Gauntlett.*—I do not know if there is any suggestion at present under consideration whereby the whole of the Government salt account shall be upon a commercial basis like that of the Posts and Telegraphs.

360. *Mr. Das.*—Is it necessary that the suggestion should come from the Public Accounts Committee?

*Sir Frederic Gauntlett.*—If you choose to suggest that it should be considered, it might be taken up. Personally, I am satisfied with the arrangements as they are at present. They seem to raise enough questions. There are difficulties as between the Audit Officer and the Director of Commercial Audit, but these are purely internal difficulties which I think I can solve.

*Chairman.*—I think we may leave the matter where it is.

361. *Mr. Chaudhury.*—What is the difference between 'average cost' and 'prime cost'?

*Mr. Campbell.*—Prime cost is merely labour and materials. The total cost includes all the overhead charges in the Northern India Salt Revenue Department. The change was made because it seemed more equitable that we should value the salt at its proper cost in the balance sheet.

362. *Mr. Mitra.*—Do we conduct salt manufacturing operations elsewhere than in the Northern India Salt Revenue Department? Where are the details about those divisions?

*Sir Frederic Gauntlett.*—Detailed account of the expenditure in other provinces is given on pages 132-135. This of course is pertinent to a question which Mr. Das put. It is only the accounts of the Northern India Salt Revenue Department that have so far been commercialised. The accounts in Bombay and Madras have not yet been commercialised.

363. *Mr. Mitra.*—Are these also properly audited?

*Mr. Lloyd.*—Might I remark that the store account is a very small part of the commercial account? We have not got commercial accounts in these other parts of India.

*Chairman.*—The point was whether the store accounts are audited?

*Mr. Lloyd.*—We have now decided to ask the Auditor General to audit the store accounts everywhere in India.

364. *Chairman.*—You have introduced a system of commercialised accounts in the N. I. S. R. Department in regard to manufacture of salt?

*Sir Frederic Gauntlett.*—That is so.

365. *Chairman.*—In the case of Madras, Bombay and Burma, that has not been introduced ?

*Sir Frederic Gauntlett.*—No.

366. *Chairman.*—Is it proposed to extend it to these provinces ?

*Mr. Lloyd.*—No.

*Sir Frederic Gauntlett.*—I ought to explain the position of the Auditor General in this matter. I regard my function as maintaining Government accounts. I am quite prepared to help any Department to introduce accounts on a commercial basis and to arrange for the audit of those accounts when introduced. But I do not regard as my responsibility the decision as to whether an account should be commercialised or not. That I regard as the function of Government and not of the Auditor General. So that, I really in this matter am waiting for the Central Board of Revenue. I presume they may be desirous of ascertaining what the benefits are which are derived in the N. I. S. R. Department before deciding on introducing a similar scheme elsewhere, and of course the form of the account would have to be modified because the conditions of production are so radically different.

*Mr. Lloyd.*—That is correct. There is one other point I would like to mention which has a bearing on this point, and that is, in other parts of India we are only producing a fraction—may be a large fraction—of the total production, because there are considerable works under private control. In the N. I. S. R. the whole of the production is in our own hands and it is a very much more important proposition from the point of view of Government accounts that we should be very careful to have things worked out there on a commercial basis.

*Chairman.*—In the case of the Northern India Salt Revenue the commercial system of accounts was introduced quite recently and I think Government will be fully justified in waiting and seeing the result of that experiment before they extend it elsewhere. For the present what is pertinent is that steps have been taken to get the stores accounts audited by the Auditor General.

367. *Mr. Shervani.*—Has not the Audit Department got any opinion formed about this system of commercialisation ?

*Sir Frederic Gauntlett.*—Personally, I think it would be desirable to commercialise the accounts in Madras and Bombay because I believe they are centres where the results might be rather surprising.

368. *Mr. Mitra.*—My purpose was to know why we find that in Southern India it is paying, that is, the cost of production is not more, while in Northern India where the accounts have been commercialised the cost of production is greater than the selling price.

*Mr. Lloyd.*—Our whole policy ultimately is of course to recover exactly what the salt costs and nothing more. The loss as quoted in the Auditor General's letter is to some extent a paper loss and our ultimate intention naturally is to sell salt at a price which will pay the cost of producing it. That there should be any suggestion that the price should be the same in different parts of India,

considering the different methods of manufacture is a point which I do not think any one will take up.

369. *Mr. Ranga Iyer.*—I should like to know how long it will take for this department to be a paying proposition ?

*Mr. Lloyd.*—In principle the department is and has always been a paying proposition. The fact that there is a loss in the books in any one particular year does not mean that it is a permanent situation. We can only work on an estimate of the normal or average cost of producing salt.

370. *Mr. Ranga Iyer.*—You maintain that in all these places the salt is paying ?

*Mr. Lloyd.*—We have certain grounds for thinking that we may have to raise the price of salt at Sambhar further. We have already raised it by 3 pies. There are reasons, one of which is a question of the proper debit of weightment charges and so on, why we may find it necessary to raise it. The final result will be that we shall fix the cost of salt at a price representing the normal or average cost of production.

371. *Mr. Ranga Iyer.*—You maintain that this is a paper loss which you will be able to wipe off ?

*Mr. Lloyd.*—It will be wiped off very promptly by increasing the prices. We cannot alter the price of salt every year. In the case of the year under review the cost of production was abnormally high because the quantity produced was below the normal production. That is a good illustration of the unsatisfactory results that might ensue if you go on the figures of a particular year.

372. *Mr. Mitra.*—This figure of net profit for the Sambhar Lake Division is not correct ? When do you think we shall work up to that position ?

*Mr. Lloyd.*—We can never work up to that position because it is the policy of the department to recover only the cost price and no more.

373. *Mr. Mitra.*—When will you be able to do that ?

*Mr. Lloyd.*—I cannot answer that question. We shall certainly work up to it.

*Mr. Mitra.*—Can you not give the Committee a rough idea as to when you will be able to attain that position ?

*Mr. Lloyd.*—No, I cannot.

*Chairman.*—The point I understand is this. In that particular year there might have been a loss. If the loss is found to be a recurrent loss, naturally the Central Board of Revenue will have to raise the price, but no business firm will, on the basis of a single year's loss, raise the prices.

374. *Mr. Shervani.*—It is said that the loss was due to under-production. If there is more production and more consumption, the loss will be wiped off ?

*Mr. Lloyd.*—Yes.

375. *Sir Frederic Gauntlett.*—May I ask Mr. Lloyd for how many years he has now had commercial accounts in Northern India ?

*Mr. Lloyd.*—I cannot answer at the moment.

376. *Sir Frederic Gaunlett.*—I will tell you. It has been 3 years. There is a point behind the question, because, is 3 years sufficient to enable you to get a correct view of the situation, or would you prefer to have more time ?

*Mr. Lloyd.*—I should certainly prefer to have longer time.

*Sir Frederic Gaunlett.*—You have now practically 4 years.

*Mr. Lloyd.*—When we have the next year's accounts, that is, 1927-28, we shall be able to look at the whole position with more success than in the past.

377. *Mr. Mitra.*—Can you give us the figures for 1927-28 ?

*Sir Frederic Gaunlett.*—Mr. Campbell has just told me that the accounts for 1927-28 are now being audited in Delhi for all the three centres so that that information ought to be available to the Central Board of Revenue shortly.

378. *Mr. Das.*—Could not the balance sheets for the last three years be appended to the report of the Director of Commercial Audit ?

*Sir Frederic Gaunlett.*—In England it is customary to set out in the case of commercial accounts, side by side, the figures for two successive years. If it were the general desire of the Committee to have that practice introduced in India it would be possible. I would deprecate 3 years' figures because it would complicate the printing. Mr. Das has referred to a point which is still under discussion between myself and the Government of India. I am glad he brought in the question of the balance sheet, because it was introduced at one time but the Government cut it out.

*Mr. Das.*—That will give us an idea really of the principle of commercialisation.

379. *Chairman.*—Supposing you get two years' balance sheets, of what use would that be to you in finding out the cost ? The balance sheet is only a statement of assets and liabilities. What is wanted here is a comparative statement of the cost of production of salt in different years and at different centres. We may recommend that a statement should be appended to the Appropriation Report giving the figures of the quantity produced and the cost of production for a series of years at different sources.

380. *Mr. Das.*—What about the balance sheet ?

*Mr. Campbell.*—The trading and profit and loss account presents the results of trading over a certain period. The balance sheet gives the cumulative results right up to date. It also shows the increases and decreases in the asset and liabilities and we can compare these figures from year to year. I think it gives one a much better view of the position of any concern if the fluctuations in the capital account figures are in front of one.

*Mr. Lloyd.*—We have recently submitted to the Finance Department the representation of the Auditor General upon the subject and I would rather not answer that question before we obtain the orders of the Government of India.

*Mr. Campbell.*—From the point of view of accounting we have got to prepare a balance sheet for our own information, if not for submission to the Government of India. We do it in order to ensure the accuracy of the books.

381. *Chairman.*—Is it the fact that the balance sheet is prepared though it is not appended to the report?

*Mr. Campbell.*—Yes.

*Mr. Lloyd.*—The reason why Government orders were issued on the subject was not so much that we had an objection to the balance sheet in itself as because we wished to economise a great deal of labour which we thought was being unnecessarily expended upon making the preliminary preparations for the drawing up of the balance sheet.

*Mr. Campbell.*—There was a great deal of compilation work to be done before we could get out the first balance sheet and we could not get out the first balance sheet without the help of the administrative department. In the first year we naturally gave a certain amount of trouble in getting the valuations of assets and liabilities.

*Chairman.*—As there is a general desire on the part of the Committee that the balance sheet should be appended to the report, we shall make a recommendation accordingly.

*Para. 42.*

382. *Chairman.*—It is said: "It seems to require consideration whether these facts indicate inadequate knowledge of the progress of expenditure or lack of control over expenditure". Have you got to say anything on that, Mr. Lloyd?

*Mr. Lloyd.*—I have not yet got the full facts from the Commissioner of Northern India Salt Revenue. But from what I have before me, what happened was not due to inadequate knowledge of the progress of expenditure or lack of control over expenditure but due to an unfortunate blunder arising from his office taking the gross and not the net figures when making re-appropriations and even when making an actual surrender. The demand for grants showed a certain number of details under the head 'Pay of Establishments' and at the bottom a deduct entry reducing it to a net figure. It seems clear that in the course of the year that deduct entry was overlooked when the re-appropriations and surrenders were made from time to time. We have drawn the attention of the Commissioner of Northern India Salt Revenue to this.

*Para. 43.*

383. *Mr. Lloyd.*—The orders of Government accepted the explanation of the officer concerned. I can only presume that the orders of Government were not brought to the notice of the Auditor General.

*Para. 44.*

384. *Mr. Das.*—I see that the Government only censured the officer and did not take any further disciplinary action.

*Chairman.*—To express the serious displeasure of Government is a very serious punishment against an officer of that position.

*Para. 45.*

385. *Mr. Lloyd.*—The answer to the comment in this paragraph is that the delay is not really in checking final measurements but in completing certain

works in the mines at Khewra. Circumstances have arisen which led to the result that work in particular borings or shafts was suspended for considerable periods of time. We went into this question in considerable detail and we made certain suggestions about the possibility of finishing off the work temporarily, but there are practical difficulties.

*Page 127.*

386. *Sir Frederic Gauntlett.*—I deliberately raised this question for the reason that I explained when the Railway budget was under scrutiny. I want to build up a body of case law which will govern the important question of what constitutes a new service. These items which are recorded here are of extreme interest from this point of view and if Mr. Lloyd will explain what the conditions of each one are it may interest the Committee.

*Chairman.*—If these two measures were considered to be new services and if we had to wait until money had been voted by the Legislative Assembly for the purpose, the whole of the village would have ceased to exist.

*Mr. Lloyd.*—In this particular case, we have the guidance of the opinion expressed by the Auditor General. I might briefly express it this way—that a new service necessarily connotes a new object or purpose and not a new instrument of service for achieving the object.

*Page 131.*

387. *Mr. Lloyd.*—The Government of India have since issued orders that the quantities of salt dumped at the Central Store at Sambhar during the extraction season should be checked and that the several platforms on which salt is dumped should be cleared in rotation with a view to verify the stock of salt on an approximate basis.

*Chairman.*—This is a general remark which applies to all Northern India.

*Mr. Lloyd.*—This particularly applies to Sambhar. As regards Khewra and the whole question generally, it is of course obvious that under existing conditions we cannot take stock by actually weighing the salt. The expenditure of such a proceeding would be ludicrously in excess of any benefit that will result. The other methods are to estimate the quantity of salt by measuring the salt where it lies, to improve the checks upon the delivery into the store and thirdly to arrange for the clearance of stocks as rapidly as possible. As I have already said the second and third of these measures have been taken at Sambhar. As regards Khewra, the checks on delivery into store, the final measurements of the excavations are made by the Assistant Commissioner. We hope shortly to introduce the system of weighing salt instead of paying by measurement.

*Page 135.*

388. *Chairman.*—Have you any observation to make about the stocks of salt in Bombay?

*Mr. Lloyd.*—When we took over the Bombay Salt Department at the beginning of 1926, we did not like the policy which had been followed previously and we have laid down a programme of work for the department which will have the effect of reducing these excessive stocks to about one year's consumption which represents the extent of normal stocks.

## APPENDIX IV.

389. *Mr. Chaudhury.*—Para. 2.—It appears to me that every year the Central Board of Revenue are discovering new reasons. When the scheme was first introduced, it was only for the purpose of increasing output, and now we are told that it is to facilitate lighting and secure ventilation and avoid smokes.

*Chairman.*—I visited the Khewra mines last year as Member for Labour in response to the desire of some Members of the Assembly : and I formed the opinion that from the labour point of view the mine should be properly lighted and ventilated. On the labour side we criticise the action of outside employers in these matters and it is only appropriate that Government should also take adequate action.

390. *Mr. Mitra.*—May I ask for what precise purpose the allotment was originally obtained ?

*Mr. Lloyd.*—If you will look at page 127 of the accounts, you will see that year after year a sum of about 4 lakhs has been shown in the Budget for the development of the Khewra mines. May I point out that we are dealing with electrification, not with the general development the allotment for which is still unspent ?

391. *Mr. Chaudhury.*—With regard to the statement that they gave up this scheme before they found this to be unprofitable, would you withdraw that statement also ?

*Mr. Lloyd.*—I have withdrawn everything I said last year.

392. *Mr. Mitra.*—Regarding the third item, is it only by electrification that you can give effect to this ?

*Mr. Lloyd.*—Yes, without mechanical assistance there would be great difficulty in raising the salt up to the proper level. The hitherto easily accessible deposits are being worked out. Electricity provides the mechanical means of raising salt from a lower to a higher level.

393. *Mr. Mitra.*—That is not possible with oil engines ?

*Mr. Lloyd.*—The Industries and Labour Department would, I think, have the strongest objection to our installing fresh oil engines in the mines. It is extremely undesirable to use oil engines, with their exhaust fumes which pollute the air.

394. *Mr. Chaudhury.*—Do you find that in coal mines they use an electric installation ?

*Chairman.*—Yes, in Dhanbad for instance, but not in every mine because they have not all got the money, and they are not so alive to the interests of the labourer.

395. *Mr. Mitra.*—Could not the oil engine, installed outside, work the air compressor ?

*Mr. Lloyd.*—The compressor is used for excavation work. I do not think it is a method that could be applied to raising. You can only do that with an engine on the spot.

396. *Mr. Das.*—What we want is to examine what the Standing Finance Committee recommended and with what proposition the Government came forward to develop the electrification scheme, and then to consider the effect on the price of salt.

*Mr. Lloyd.*—It cannot be said that we were going to reduce the price of salt.

*Mr. Das.*—As far as I recollect, there was no suspicion of its increasing the cost of production and over-capitalising.

*Chairman.*—If the Committee passed the scheme without any appreciation of its effect on the price of salt, I do not see how we can go into that. Electrification nowadays is the cry all over the world. Anything which tends to improve the conditions of labour in mines is bound to increase the cost of the output. We might have the opinion of the Auditor General about these papers.

397. *Sir Frederic Gauntlett.*—May I start by asking a question? Last year Mr. Lloyd stated that the idea of using electrification for haulage within the mines had definitely been given up?

*Mr. Lloyd.*—That is one of the remarks which I made without proper consideration or authority. It has not been given up. We are still examining the project. The subject of electrification of Khewra was one upon which I was taken entirely by surprise last year and I have asked permission in the first paragraph of this memorandum to regard everything I then said as superseded.

398. *Sir Frederic Gauntlett.*—In paragraph 7 of this memorandum you say that the increase in the cost of production is largely apparent and not real. You think the statement entirely correct, seeing that the interest and depreciation which is much the biggest figure is due not really to a change in the accounting system?

*Mr. Lloyd.*—Well, possibly, the word ‘largely’ should be qualified. I shall have to examine that figure for interest and depreciation more closely. Even if the whole of the interest and depreciation is debited to the electrification scheme, there remain 10 pies to which our argument applies.

399. *Sir Frederic Gauntlett.*—Can you say that as you exhaust the surface sources at Khewra and have to dig lower and lower, production must necessarily be more expensive and the conditions under which the men work become worse and worse and therefore you have to introduce mechanical plant of some sort to improve the conditions?

*Mr. Lloyd.*—I think that statement is perfectly correct. The main reason for the increase at Khewra is due to the fact that you have exhausted the surface sources and have to go lower or further horizontally, which inevitably increases the rates.

400. *Sir Frederic Gauntlett.*—Going lower has some effect in the air becoming vitiated?

*Chairman.*—I had, as Member of Government, recommended exhaust fans. You have got to look at the picture as a whole.



401. *Chairman.*—The only other question I have to put is whether you can possibly conceive of any method of substitution of power whereby the maintenance charges would be reduced. You have considered that in detail with regard to Sambhar but there is no indication in this note that any alternative scheme has been studied at Khewra.

*Mr. Lloyd.*—I think that the reasons that have already been given regarding the peculiar conditions inside a mine would make it entirely unprofitable to study such questions. I would like to add with reference to one part of my unfortunate evidence which has been quoted that so far from having decided against electrical transport, it now begins to appear probable that it will be really an economic proposition to substitute electrical for other transport but we have not yet come to a final decision on the subject. If it is an economic proposition, it won't raise the cost of production.

402. *Chairman.*—About the increase in cost, what does an increase of an anna per maund mean? To what extent does it affect the poor people?

*Mr. Lloyd.*—In 1894 the price of salt at Sambhar was 8 annas.

403. *Sir Frederic Gauntlett.*—We are given here the amount of power in the Power Station. I do not think we are told how much power a station can produce. That information is given with regard to Sambhar but not here with regard to Khewra, so that we cannot ascertain whether the plant originally installed was more than is necessary for the probable demands.

*Mr. Lloyd.*—I am afraid I have not got here the actual capacity of the plant at Khewra nor can I at the moment lay my hands on the papers.

404. *Mr. Chaudhury.*—When the scheme was started was there no idea of including Bengal?

*Mr. Lloyd.*—When the scheme was started, we were not in existence. But I think it is incredible that Bengal should be supplied from Khewra.

*Chairman.*—“India as a whole” is probably a loose expression. But even with Bengal excluded, there is a good deal of India which is left.

*Mr. Lloyd.*—Would you read “generally speaking” instead of “as whole?”

*Sir Frederic Gauntlett.*—I think there is a definite answer to Mr. Chaudhury. I think it was explained last year that Bengal insisted on having foreign salt.

*Mr. Lloyd.*—I think an even more important point is that the long railway journeys entirely puts Khewra salt beyond the possibility of supplying the demands of Bengal.

405. *Mr. Shervani.*—The scheme was not launched to meet emergency.

*Chairman.*—Yes, partly. In paragraph 28 of their report the Public Accounts Committee themselves stated “partly for the purpose of ensuring supplies of salt.”

406. *Mr. Mitra.*—Will you kindly refer to paragraph 10, Mr. Lloyd. You say the electrification has proved most providential in connection with the subsidence and if there had been no electricity it would have been difficult

to provide the large power required. If you could prove that, that is a good reason ?

*Mr. Lloyd.*—We do not claim that it was more than providential. We did not contemplate such an eventuality.

407. *Mr. Mitra.*—Without this electrical power it would not have been possible to save the mine from the subsidence ?

*Mr. Lloyd.*—It would have been very much more difficult than it was.

408. *Mr. Mitra.*—Could you tell us the amount of energy required to do this and show that it could not have been got from oil engines ?

*Mr. Lloyd.*—Yes, it could have been got from oil engines if you could have got them there in time and moved them about. But the point is that in the particular circumstances of the subsidence you could not have got the oil engines on to the spot promptly and moved them about from point to point.

409. *Mr. Mitra.*—How much power was necessary ? That one item may be conclusive.

*Chairman.*—I doubt if any record could have been kept of the energy used in pumping the water out.

*Mr. Lloyd.*—At any rate there is no record with me at the moment.

410. *Mr. Mitra.*—Are you in a position to say that without the electric power it would not have been possible to do the work ?

*Mr. Lloyd.*—Humanly speaking, I should say it would not have been possible to do it anything like so promptly or effectively, but whether it would have led to complete failure or not I cannot say. In all probability the electric power did help to save the mine.

411. *Mr. Mitra.*—You cannot say that with an oil engine you could not have done it ?

*Mr. Lloyd.*—I would not like to be dogmatic. It would have been necessary to purchase the oil engine, to transport it there and instal it at different places.

*Mr. Mitra.*—But if there had been some oil engines for driving these air compressors ?

*Mr. Lloyd.*—That would hold up the work of the rest of the mine.

412. *Mr. Chaudhury.*—The question really is whether the energy required could not be supplied by one oil engine and whether the installation of an electric plant was not unnecessary.

*Sir Frederic Gauntlett.*—Could you get the information as to the available power ?

*Mr. Lloyd.*—I will try to.

*Sir Frederic Gauntlett.*—I think the doubt both in regard to Khewra and Sambhar is whether the electric installation was not excessive in view of the amount of work it has to be called upon to do.

*Chairman.*—That is the only point. We will resume this discussion on the 25th.

Evidence taken at the Ninth Meeting of the Public Accounts Committee held on  
Tuesday, the 21st August 1928, at 11 a.m.

PRESENT :

- |   |    |                   |
|---|----|-------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra,                                | .. | <i>Chairman.</i>  |
| 2. Mr. S. C. Mitra.   | }  | <i>Members.</i>   |
| 3. Mr. Abdul Matin Chaudhury.   |    |                   |
| 4. Mr. C. S. Ranga Iyer.  |    |                   |
| 5. Mr. T. A. K. Shervani.   |    |                   |
| 6. Mr. B. Das.  |    |                   |
| 7. Haji Chowdhury Mohammad Ismail Khan.                                 |    |                   |
| 8. Rao Bahadur M. C. Rajah.   |    |                   |
| 9. Lieutenant-Colonel H. A. J. Gidney.                                  |    |                   |
| 10. Mr. W. Alexander.   |    |                   |
| 11. Sir Frederic Gauntlett, Auditor General.                            |    |                   |
| 12. Mr. J. E. C. Jukes, Controller of Civil Accounts.                   |    |                   |
| 13. Mr. G. Kaula, Accountant General, Central Revenues.                 |    |                   |
| 14. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department. |    |                   |
| 15. Mr. B. Nehru, Assistant Auditor General.                            |    |                   |
| Mr. J. L. Sale, Chief Engineer, Delhi P. W. D.                          | }  | <i>Witnesses.</i> |
| Mr. D. Macfarlane, Superintending Engineer, Simla Imperial Circle.      |    |                   |

GRANT 22.—IRRIGATION, ETC., CHARGED TO REVENUE.

*Page 161 of the Accountant General's Report.*

413. *Chairman.*—The Auditor General has made this observation: "The Committee may wish to reiterate the view that the budget provision should be based on actual and not on average rates of pay." Have you taken any action in that direction?

*Mr. Macfarlane.*—Yes, Sir; we have issued instructions.

*Page 162.*

414. *Chairman.*—Why were not the English charges distributed among the circles?

*Mr. Macfarlane.*—I have taken steps to do it in the future.

*Mr. Kaula.*—This has since been arranged with the High Commissioner and he will give us the details,

415. *Chairman.*—The vote was 14,40,000, the expenditure was 10,98,000. We make lump cuts so that the expenditure may approximate more closely to the appropriation. Have you considered the possibility of making a lump cut in this grant?

*Mr. Macfarlane.*—That has been done. It has since been applied to the Irrigation Department.

416. *Sir Frederic Gauntlett.*—In the middle of page 164, we find that the works expenditure was 4,29,000 and the establishment expenditure was 6,67,000.

*Chairman.*—What have you got to say about that?

*Mr. Macfarlane.*—The explanation is simple. When you have got canals in operation, your establishment charges in comparison to works are very high. I have got some corresponding figures about the Punjab during 1926-27. The works cost of the Western Jumna Canal came to 8,94,000 and that of establishment to 9,43,000. The works cost of the Upper Bari Doab Canal came to 10,48,000 and that of establishment to 9,64,000. The works cost of Swat Canal came to 11,08,000 and that of establishment 11,43,000.

417. *Sir Frederic Gauntlett.*—What is more important is that it probably includes the cost of the collecting staff also.

*Mr. Macfarlane.*—Yes.

418. *Chairman.*—I take it that 6,67,000 is not expenditure wholly chargeable to Grant 22.

*Mr. Kaula.*—That is the share of Grant 22. It is a revenue Grant. In calculating the share chargeable to irrigation revenue, the works expenditure is doubled. One part represents works expenditure and the other part represents the charge on account of collection of revenue.

419. *Sir Frederic Gauntlett.*—It is a rule of thumb method. It might be desirable to ascertain whether that is sufficiently accurate.

*Mr. Kaula.*—That was the result of discussion for several years and that rule has been in force now for about 8 to 10 years.

*Sir Frederic Gauntlett.*—The rule that Mr. Kaula has quoted is now applicable to all Central expenditure. Now that we have to deal with all the provinces as well as the Central Government, I admit that the time has come for a reconsideration of this method of *pro rata* distribution in so far as it affects Central transactions; and I am quite prepared to suggest that it should be taken up. I think I can initiate it.

*Chairman.*—We will leave it to Sir Frederic Gauntlett.

420. *Sir Frederic Gauntlett.*—There are some small minor details of arrears to which I have called attention, so that the department concerned can rectify them.

*Mr. Macfarlane.*—That has actually been done.

## GRANT 69—CIVIL WORKS.

*Paras. 72-73.*

421. *Chairman.*—What is the position about Supplementary and Financial Rules ?

*Mr. Macfarlane.*—The matter is still with the Finance and Home Departments. The rules have not been finally drafted.

422. *Mr. Das.*—What about the question of provision of residences members of the Legislature in Simla ?

*Mr. Macfarlane.*—The matter is still under discussion between the Secretary of State and the Government of India.

*Para. 75.*

423. *Chairman.*—We are told that this question of surplus furniture is being considered by the Government of India. Have any orders been passed on the subject ?

*Mr. Macfarlane.*—The quarters for members of the Legislature in Summer Hill were not popular and therefore a certain amount of furniture was disposed of. Subsequently the Legislative Department asked us to increase the number of quarters available for members to 22 and to increase the amount of furniture accordingly; and so that has all been arranged.

*Para. 76.*

424. *Chairman.*—Has any decision been arrived at regarding the incidence of the expenditure on the residences and furniture of H. E. the Commander-in-Chief ?

*Mr. Macfarlane.*—No. We have referred the whole question to the Army Department.

425. *Mr. Das.*—Other members of Council are not given free furniture.

*Chairman.*—In their case also there is a certain amount of loss. We can leave the matter to the Finance Department.

*Para. 77.*

426. *Chairman.*—Has any decision been arrived at on the question of charging rents for office and residential accommodation ?

*Mr. Macfarlane.*—Decision has been arrived at as far as office buildings themselves are concerned. The Commercial Departments will be charged rent from the 1st of April next. As regards the question of residences it is proposed that in the case of officers who are given rent-free quarters or quarters at concession rates, the Commercial Department should bear the loss that Government incurs; and this recommendation was forwarded on the 15th August last to the departments concerned for their views.

*Chairman.*—We may express the hope that early orders will be issued in his case also.

*Para. 123 (3).*

427. *Chairman.*—Then we have to turn to pages 342—352 and express our opinion whether the statement of expenditure on important new works will meet our requirements. To me this seems all right. Apparently there are no suggestions at the present moment. Next year members may be in a position to offer suggestions.

*Page 338.*

428. *Chairman.*—The Auditor General says: "The saving on the total voted appropriation under the grant amounted to eight per cent. The deduction of Rs. 5 lakhs on account of probable savings could therefore have been considerably increased. The improvement in the budgeting noticed in the accounts for 1925-26 was not maintained in the year under review." Mr. Macfarlane, have you got anything to say on that point?

*Mr. Macfarlane.*—The comparison is misleading inasmuch as it does not take into account amounts aggregating 10 lakhs which had been resumed by the Finance Department prior to the obtainment of the grant.

429. *Chairman.*—Have you any idea why the Finance Department withdrew these 10 lakhs?

*Mr. Macfarlane.*—Various items were transferred from voted to non-voted. One item is Ecclesiastical works, 7½ lakhs. That is a very big item. Then there are travelling and other allowances of officers whose pay was non-voted. Then expenditure on the Mahi Kantha and Rewa Kantha agencies in the Bombay Presidency Rs. 1,67,000. These are the three items that are due to transfer from voted to non-voted.

430. *Mr. Shervani.*—I would like to know how it was transferred. Was the transfer effected by change of rules or by an error that some non-voted items should have been shown as voted?

*Chairman.*—The main items were transferred under the orders of the Secretary of State. The matter was discussed in the Legislative Assembly.

*Page 339.*

431. *Sir Frederic Gauntlett.*—This, I think, is rather an important point from the constitutional point of view. When the Assembly votes 14 lakhs as a reserve under this head, do they thereby give permission to the Government of India to utilise that money on new services?

*Chairman.*—I understand the matter was discussed and settled in 1926. This is the only restriction which the Public Accounts Committee wanted to impose: "We suggest that the details of sums allotted, etc., should be given in the Appropriation Accounts in future and it be definitely laid down that allotments from the reserves should not be made except to cover lapses from grants in the previous year and for unforeseen works and no allotment should be made on account of establishment, etc." That was a definite recommendation of the Committee. The Public Accounts Committee put in "and unforeseen works", while the Government of India omitted those words. That being so, it meets the point you now raise, Sir Frederic.

432. *Sir Frederic Gauntlett.*—I should like to ask Mr. Macfarlane whether that has been followed in practice.

*Chairman.*—Mr. Macfarlane is new to the department and may not know. It is for Audit to challenge any expenditure not coming within the rules.

*Page 353.*

433. *Chairman.*—Have steps been taken to dispose of the stocks which were in excess of actual requirements ?

*Mr. Macfarlane.*—Efforts were made to sell them by auction and as no satisfactory price was received we are utilising them as best we can, working them off, in other words. Executive Engineers have been told to dispose of them as quickly as they can.

#### GRANT 91.—DELHI CAPITAL OUTLAY.

*Para. 98.*

434. *Chairman.*—The Auditor General says: "The attention of the Public Accounts Committee is invited to the remarks of the Accountant General in this paragraph. The Committee may desire to enquire into the method of budgeting and control over expenditure under this grant, and especially into the subject matter of sub-paragraph 2." We shall first deal with sub-paragraph 2 which says: "The departmental Accounts Officer in a lengthy note addressed to the Audit Officer explained the difficulties in the control of expenditure and stated that Disbursing officers did not always appreciate their difficulties in the matter." What have you got to say to that, Mr. Sale ?

*Mr. Sale.*—I should like to explain first of all that we have had to frame our budget about 14 months before the event ; secondly, the lapse is due to works which were in the project and which we contemplated would be undertaken but had to be abandoned and thirdly, the lapse was due either (a) to change of policy or (b) to change of allocation and (c) to legal difficulties. As an example of the last, I may say that we budgeted for the completion of the water supply to New Delhi, but owing to the fact that it has been handed over to a Water Board, it was held that that expenditure was no longer legally admissible.

*Mr. Rajagopalan.*—We certainly do put in a lump cut or *minus* reserve and in this particular case the *minus* reserve was suggested by the then Finance Member of the New Capital Committee, Mr. Jukes, and it was fully worked up to. We know that Public Works officers are generally over-sanguine in their budgets, but even then this lump cut was not sufficient, because, as Mr. Sale explained, we could not proceed with certain works. He only cited the instance of the Water Works, but there were also other works that were held up, like the Hospital, the local Administration office and the furniture for Government House all of which could not be proceeded with for one reason or another. In regard to New Delhi, our difficulty is of a two-fold character. On the one hand, we want to estimate as closely as possible ; on the other, we have to bear in mind our contract with the English architects. It is our business to get the work completed as quickly as possible, and we don't want to starve the Department in the matter of funds. As a matter of fact, this over-estimating is greater

still in subsequent years, because we are nearing the end of the term of the contract with the English architects.

435. *Mr. Das.*—You mentioned just now that due to a change in the policy certain over-estimates took place. May I know if even in the year 1926-27 there was a change of policy about the New Capital outlay ?

*Mr. Sale.*—For instance, there was a change of policy in regard to the construction of the Hospital for New Delhi.

*Chairman.*—There is no change of policy at all, but there is a change in regard to details. But I take it that those difficulties will disappear after the year 1929-30 as the contract with the architects terminates then.

436. *Chairman.*—Let us come to the next point. What is the position regarding the control of expenditure against grants ?

*Mr. Rajagopalan.*—All payments are made by cheque by the Accounts Officer, but it is only the Engineers who incur liabilities. In the past, Executive Engineers had not had sufficient registers to watch their liabilities. Now they have been given sufficient staff and detailed instructions so as to help them to have accurate figures about their liabilities so that the control may be accurate.

437. *Chairman.*—Will that meet the criticism in the second sub-paragraph of paragraph 98 ?

*Mr. Rajagopalan.*—A very detailed circular letter has been issued to the Engineers, which, it is hoped, will solve the difficulties.

*Mr. Sale.*—I just want to point out one thing. Please compare Grant No. 69 with Grant No. 91 in the suspense transactions, and you will see that every rupee spent in the New Capital project is accounted for three times owing to the fact that none of the divisions, in the matter of expenditure or as Disbursing Officer, is an independent entity. They all have to depend on each other for their expenditure ; consequently there were huge suspense transactions.

438. *Chairman.*—To my mind, *prima facie*, that is not a very satisfactory state of affairs. I have always disliked these suspense transactions.

*Mr. Sale.*—For instance, one division supplies bricks, another division supplies marble, a third division supplies transportation and so on. We have now prescribed very elaborate registers.

439. *Mr. Das.*—How many months is it now since you supplied these registers ?

*Mr. Rajagopalan.*—Only very recently.

440. *Chairman.*—Were these registers shown to Mr. Kaula or was he consulted about them ?

*Mr. Rajagopalan.*—No.

*Chairman.*—The Accountant General will no doubt bring to the notice of the Public Accounts Committee in his next year's Report how the introduction of these Registers has improved the position.



## Para. 99.

441. *Chairman*.—This is what the Auditor General says: "Though the balance of the stores has been reduced by more than Rs. 13·5 lakhs, there seems to be scope for further reduction. The Committee may also desire to ascertain the circumstances in which such a large quantity of stores was purchased in excess or in advance of requirements. Excessive or premature purchase involves serious risk of loss of public money." Will you please explain what the position is?

*Mr. Rajagopalan*.—The Appropriation Accounts anticipate a loss of about 9 lakhs, but really I can tell the Committee that the probable loss is going to be about 12½ lakhs. I think it is just as well that I should explain the up-to-date losses to the Committee. The 12½ lakhs by itself may look a big figure, but we have to consider it with reference to the total outlay on the project which, I believe, is something like 14 crores. The contractors are merely suppliers of labour, and apart from some big contracts for plant and machinery, all materials used on the works have been supplied by Government. One of the important items of stock supplied by Government is coal. This coal is required for making bricks. Though the item of bricks shows a loss of about 2 lakhs, I have been told that we have really made a profit of 9 or 10 lakhs, but the system of accounting conceals that profit. Another instance relates to the order placed for cast-iron pipes which was admittedly very much in excess of the current requirements, but they were purchased below market rates. Though it would seem that about 12½ lakhs loss accrued on the project alone, Sir Hugh Keeling really looked at the whole thing from a larger standpoint. At the conclusion of the second Royal visit there was a lot of surplus material. In the ordinary course all that material would have been auctioned, but Sir Hugh Keeling took it over at a reasonable price, and used up most of it, though of course we have had to incur a loss eventually. But the loss would have been very much more if the materials had been auctioned away at the time. I may freely admit that there were a few cases where the stores that we purchased were not only in excess of requirements but at excessive rates. That matter was fully considered by the Public Accounts Committee last year.

As regards the policy of reducing stocks, the Government of India fully appreciate the Auditor General's standpoint and the stocks have been reduced as follows:—

In March 1924 they stood at Rs. 43 lakhs.

In March 1925 they stood at Rs. 39     "

In March 1926 they stood at Rs. 35     "

In March 1927 they stood at Rs. 22     "

In March 1928 they stood at Rs. 18     "

This last figure of 18 lakhs includes Rs. 5½ lakhs worth of fans which are actually in use in various offices, etc.

442. *Sir Frederic Gauntlett*.—I might suggest that because in some directions Government has made money through the departmental supply of manufactured articles, that is no reason why that gain should be set off against the loss which has been incurred through defective supervision or through defective

purchase of stores. You may set it off in the accounts but it cannot be set off against the responsibility for the defective purchases or for the defective supervision. The loss in the purchase of slack coal is due to defective supervision.

*Mr. Rajagopalan.*—It was really due to defective contract, but that defective contract had some advantages. We were getting coal at a rate well below the market rate, with the result that we were able to supply bricks much cheaper. In fact, I have been told that our rates were very much cheaper throughout than those paid on railway works.

443. *Chairman.*—As regards the system of defective contracts, that is going to be remedied by the general orders, but the trouble here is that these are past transactions. The real fact is that the Auditor General was not supplied with an adequate staff. When I became responsible for the administration of the Delhi P. W. D. I came to the conclusion at the very outset that Government as a whole should have made more adequate arrangements for accounting. Sir Frederic would probably accept that view.

*Sir Frederic Gauntlett.*—Yes, Sir.

444. *Mr. Das.*—You say that cast-iron pipes were purchased in 1920 at a very low price. As far as I know the prices were very much higher then and they have gone down tremendously only since then.

*Mr. Rajagopalan.*—Taking the whole period, Mr. Sale has estimated that there is a net profit of about Rs. 2,60,000 on the transaction of cast-iron pipes.

*Mr. Sale.*—For several years we have been purchasing cast-iron pipes at the rate of Rs. 9-6-0 per cwt. while the market price was Rs. 13-4-0 per cwt. It was only in 1925 that the market rates came down. We got this very favourable quotation entirely due to the fact that we placed a very large order at once, i.e., it was in excess of our requirements for several years.

445. *Mr. Shervani.*—Did you foresee then that the prices would go up ?

*Mr. Sale.*—No.

446. *Mr. Shervani.*—Then the purchases were certainly excessive.

*Mr. Sale.*—Yes, but as the price was very favourable, we placed orders for large quantities.

447. *Mr. Shervani.*—Who is responsible for the purchase of materials in excess of actual requirements ?

*Mr. Sale.*—The Chief Engineer.

448. *Sir Frederic Gauntlett.*—Have all these pipes been used up ?

*Mr. Sale.*—No. But once we get the question of water supply to Old Delhi settled, I should think there will be no stock of pipes left over ; we should be able to use everything.

*Chairman.*—There is no use now in trying to pursue the details of these transactions which took place in 1919. We have suggested rules as to how contracts should be made in future, and I hope that these rules will be substantially accepted by the Government of India. That will settle the question for the future.

449. *Mr. Shervani.*—In future they should not make purchases much in advance of actual requirements.

*Colonel Gidney.*—In some cases it has been found that purchasing in advance of requirements has been found to be profitable to Government. So why should we rule out purchases in advance in a case of that sort ?

*Chairman.*—We shall say this, that care should be taken not to incur expenditure much in advance of requirements if this is found to be unprofitable to Government.

*Mr. Das.*—Mr. Rajagopalan made a statement that the policy of disposing of unserviceable stores has been completely effective. I am not very clear as to what he meant.

*Mr. Rajagopalan.*—I mentioned in my statement that Government fully accept the Auditor General's views that unserviceable stocks should be disposed of at a reduced value, if necessary. We are trying to do that as far as possible. But we do not want to flood the market with too many articles at the same time, and as we get advantageous prices we sell the articles.

*Para. 100.*

450. *Chairman.*—We may express the hope that the accounts of residential buildings will be prepared as soon as possible.

*Para. 103.*

451. *Chairman.*—What have you to say to the suggestion that the cost of construction of the orthodox Bachelor Clerks' quarters was excessive in view of the amount of rent that could be recovered under the rules ?

*Mr. Rajagopalan.*—We adopted the cheapest method at the time, in 1922-23—a year of peak prices. The cost was excessive in comparison with the probable return but we are letting out the quarters in the best way possible having regard to circumstances.

*Para. 104.*

452. *Chairman.*—Then we come to the Auditor General's Memorandum (Appendix IX) regarding the marble case. I take it, Sir Frederic, that you want to concentrate on that particular question regarding supply against the explicit terms of the contract which was accepted by the administrative authorities.

*Sir Frederic Gauntlett.*—I am suggesting to the Committee that perhaps that might be desirable.

453. *Chairman.*—Have you got to say anything on the matter ?

*Mr. Sale.*—I would like to say that the officer who placed this order explained that this specification was rather a memorandum for the guidance of intending tenderers in which he gave them sizes of certain blocks; it was not intended that all the blocks should be of this size, which of course was really impossible because we could not put in marble of the size of these blocks in Government House where it was required. He also asserts that intending tenderers were not misled by the fact that they were told that all blocks must be of this size—5' to 8' × 2' to 3' 6" × 1' to 2' 9"—and consequently the pr

obtained from these tenders were not affected by the specification of large blocks only.

454. *Sir Frederic Gauntlett*.—That suggests that the tenderers were told that the specification was not complete and accurate. I would ask if that is the way of conducting government business.

*Chairman*.—It is a most unbusinesslike method; that is the conclusion that my committee arrived at.

*Mr. Sale*.—There is nothing to suggest that the wording of the specification was so; it was merely mentioned that blocks of this size were the ones that would be required. When the notice inviting these tenders is issued, it is always open to intending tenderers to get various points they do not understand explained by the officer calling for tenders, and the officer concerned assured us that he had explained exactly what was meant before the tenders were received.

455. *Sir Frederic Gauntlett*.—Was there any definite contract entered into after the tender was called for?

*Mr. Sale*.—Yes.

456. *Sir Frederic Gauntlett*.—What were the terms of the contract? Surely that is what we have to look at.

*Mr. Rajagopalan*.—Here is the original agreement.

457. *Mr. Das*.—Do you mean to say that in spite of the defects in the stone-yard, a defective contract was entered into?

*Mr. Sale*.—The defects were not realised then: this was on the 11th March 1924; we came to realise defects by 1926, by which time the liabilities under this particular order were absolutely curtailed to the minimum. In fact, after June 1926 we only ordered 6,000 c.ft.

458. *Mr. Das*.—Why was not a stock taken in 1924-25?

*Mr. Sale*.—The officer in charge of the operations thought that a stock-taking meant actual count, and that in order to count or measure up all the blocks under operation at a particular time, it meant the stopping of the work.

459. *Sir Frederic Gauntlett*.—With regard to the question of dates, may I quote from Annexure I to last year's report? "In November 1924, orders were issued by the local administration placing an officer of the rank of Superintending Engineer on special duty for a few months, for verification, by personal count or measurements, of all balances of stone, dressed and undressed, at the quarries, in the stone-yard and at the site of works, in connection with a big manufacture operation." My point is that the result of this investigation was not accepted for a whole year later.

*Mr. Sale*.—It did not produce definite results.

460. *Sir Frederic Gauntlett*.—But there must have been a suggestion then that something was wrong? It is relevant to Mr. Das's question as to when there were suspicions that things were not very happy with the stone yard contract.

*Mr. Sale.*—But in 1924 it was not a question of defective contract ; it was a question of physical verification of stocks ; the question of defective contract came up two years later.

461. *Mr. Das.*—In 1924, you said there was a 42% wastage ?

*Mr. Sale.*—That is as regards stone : but our whole energies at the time were devoted to the allocation of wastage on stone. In 1926 our energies were devoted to stone and the marble case we could only take up later.

462. *Mr. Das.*—The operating engineer did not reply to this questionnaire circulated by Mr. Rajagopalan ?

*Mr. Rajagopalan.*—He had no time ; it was at the very end of his term and as a matter of fact he was given a month's extension to give explanations ; and we were able to get only oral explanations.

*Sir Frederic Gauntlett.*—I am not suggesting that all the evidence should have been reduced to writing and sent to me ; I only explained to the Committee in order to make the point clear that it is for them to elicit the facts.

463. *Mr. Das.*—May I suggest that in future sittings of the New Capital Committee, the Auditor General may have a representative sitting there ?

*Chairman.*—It is an executive Committee and in fact the Finance Department is represented by Mr. Rajagopalan and formerly by Mr. Jukes—officers who have great audit experience.

464. *Mr. Mitra.*—We think that the lessons of the stone-yard case were not taken to heart by the people in charge of the marble yard.

*Mr. Sale.*—The answer is that they occurred more or less about the same time.

465. *Mr. Mitra.*—As early as November 1924 you had that warning ?

*Mr. Rajagopalan.*—Up to 31st March 1924 we had only 1,690 c.ft. of marble ; 1925 and 1926 were the years in which marble work was in full swing.

*Mr. Mitra.*—But you had the warning in 1924 ?

*Mr. Rajagopalan.*—But we did not know what it was all about. Till August 1926 we had no idea ; it was only then we realised that the stone wastage was so big and the Chief Engineer also realised the fact about the same time and he took the earliest opportunity to shut down departmental operations in marble ; he could not, however, do so completely because he had to be careful to see that the progress of the work did not suffer ; we took the earliest opportunity to slow down departmental work. All that was possible was done. Before August 1926 none of us realised the acuteness of the position ; after that the Chief Engineer and the Finance Department representative fully co-operated in the matter.

466 *Mr. Das.*—Do you mean to say that in 1924-25 there was no engineer who had any experience about wastage in marble ?

*Mr. Sale.*—We had a technical expert ; but he had no idea of what his accounts really indicated ; his first figure was 10% as the actual wastage in dressing any particular stone. Wastage over the whole series of operations was much greater.

467. *Mr. Das.*—And this officer has left ?

*Mr. Sale.*—Yes.

468. *Sir Frederic Gauntlett.*—Might we come back to the terms of the contract ? It is stated in the contract that the stone was to be supplied to certain dimensions approximately. What reason had the person who signed the contract to believe that he would be paying for marble of very much smaller size at the same rate as for those big blocks ?

*Mr. Sale.*—It was realised that it was quite impossible to supply every block of marble of these enormous dimensions, and there never was any intention that only these large blocks should be supplied.

469. *Sir Frederic Gauntlett.*—Is there any justification for that statement in the contract ? It says that marble shall be supplied to certain sizes approximately : one can quite understand that you can go a few inches outside one way or the other. But to say that blocks of 5' to 8'  $\times$  2' to 3' 6"  $\times$  1' to 2' 9" should be supplied and then to accept blocks 6"  $\times$  10"  $\times$  6", I suggest, cannot possibly be called approximate.

*Mr. Sale.*—The officers who drew up this contract explained, when the enquiry was held by the New Capital Committee, that it was never their intention that all the blocks should be of this enormous size.

470. *Sir Frederic Gauntlett.*—I cannot possibly interpret a signed contract by the intention of the person who gave the contract ; you must interpret the contract by the actual wording as signed by the contractor.

*Chairman.*—I quite agree that the contract is most unbusinesslike, but then there is another sentence that the size should be explained to the contractor by the officer and that the exact dimensions will be given from time to time.

*Sir Frederic Gauntlett.*—But I suggest that "exact" must be read with "approximate".

*Chairman.*—I entirely agree with you ; but so far as the contractor is concerned, I gather that he was told that he would be allowed to tender much smaller sizes of marble and be paid for at the same rate.

*Sir Frederic Gauntlett.*—That could only mean that the contract was never regarded as of any validity from the time it was signed.

471. *Chairman.*—Did the Accounts Office raise any objection ?

*Mr. Rajagopalan.*—As a matter of fact, the first bill was presented to the D. A. G. C. R. and I cannot trace any objections having been taken by him between March 1924 and October 1924, when the work was transferred to the Central Accounts Office.

472. *Sir Frederic Gauntlett.*—May I ask Mr. Kaula to state whether in the bills that go to audit the size of the stones is entered ?

*Mr. Kaula.*—The sizes are entered in the detailed measurement sheets—not in the bills and the sheets are not sent to audit ; they are sent to the Accounts Office where the payment is made. The first payment was made by the D. A. G., C. R. before the Central Accounts Office was started.

473. *Chairman*.—If Mr. Rajagopalan's statement is correct, the D. A. G. C. R. got details of measurements because he was then actually paying the bills.

*Sir Frederic Gauntlett*.—Would you accept that, Mr. Kaula ?

*Mr. Kaula*.—I have no personal knowledge of that ; but very small quantities were supplied in 1924.

*Sir Frederic Gauntlett*.—If that is so, I fully accept the responsibility of audit for making the mistake ; but that does not debar me from raising the point.

*Chairman*.—No ; as I have said already, I have always held the contract to be a most unbusinesslike document.

*Mr. Rajagopalan*.—After the Central Accounts Office was formed, one of the Assistant Accounts Officers was an engineer and the objection was taken by him.

*Chairman*.—The whole question was raised but it was not unfortunately pursued then.

474. *Mr. Mitra*.—Is it a fact that the price of the smaller blocks must be much less ?

*Mr. Rajagopalan*.—No ; it depends on the quality.

*Mr. Mitra*.—The quality being the same, is the rate same for a block of larger size as for a block of smaller size ?

*Mr. Rajagopalan*.—It is much more difficult to get a large block of perfect quality than a smaller block of perfect quality.

*Mr. Mitra*.—So it is a fact that you have paid much more than you should have paid ?

*Mr. Sale*.—That is not a fact.

475. *Mr. Mitra*.—If the first premise is correct, that we pay less for smaller than for larger blocks, is it not correct to infer that we have paid more by accepting smaller size blocks, the quality being the same ?

*Mr. Rajagopalan*.—No ; as a matter of fact there is much less wastage with smaller blocks. The Superintending Engineer assured the Committee that the stone-yard engineer told him it was not practicable to get all big blocks and that he was getting blocks of smaller dimensions and he had the full approval of the Superintending Engineer who was in touch with the market rates for marble ; they all realised that this particular condition was probably borrowed mechanically by some clerk from a similar stone supply contract, though it had really nothing to do with marble ; and instead of adopting the businesslike way of modifying the specification, they simply ignored it and went ahead, and they had the authority of the Superintending Engineer concerned for doing so. I understand also that the Superintending Engineer fortified himself by consulting a very important firm of engineers who were familiar with marble work and obtained a confidential analysis of rates which fully supported their action in accepting these small blocks ; what they wanted was more the quality than the size. The New Capital Committee satisfied themselves that the rates paid

were not excessive and the wastage was not excessive.. On those two points the New Capital Committee—its President especially—had several sources of information and they have assured us that they were perfectly satisfied that the rates were reasonable.

*Chairman.*—Still that does not take away from the conclusion we arrived at that the contract itself was defective and unbusinesslike, and that all these things should have been brought out in the contract.

476. *Mr. Das.*—Did you examine the Executive Officer concerned ?

*Chairman.*—It was he who drew attention to the Assistant Accounts Officer's objection. He said : "What I was doing came to the notice of the Accounts Office. Why did they not set me right then ?" From the engineering point of view he said he was perfectly correct. He had no doubt on the point that by accepting the marble, he had saved Government money, and not made Government lose money.

477. *Mr. Rajagopalan.*—It is a pity that that particular objection was dropped by the Assistant Accounts Officer.

*Sir Frederic Gauntlett.*—At that time the work was being done by the Pay and Accounts Office which was functioning under the Finance Department. My check at that time was merely a test check and one cannot possibly guarantee that one will read through all the objections raised. We used only to pick out the vital ones.

*Chairman.*—My own personal feeling is that we had better drop the matter, simply recording our concurrence in the conclusion that the contract was drawn up in a most unbusinesslike manner.

478. *Mr. Mitra.*—Should we not further say that if similar defects should be noticed in contracts in future, steps should be taken forthwith to revise them in a suitable manner ?

*Chairman.*—Yes.

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Evidence taken at the Tenth Meeting of the Public Accounts Committee held on  
Tuesday, the 21st August 1928, at 2-45 P.M.

## PRESENT :

1. The Hon'ble Sir Bhupendra Nath Mitra, *Chairman*.

2. Mr. S. C. Mitra.

3. Mr. Abdul Matin Chaudhury.

4. Mr. C. S. Ranga Iyer.

5. Mr. B. Das.

6. Haji Chowdhury Mohammad Ismail Khan.

7. Rao Bahadur M. C. Rajah.

8. Lt.-Col. H. A. J. Gidney.

9. Mr. W. Alexander.

} *Members.*

10. Sir Frederic Gauntlett, Auditor General.

11. Mr. J. E. C. Jukes, Controller of Civil Accounts.

12. Mr. G. Kaula, Accountant General, Central Revenues.

13. Mr. T. K. Rajagopalan, Officer on Special Duty,  
Finance Department.

14. Mr. P. N. Mukherji, Audit Officer, Indian Stores  
Department.

} Were also present.

Mr. J. L. Sale, Chief Engineer, Delhi, P. W. D.

Lt.-Colonel F. C. Shelmerdine, Director, Civil Aviation.

Lt.-Col. K. M. Kirkhope, Chief Controller of Stores.

Mr. S. Lall, Deputy Secretary, Department of Industries and Labour.

Mr. Tin Tut, Under Secretary, Department of Industries and Labour.

} *Witnesses.*

## DEMAND 91—DELHI CAPITAL OUTLAY—contd.

*Para. 104 of the Accountant General's Report—contd.*

479. *Chairman*.—We will resume the discussion of the Marble case. What are these sawing charges ?

*Mr. Rajagopalan*.—More cubic feet had been paid for in sawing than the volume of rough marble actually received. The explanation was that rough marble was received in big blocks and in order to make sure that it was of the proper grain and colour the marble was sawn near the edge, so as to expose the face. If it was of the proper quality it was accepted, otherwise it was rejected. That also explains why some of the rejected marbles have been sawn.

*Sir Frederic Gauntlett*.—He gave me that explanation and that is why I did not concentrate on it.

*Chairman*.—Then we will drop it.

480. *Mr. Das.*—Did Mr. Cairns satisfy the authorities that the quantity of sawn marble delivered to the works was not less than the total quantity for which sawing charges had been paid ?

*Mr. Rajagopalan.*—Mr. Cairns had no time to satisfy us about it. So I satisfied myself about it by sending an assistant from the accounts office to the railway station and making a rough list of the invoices. Having thus ascertained the weight, I got a conversion factor and found that the figure roughly agreed with the total receipts of rough marble in cubic feet.

481. *Chairman.*—Mr. Rajagopalan, you are satisfied with all these points ?

*Mr. Rajagopalan.*—Yes.

482. *Chairman.*—The next item is sawn stones.

*Mr. Rajagopalan.*—We did not pursue sawn stones because we were satisfied with the explanation regarding marble.

483. *Mr. Mitra.*—What about paragraph 6(d) of the Memorandum ?

*Mr. Rajagopalan.*—This very point was made by the then Finance Member of the New Capital Committee, Mr. Jukes, in 1925 and we kept a close watch over it. We all got misled over this wastage factor. We thought that the departmental work was costing less than the contractor's work. It was only in 1926 that we realised completely that the other work was costing more. Even though we knew that Government work was costing more, for various reasons we could not shut down the Government work because one of the main contractors was dependent for his supplies on an Indian State and, as it happened, that source failed. We had to keep the departmental operations going on a small scale, till the P. W. D. were satisfied that it was safe to shut down.

484. *Mr. Mitra.*—Did you give effect to this ?

*Mr. Rajagopalan.*—As a matter of fact, action was really started by my predecessor as Finance Member of the New Capital Committee and I pursued it. This wastage factor was not evident and we were groping for some time. When we were sure of our results we at once clinched the matter.

*Para. 105.*

485. *Chairman.*—This item refers to relations with Indian States. We need not pursue the matter.

*Para. 106.*

486. *Chairman.*—What about the discrepancies in the balances of slack coal and special bricks ?

*Mr. Sale.*—They were due to mistakes in the preparation of the Stock account and the Executive Engineer has since cleared them up. The deficiency in the quantity of ballast has been made good by the contractor.

*Para. 108.*

487. *Chairman.*—You took a long time to dispose of the audit objections ?

*Mr. Rajagopalan.*—The whole case came up before the New Capital Committee and they came to the conclusion, that no action was necessary and they accepted Mr. Sale's explanation that it was unwise to pursue the

particular irregularity at the particular time. As Finance Member of the Committee, I always try to ensure that audit objections receive prompt attention.

*Chairman.*—We may emphasise the importance of taking general action which will ensure the prompt disposal of audit objections.

*Para. 131.*

488. *Chairman.*—Is progress being made in regard to the settlement of item (13) ?

*Mr. Kaula.*—The item has since been reduced to about Rs. 24,000.

489. *Chairman.*—That is satisfactory. What about the outstanding balance of Rs. 1·9 lakhs (item 12) ?

*Mr. Kaula.*—There is no reduction there.

*Mr. Sale.*—There is uncertainty as to who should administer the city extension area. The Delhi Municipality want to administer the city extension area for the expansion of Delhi proper.

*Chairman.*—That will take some time to settle and there is no use our discussing it at present.

490. *Sir Frederic Gauntlett.*—Item (3) relates to the Gwalior Transport Co. Has the final reply gone ?

*Mr. Rajagopalan.*—A Resolution of the New Capital Committee has just issued. It is being communicated to audit and audit can take it up if necessary.

*Page 579.*

491. *Chairman.*—Have all certificates relating to verification of stores been received ?

*Mr. Rajagopalan.*—Mr. Grindal told me that the certificates have been received. I believe they have been received.

GRANT 39—DEPARTMENT OF INDUSTRIES AND LABOUR.

*Para. 57.*

492. *Chairman.*—What have you got to say about defective administration of grant commented upon in this paragraph by the Accountant General ?

*Mr. Lall.*—The organisation of the Public Works is separate from that of the Industries Branch. The budget grant voted by the Assembly or sanctioned by the Finance Department is for administrative convenience divided into two one for the Public Works Branch and the other for the Industries Branch, controlled respectively by the Assistant Secretary, Public Works and Assistant Secretary, Industries. The reappropriations referred to in this paragraph were made by the Public Works Branch with reference to the portion of the grant placed at its disposal instead of with reference to the total grant sanctioned under the heads in question for the department as a whole. The defect has now been remedied.

## Page 194.

493. *Sir Frederic Gauntlett.*—I would like to call attention to a general defect in the budgeting of every department of the Government of India. It was due simply, I imagine, to the omission to remember that the location of the office is going to be changed to New Delhi. I would draw general attention to it because it appears as an explanation in the case of almost every department.

*Chairman.*—I understand that the change in the location was not known when the budget was framed.

## GRANT 47—METEOROLOGY.

## Page 221.

494. *Chairman.*—Have you introduced the system of lump cuts here?

*Mr. Tin Tut.*—We have introduced it.

## GRANT 62—EMIGRATION INTERNAL.

## Page 300.

495. *Chairman.*—Can you explain how you failed to get the necessary supplementary grant under this head?

*Mr. Lall.*—The excess was due partly to the fact that an officer of the I. M. D. in Bengal was promoted from Lieutenant to Captain with retrospective effect and partly on account of the leave salary paid to the Chairman of the Assam Labour Board of which we received intimation very late.

496. *Chairman.*—The reason why you could not get a supplementary grant was that you did not get the information in time?

*Mr. Lall.*—We also received late intimation about the local allowance which was due to the Chairman of the Assam Labour Board for the period of his leave.

497. *Sir Frederic Gauntlett.*—I would point out that an item relating to Grant 62 on page 401 has to be regularised?

*Chairman.*—That is an allotment from the reserve at the disposal of the Finance Department and we shall examine the Financial Secretary on the point in due course.

498. *Mr. Das.*—As one coming from a province which contributes the largest amount of labour to Assam, may I know if you pay anything to the Government of Bihar and Orissa on account of the Recruiting officer?

*Mr. Lall.*—No.

499. *Mr. Das.*—How do you make this recruitment in the Orissa districts and in the Agency districts?

*Mr. Lall.*—Recruitment is made only in accordance with the Assam Labour and Emigration Act.

## GRANT 66—INDIAN STORES DEPARTMENT.

Page 309.

500. *Chairman.*—Note C, 4.—Why did you not provide for that expenditure in the budget.

*Mr. Lall.*—The decision was arrived at in October 1926, after the budget had been passed.

501. *Sir Frederic Gauntlett.*—Some years ago there was a general decision that changes in accounting processes should not ordinarily be introduced during the currency of the year because it would interfere with the comparison between the budget figures and the final actuals. Unless there is any special reason to the contrary, the general principle should be that they should come into force in the beginning of the next account year.

*Chairman.*—I see this instruction was issued in January 1924.

*Mr. Lall.*—These extra-departmental inspections are made by the London Stores Department. Formerly that Department used to charge the Indian Stores Department only for the goods which were inspected for it. Subsequently, orders were passed in October 1926 that the London Stores Department should also charge the Indian Stores Department for the goods purchased by the latter for quasi-commercial departments. Funds were transferred from A4 to C4.

502. *Sir Frederic Gauntlett.*—If it is merely a transfer of funds from one head to another, there is all the more reason why it should come into force in the following year. The point is quite a simple one and you might reiterate it.

*Paragraph 15 of F. D. Resolution, dated the 5th January 1928.*

503. *Mr. Das.*—Last year, when Mr. Pitkeathly was giving evidence, he said that the position as regards losses was improving generally. What is the position now?

*Colonel Kirkhope.*—Unfortunately I cannot tell you exactly what the loss will be this year. There will be a loss. The accounts for 1927-28 are not yet finally audited, but as far as I can make out from the figures that I have, the loss will be less this year than formerly. In 1923-24 there was a deficit of Rs. 3,53,000, in 1924-25, a deficit of Rs. 2,76,000, in 1925-26 there was a deficit of Rs. 4,15,000, in 1926-27 a deficit of Rs. 2,18,000 and this year as far as we can make out, there will probably be a loss of about half a lakh.

504. *Mr. Das.*—Is it not a fact that you derived a greater amount of revenue from the Test House at Alipore?

*Colonel Kirkhope.*—From the Test House at Alipore there was an income of Rs. 1,13,237, but we have other valuable sources of revenue such as the Calcutta Inspection Circle and the Metallurgical Inspectorate.

The Government Test House, Alipore, does not pay and I cannot see how it can pay. In inspection generally we make rather more than three times what we make on purchase.

505. *Mr. Das.*—As far metallurgical income, is not there a recommendation somewhere to keep it separate from the activities of your Stores Department

so that we should know what was the actual work done in the Stores Department in the direction of development of Indian industries ?

*Sir Frederic Gauntlett.*—Mr. Pitkeathly last year did urge that part of the work that was being done by him was not commercial, and there was a suggestion that an attempt should be made to separate the accounts of the non-commercial activities of the Department. All that we are told this year is that the matter is still under consideration.

506. *Chairman.*—Apparently some decision has been arrived at on that matter: on page 312 there is a deduct entry "Amount debitable to development of industries."

*Mr. Lall.*—This was done by the Indian Stores Department and the Audit Officer without consulting the Department of Industries. We do not accept this figure as accurate. We have not examined this question fully yet and the matter is still under consideration.

507. *Sir Frederic Gauntlett.*—It was decided with regard to Salt that the Committee would like to see the two years' figures together in this profit and loss statement.

*Chairman.*—Yes, the same decision will apply here.

508. *Colonel Gidney.*—Colonel Kirkhope, is the Department self-supporting ?

*Colonel Kirkhope.*—As a department, no; in sections it is, as you will see from page 316. The metallurgical section is one section of the Indian Stores Department that has hitherto paid its way. I think that others will also do so in a very short time. The inspectorate at Calcutta, as a single unit, has paid its way. I think the Indian Stores Department will eventually pay.

509. *Colonel Gidney.*—Would you agree that your failure up to now to pay has been due to the top-heavy staff? You do not think you have to pay too heavily for staff?

*Colonel Kirkhope.*—No.

510. *Colonel Gidney.*—You think you are capable of expending very largely? Would you take up other work?

*Colonel Kirkhope.*—As to the first question, yes; as to the second, that is a very wide question.

511. *Colonel Gidney.*—Would you take up all military supply stores?

*Colonel Kirkhope.*—Certainly.

512. *Colonel Gidney.*—Can you expand your Department further for railway stores?

*Colonel Kirkhope.*—We can expand ourselves, say, to the extent that the Director General of Stores has done at home. We should not attempt to purchase all railway stores.

513. *Colonel Gidney.*—You think you can take over nuts and bolts?

*Colonel Kirkhope.*—We are already buying these.

514. *Colonel Gidney*.—You think you could purchase railway locomotives and carriages ?

*Colonel Kirkhope*.—Yes.

515. *Colonel Gidney*.—You think you can do away with the Railway Stores Department ?

*Colonel Kirkhope*.—I don't think so, because there must be some local purchases always however we expand and there must be store-keepers as distinct from store buyers.

516. *Colonel Gidney*.—Do you think that the Indian Stores Department could with economy and efficiency take on the inspection branch of military stores ?

At present this is done by military officers who are mostly junior and inexperienced and who have to learn their duties at the expense of the Indian tax-payer. Why not let the Indian Stores Department take over these duties with its full staff of skilled and experienced officers ?

*Chairman*.—There is no use pursuing the matter, Colonel Gidney, because you know that the King's Regulations prescribe a special procedure in that connection and it would be impossible for us here to record even any recommendation which would detract from the King's Regulations.

517. *Mr. Das*.—If I remember aright, it was recommended that this Department, which is not under the Secretary of State but under the Government of India, should be completely indianized : Do you not get Indian engineers at the salaries fixed by the Government of India ?

*Chairman*.—Recruitment is now made wholly by the Public Service Commission. While we cannot get suitable Indians, and have to import men from England, we find it difficult to get the men on the terms which at present constitute our standard terms. We depend on the Public Service Commission, and recruitment is made by them. If they were to come and tell us after interviewing candidates that they cannot recommend any Indian as suitable for the appointment and we must recruit Europeans through the High Commissioner, we are bound by that decision. You must remember there are two Indians on that Commission.

518. *Mr. Mitra*.—In how many cases did the Commission say that suitable Indians were not available ?

*Mr. Lall*.—There are certain cases with regard to the recruitment of Inspectors. The Commission tried twice and they could not get suitable Inspectors in India for bridge and structural work.

519. *Chairman*.—I believe the Indian Stores Department, at any rate the Department of Industries and Labour, are taking steps to train up Indians ?

*Colonel Kirkhope*.—We have two under training at the present moment.

*Chairman*.—All these point to the fact that the Stores Department and the Department of Industries and Labour who control that Department are fully alive to that aspect of the case,—and now we have got an outside semi-judicial authority in the Public Service Commission.

520. *Chairman*.—The other day Mr. Parsons told us that the Railway Department had entered into some satisfactory arrangements with the Indian Stores Department by which they will hand over additional purchases to the latter. Can you tell us what is the present position in regard to the purchases by the Railway Department through the Indian Stores Department ?

*Colonel Kirkhope*.—In very round figures, our purchases for the Railway Department have been 75 lakhs *per annum*. They were rather less last year, about 70 lakhs. As regards new railway purchases, we do not really know the exact value but we think that the total value will be about 2½ crores, that is to say, a crore and a half more than we have done for them hitherto, in other words roughly three times what we have done for them hitherto. We shall have a sliding scale of payment.

521. *Mr. Das*.—May I have an idea of this sliding scale ?

*Mr. Lall*.—For purchases up to 175 lakhs, the railways will have to pay one per cent. For purchases, over 175 lakhs but less than 200 lakhs, they have to pay one per cent. for the first 175 lakhs, and .75 per cent. for the balance. For purchases exceeding 200 lakhs, they will pay one per cent. for the first 175 lakhs, .75 per cent. for the next 25 lakhs and .5 per cent. for the balance. The charges for tests and inspection will be levied in addition. The scale will be subject to review after three years.

522. *Colonel Gidney*.—Does that entail an increase in your staff ?

*Colonel Kirkhope*.—Yes, a comparatively small increase of staff.

*Chairman*.—I saw the figures at some stage, but I understood that the additional receipts which will result from this arrangement will not be required wholly to meet the extra establishment, and the net result will be a reduction of the loss on the Indian Stores Department.

523. *Chairman*.—You are getting from the Army a fairly large custom ?

*Colonel Kirkhope*.—The army is our biggest single customer ; they buy about a crore and three quarters *per annum* and practically make up half of our purchases ; it was rather less last year.

524. *Mr. Das*.—In the Appropriation Accounts I think there should be a statement of the patronage given by the different Departments of Government to the Indian Stores Department.

*Sir Frederic Gauntlett*.—This question constantly arises. There is a very grave danger of turning that report into an Administration Report ; now this volume goes to 600 pages already, and then it will be a thousand.

*Chairman*.—I would suggest to Members to study the Administration Report. If members are interested in the matter, they can ask for it.

*Mr. Ranga Iyer*.—I would suggest a minute being recorded that members of the Public Accounts Committee be supplied in future with the Administration Report of the Stores Department as also similar other Reports which are likely to be useful in the course of our deliberations.

*Chairman*.—If you think that is absolutely essential with due regard to the interests of the tax-payer, that might be recorded.



## GRANT 71.—STATIONERY AND PRINTING.

*Para. 83.*

525. *Chairman.*—Mr. Lall, what have you to say to the suggestion that the financial interests of Government were neglected ?

*Mr. Lall.*—There was one difficulty experienced by the Department. Both the Manager of the Monotype Press and the then Controller of Printing and Stationery retired, and the explanation from the present Controller is not very adequate. It appears that the moulds and matrices were ordered in June 1919 and April 1921 and the amalgamation of the Monotype Press and the Central Branch Press did not take effect until the year 1924. In 1923 there was a common Manager. The moulds and matrices had to be specially manufactured by the Monotype Company, and I understand from the Controller that when once an order had been placed and a start made in the manufacture, it would not have been possible to cancel the order.

*Page 361.*

526. *Chairman.*—A. 5.—The remark relates to the item of Rs. 1,87,000 and the point is whether provision should have been made in the budget for this purpose.

*Mr. Lall.*—Payment was made by the Stationery and Printing Department but subsequently it was decided.....

*Chairman.*—When was it decided ? That is the real point. Was it not possible for you to make proper provision in the budget ?

*Sir Frederic Gauntlett.*—I confess I cannot understand this transaction. Railways have always been a commercial Department. I cannot understand why Railways should not have been charged.

*Chairman.*—If the Railways made use of the stationery, and the Stationery Department used to pay the bills and then debit the charge to the Railway Department, the recovery came in through that debit. Then it was decided that the bills should be sent direct to the Railway Department and that they should pay direct.

*Mr. Rajagopalan.*—I have got the explanation of the Pay and Accounts Officer, Calcutta. As a matter of fact, Railways with one exception, made direct payments. Orders regarding direct payment were actually issued in July 1927.

Evidence taken at the Eleventh Meeting of the Public Accounts Committee held on Wednesday, the 22nd August 1928, at 11 a.m.

## PRESENT :

- |  |   |                           |
|--|---|---------------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> .                 | } | <i>Members.</i>           |
| 2. Mr. S. C. Mitra.  |   |                           |
| 3. Mr. Abdul Matin Chaudhury.  |   |                           |
| 4. Mr. C. S. Ranga Iyer.   |   |                           |
| 5. Mr. T. A. K. Shervani.  |   |                           |
| 6. Mr. B. Das.   |   |                           |
| 7. Haji Chowdhury Mohammad Ismail Khan.                                    |   |                           |
| 8. Rao Bahadur M. C. Rajah.  |   |                           |
| 9. Lieut.-Colonel H. A. J. Gidney.   |   |                           |
| 10. Mr. W. Alexander.  |   |                           |
| 11. Sir Frederic Gauntlett, Auditor General.                               | } | <i>Were also present.</i> |
| 12. Mr. J. E. C. Jukes, Controller of Civil Accounts.                      |   |                           |
| 13. Mr. G. Kaula, Accountant General, Central Revenues.                    |   |                           |
| 14. Mr. B. Nehru, Assistant Auditor General.                               | } | <i>Witnesses.</i>         |
| Mr. K. Sanjiva Row, Assistant Secretary, Foreign and Political Department. |   |                           |
| Rai Sahib Chuni Lal, Foreign and Political Department.                     |   |                           |
| Rai Sahib Rama Nand, Foreign and Political Department.                     |   |                           |

## GRANT 30—FOREIGN AND POLITICAL DEPARTMENT.

*Para. 54 of the Accountant General's Report.*

527. *Chairman*.—The point raised is whether there is adequate control over expenditure.

*Mr. Sanjiva Row*.—The position was examined early in March 1927, and as a result it was anticipated that there would be a saving of Rs. 5,000 under Postage and Telegram Charges and of Rs. 15,000 under Other Contingencies. But in the month of March the expenditure exceeded anticipations. It was mainly due to the very fluctuating nature of the expenditure under these heads which depends mainly upon the political situation at the time. There was the trouble in China at the time and we had to incur larger expenditure on telegrams.

*Chairman*.—Have you any comments, Sir Frederic, to make on that ?

*Sir Frederic Gauntlett*.—No, Sir, I do not think so, except that it is almost universal experience that the expenditure in March is heavier than

in any other month of the year and one ought to make due allowance for that in estimating what the expenditure at the end of the year is going to be. I do not suggest it was not done. It is only a general comment.

528. *Mr. Chaudhury*.—The excess under sub-head C is stated to have been due to debits for passages and for railway journeys for the tourist cars used by the Secretaries. What does it mean ?

*Sir Frederic Gauntlett*.—It means, I think, that the Secretary in the Foreign and Political Department is entitled to the use of a reserved carriage when travelling on railways. Government do not think it necessary to retain a special saloon like the Member's saloon and therefore when the Secretary wants to make a tour, they hire from Government what is called a tourist car, which is a special type of car kept for the use of people touring throughout India who want a complete car to themselves.

529. *Mr. Mitra*.—Is it more or less costly ?

*Sir Frederic Gauntlett*.—It is less costly, I presume, than a full saloon, like the Member's saloon, and of course Government have only to pay the hire for that.

530. *Mr. Chaudhury*.—If it was the practice, it should have been foreseen in the budget.

*Mr. Sanjiva Row*.—The original provision in the Budget was under voted. It was decided during the year that the travelling allowance of a non-voted officer should be treated as non-voted and we could not accurately distribute the total amount between voted and non-voted. The excess was also due to expenditure in March having exceeded anticipations.

531. *Sir Frederic Gauntlett*.—Can you tell us why this expenditure was not anticipated and covered by reappropriation ?

*Mr. Sanjiva Row*.—Because it was incurred late in March.

532. *Sir Frederic Gauntlett*.—Still you know the journey is being made and it is possible to get a rough estimate of what it is going to cost. This question has been threshed out in regard to the tours of Members and the same point is involved in regard to the tours of Secretaries.

*Mr. Sanjiva Row*.—But in this particular case the expenditure was incurred in March and so we could not provide for it by reappropriation as the latest date for reappropriations is the first week in March. As a matter of fact, we had to get an additional allotment under non-voted. It was not merely a question of reappropriation.

533. *Chairman*.—When the budget was prepared, this expenditure came under voted and thereafter owing to a decision of the Secretary of State it became non-voted. That was remedied by your obtaining a supplementary allotment of Rs. 24,588. And still your expenditure exceeded that by about Rs. 10,000. Can you tell me whether there was a new authorisation in that year for Secretaries in the Foreign and Political Department to use tourist cars ?

*Mr. Sanjiva Row*.—No, Sir. It was not a special arrangement.

*Chairman*.—Then you have not so far produced any satisfactory explanation.

*Mr. Sanjiva Row.*—My only explanation is that when we applied for an additional allotment under non-voted this particular expenditure was not fully anticipated.

534. *Chairman.*—Even at the date you obtained that grant of Rs. 24,588, a proper estimate had not been made of the expenditure likely to be incurred ?

*Mr. Sanjiva Row.*—The expenditure exceeded the estimate on account of the expenditure in March.

*Chairman.*—The March tour must have been very expensive to cost Rs. 10,000.

*Sir Frederic Gauntlett.*—Would it not be sufficient to suggest that the Foreign and Political Department should follow the same rules which have been laid down with regard to the valuation of tours made by Members ?

535. *Chairman.*—I think that instead of asking them to follow the same rules, we might simply say that the Department should make adequate arrangements to control expenditure under this head against the grant and obtain additional grants in good time. On the face of it, the explanation is not wholly satisfactory. One-third of the whole grant had to be spent in the tours of two Secretaries in the month of March.

*Mr. Sanjiva Row.*—It was not exactly one-third because it will be seen that an allotment of Rs. 3,812 was made under C. instead of under C.C. owing to a clerical error, so that the excess is reduced by about Rs. 4,000 and amounts to Rs. 6,000.

*Chairman.*—In view of this further explanation, would we be justified in modifying the conclusion ?

*Sir Frederic Gauntlett.*—No, Sir ; I think it is still desirable that they should evaluate their tours properly.

#### GRANT 75—NORTH-WEST FRONTIER PROVINCE.

*Page 415.*

536. *Chairman.*—Item XII.—Was not there any money voted for this particular hospital in the budget ?

*Mr. Chuni Lal.*—No, Sir. The proposals for the construction of a Hospital at Peshawar were submitted to the Government of India in August 1925. In September the Government of India informed the Chief Commissioner that the Standing Finance Committee had accepted the principle that Government should contribute a substantial amount towards the initial cost of the new hospital, but no provision on this account was included in the budget estimates of that year. It was in June 1926 that it was decided that Government should contribute one-third of the total cost subject to a maximum of 2½ lakhs. Accordingly the sum of one lakh required for payment to the Peshawar Municipality in 1926-27 was met by reappropriation.

537. *Chairman.*—The point here is whether a new hospital is to be treated as a new service. If we follow the criterion which the Auditor General would like to see adopted, this would have to be treated as such but we may leave the general question for further consideration.

## Page 417.

538. *Mr. Das.*—There is a big saving on account of allowances and honoraria. Do you mean that that year the prices of food grains were very low in your province ?

*Mr. Chuni Lal.*—Yes.

539. *Mr. Das.*—And you think you were justified in cutting down the small allowance of low-paid servants ?

*Mr. Chuni Lal.*—The provision made in the budget could not be fully utilised. Provision was made for 8 months for all districts and agencies, but actually the allowances became admissible for fewer months and only in one or two districts. So there was a saving in grain compensation allowance.

540. *Mr. Chaudhury.*—With regard to the explanation that certain new concessions extended to Patwaris were not within the knowledge of officials, does that point to any defect of procedure ?

*Mr. Chuni Lal.*—The orders were communicated to the district officers. But it appears the estimate framed on this occasion was a little high.

*Chairman.*—Then the explanation here is not correct ?

*Mr. Chuni Lal.*—No, Sir ; it is not quite correct.

*Chairman.*—I hope you will frame your estimates correctly in future.

*Mr. Chuni Lal.*—This was a new concession and so the estimate could not be properly made.

## Page 418.

541. *Mr. Mitra.*—Under sub-head C, there is an excess both under voted and non-voted. Does not this show bad budgeting ?

*Mr. Chuni Lal.*—In the case of non-voted it is explained here that it was due to the greater cost of passages than was anticipated.

*Sir Frederic Gauntlett.*—It is always difficult to estimate how many people are going to take passages to England.

542. *Mr. Mitra.*—You could not foresee the appointment of an extra Assistant Conservator of Forests ?

543. *Mr. Chuni Lal.*—No, Sir.

*Mr. Mitra.*—Could it not be postponed if it was not foreseen ?

*Mr. Chuni Lal.*—It was considered an urgent matter and the appointment had to be made.

## Page 419.

544. *Chairman.*—Then the next item is Stamps.

*Mr. Chuni Lal.*—It appears that formerly over-head charges were not recovered from Local Governments.

*Sir Frederic Gauntlett.*—It appears that some orders issued from the Government of India regarding over-head charges

*Mr. Chuni Lal.*—Yes, the orders were issued by the Government of India during the course of the year 1926-27.

Page 419.

545. *Mr. Mitra.*—Under Works there was an excess of Rs. 7,000, though there was a supplementary grant of Rs. 40,000.

*Sir Frederic Gauntlett.*—I think it was one of the measures adopted to attempt to save the town of Dera Ismail Khan.

*Mr. Chuni Lal.*—Yes.

Pages 421 and 427.

546. *Sir Frederic Gauntlett.*—I suggest that in the course of budgeting increments should be allowed for.

*Mr. Chuni Lal.*—In this case provision for annual increments was made by the Departmental Officer but was cut out by the Accountant General. In dealing with the estimates of 1925-26, it was suggested by the North-West Frontier Administration to the Government of India that in order to provide for annual increments in the budget estimates, provision should be made for the pay earned on 1st October of the year for which the estimates were framed instead of that on 1st April, as laid down in the Civil Account Code. The Accountant General, Punjab, to whom the matter was referred, said that the extra cost of annual increments after 1st April was likely to be counterbalanced by the savings from retirement, death, etc., during the course of the year and that no extra provision was necessary.

547. *Chairman.*—Sir Frederic, I have a recollection that somewhere else it was brought out that, on your suggestion, a decision has been arrived at that the budget estimates should be framed with reference to actual rates of pay. That bears out what Mr. Chuni Lal has just said.

*Sir Frederic Gauntlett.*—But when I suggested actual rates of pay I had in mind the actual rates of pay which would be in operation during the year, which would include any increment falling due. It is true there is an Article in the C. A. Code with regard to the checking of establishments. But I believe we are still awaiting the ultimate decision of Government on that particular point.

*Chairman.*—At least in this particular case Government gave a decision ?

*Sir Frederic Gauntlett.*—No, the Accountant General simply followed the existing Code rules, which of course he was entitled to do. My point is that I should like to get that Code rule altered, but I am reluctant to start any modification until the Government of India give a final expression of opinion as to the way in which the budget for establishment purposes should be framed. My suggestion is that the best course is to make an estimate of the exact amount of pay that will be paid during the course of the year and then to make an estimate of probable savings.

548. *Chairman.*—Will much advantage be gained by that ? As matters stand it has been apparent throughout that in the case of establishment charges, the deduction for probable savings is not adequate. And if special provision is made for increments accruing during the year, will not the position be worse ?

*Sir Frederic Gauntlett.*—It is easier to estimate probable savings if you get an accurate budget first of all and then compare that with the results for a series of years. I admit it is a debatable point.

*Chairman.*—We had better leave it for the present.

## Page 425.

549. *Mr. Das.*—Under Diet and Road-money of witnesses, there is an excess of Rs. 20,000. Was the expenditure on this account abnormal that year ?

*Mr. Chuni Lal.*—It was on account of fees in criminal cases and particularly two protracted fraud cases in which witnesses had to be summoned from distances. So that it was rather exceptional.

## Page 428.

550. *Mr. Chaudhury.*—Under Arms and ammunitions there is an excess of Rs. 10,523.

*Chairman.*—It is a question of estimating liabilities which we have dealt with generally.

*Sir Frederic Gauntlett.*—Perhaps we might make a separate note to bring it to the attention of the North-West Frontier Province.

*Mr. Chuni Lal.*—But this excess expenditure according to the books of the Department was only Rs. 4,926. There seems to be some discrepancy in this case. The expenditure shown here is Rs. 35,000, but according to our books it was Rs. 29,000.

*Chairman.*—Including the claims ?

*Mr. Chuni Lal.*—Yes.

551. *Chairman.*—What is the reason for the large excess under contingencies ?

*Sir Frederic Gauntlett.*—Partly due to making a provision in the budget under one head and bringing it to account under another. Rs. 23,000 of that is shown as appropriation against B7 on page 427.

*Chairman.*—What about the remaining Rs. 17,000 ?

*Mr. Chuni Lal.*—Out of that Rs. 6,100 is on account of fixed contingencies for which provision was made under head B-4.

552. *Chairman.*—But once budget provision has been made under a particular head, expenditure will be booked against that head for that year and any change in classification should be introduced in the ensuing year.

*Mr. Chuni Lal.*—In this case the accounts officer did not follow that procedure. The expenditure was booked under this head.

## Page 435.

553. *Mr. Chaudhury.*—One explanation here is : “ Savings occurred mainly under stipends and were due to the non-utilisation in full of the provision for the training of additional teachers.” Are they spending less ?

*Mr. Chuni Lal.*—That is not the case. This was in connection with the 5-year educational programme which was introduced in the Province this year and a provision of Rs. 14,000 made for the training of additional teachers could not be utilised.

554. *Mr. Chaudhury*.—Stipends to the students ?

*Mr. Chuni Lal*.—No, for the training of teachers. That is where the saving occurred.

555. *Mr. Mitra*.—Even in that case this provision should have been utilised. More than 40 per cent. has not been utilised.

*Mr. Chuni Lal*.—That was a new provision altogether and probably teachers could not be found.

*Page 436.*

556. *Mr. Das*.—The same remark must apply to grants-in-aid. Do they save money under Education in order to apply it to other heads ?

*Chairman*.—If local bodies delayed the opening of new schools, Government are not to blame. This is a new scheme and if local bodies delay a couple of months in opening new schools naturally there would be a saving under this head.

*Sir Frederic Gauntlett*.—The total grant was 13,05,000 out of which they spent 12,88,220. You cannot get things possibly closer than that. It is not fair to say that money is taken away from Education and put into other departments.

*Mr. Das*.—We have had some discussion with the Education Department whether money granted to primary education can be utilised for secondary education. That was in my mind when I made the remark.

*Page 441.*

557. *Mr. Chaudhury*.—There is an excess of Rs. 25,000 under A.-2 on page 441, and the explanation says it is due to liberal expenditure on growing expensive crops and establishing orchards with a view to make the farm self-supporting. We quite appreciate this object but could it not have been provided for in framing the budget estimate ?

*Mr. Chuni Lal*.—This explanation is not quite correct. The budget was somewhat under-estimated, as it would appear that the expenditure in 1925-26 was Rs. 60,000 and in 1927-28 Rs. 53,000.

*Mr. Shervani*.—Why was it under-estimated ?

*Mr. Chuni Lal*.—The budget might have been reduced by the Controlling Officer.

*Para. 131 (25).*

558. *Chairman*.—Can you tell us anything more about this old case of misappropriation ?

*Mr. Sanjiva Row*.—The final orders of the Government of India were issued some 3 or 4 months back. We stopped the increments of one of the officers for one year. The other officer had already retired, so no action could be taken against him.

GRANT 76—BALUCHISTAN.

*Para. 85.*

559. *Mr. Shervani*.—I would like to know whether the money is deposited in the treasury direct or not.



*Mr. Rama Nand.*—No, the question is still being enquired into, and reports have been asked for from subordinate officers. It is difficult to arrange for the money to be paid into the treasury direct. The reason is that in Baluchistan the distances are very long and the people are very backward. They bring the money from their homes and unless it is taken from them immediately it is likely either to be taken back to their homes or to be stolen. Anyhow the matter is being investigated and reports have been called for from subordinate officers. The Local Administration is considering whether it would not be possible in some cases for the money to be taken into the treasury.

*Mr. Shervani.*—The fact that the people are backward is all the more reason for depositing the money in the treasury.

*Mr. Rama Nand.*—Well, treasuries close very early in the afternoon, sometimes at one o'clock and often at half past two. A man who comes from 25 or 30 miles away cannot get to headquarters in time to put his money into the treasury that day. The next day may be a holiday. There are all sorts of complications in the way, but the case is being very carefully examined.

Page 445.

560. *Mr. Shervani.*—There is a note here which says : " Excess of 13,283 against appropriation of Rs. 16,000 mainly due to more land having been annexed to the Fruit Farm at Quetta ". Why was this Fruit Farm started ?

*Mr. Rama Nand.*—I want to explain that this is not a commercial concern. The fruit farm was started to interest the local people in the fruit industry. It has done a very great deal of benefit to them and anyone who saw Quetta Valley before Mr. Howard went there and will see it now can tell the difference that has been made in fruit culture there.

561. *Mr. Shervani.*—Have you been extending the operations of the farm ?

*Mr. Rama Nand.*—Yes, the operations were extended a little and it is proposed to extend them still further because it is recognised to be too small a sum to spend for the whole of Baluchistan. We make a little money by selling fruit also, but the chief work of the farm is demonstration and the supply of young plants to the fruit-growers.

Page 444.

562. *Mr. Chaudhury.*—There is a very interesting item of expenditure under Political. Footnote D says : " The expenditure under this head was abnormal during the year on account of Sir Frederick Johnston's impending departure from Baluchistan ". This relates to an excess of Rs. 56,000 against an original provision of Rs. 60,000.

*Mr. Rama Nand.*—The explanation of this is very simple. Sir Frederick Johnston was leaving Baluchistan after a stay of ten years, and all the people in the outlying districts naturally wanted to say good-bye to him. There was therefore a very big congregation of local people who had to be entertained.

563. *Mr. Mitra.*—That is the custom ?

*Chairman.*—Yes, they come as guests of the State.

*Mr. Rama Nand.*—And they don't come alone. They bring their followers with them according to their position.

564. *Mr. Mitra.*—Did you not know that Sir Frederick Johnston was going and could you not anticipate the expenditure ?

*Chairman.*—From personal information, I might tell you that when the Budget was being prepared there was no such anticipation, namely, that Sir Frederick was going to leave Baluchistan so soon.

565. *Mr. Chaudhury.*—Does it mean paying their railway fares ?

*Mr. Rama Nand.*—There are very few stations there connecting with headquarters. They come on horseback, motor lorries, etc., over long distances.

566. *Mr. Chaudhury.*—Are they paid for the trouble of coming there ?

*Mr. Rama Nand.*—Not only for the trouble but the expenses they actually incur. They are men of position and they also bring with them, as I have said, many of their followers, sometimes as many as 50. And not only followers. If, when they happen to be at headquarters, they meet there anyone of their own clan, they bring him along also. They are Sirdars and Maliks.

567. *Sir Frederic Gauntlett.*—I presume that has been the custom of the country ever since we went there.

*Mr. Rama Nand.*—Yes. And this was also an exceptional occasion. Everybody knew Sir Frederick Johnston was going and they flocked to headquarters to say good-bye. Our expenditure used to be double what it is. This charge has been reduced by the Government of India.

#### 78.—AJMER-MERWARA.

##### *Pages 478-479.*

568. *Mr. Sanjiva Row.*—The variations are mainly due to differences between expenditure recorded in the offices of the Audit Officer and that recorded by the Controlling Officers. A proper system of reconciliation has now been introduced with effect from 1927-28 which should eliminate these differences.

569. *Mr. Shervani.*—Have you noticed that there are greater variations in the Political Department than in any other Department ?

*Mr. Sanjiva Row.*—That is because the Political Department has got a very large number of officers. They have a very large number of agencies, residencies and consulates to maintain.

*Mr. Shervani.*—I only wanted to draw the attention of Sir Frederic to the fact.

*Sir Frederic Gauntlett.*—I don't know that I have gathered that impression. I have been through this very carefully and I have not really found that there is anything which seriously requires comment.

#### POLITICAL.

##### *Para. 94.*

570. *Chairman.*—Can you tell us what is happening in the matter of the audit of Secret Service expenditure ?

*Mr. Sanjiva Row.*—A despatch has been prepared and I think it will issue shortly. It is now under discussion between the Financial Secretary and the Foreign Secretary. They want to consult some local officers who will be coming here shortly. After discussion the despatch is likely to issue.

*Mr. Mitra.*—When ?

*Mr. Sanjiva Row.*—Within the next month or two.

*Para. 131.*

571. *Chairman.*—Item (9).—What about the outstanding claim of Rs. 17,57,173 against the Foreign Department ?

*Mr. Sanjiva Row.*—That is a claim against the Persian Government. It is now under discussion between His Majesty's Government and the Persian Government.

572. *Chairman.*—What about (10) ?

*Mr. Sanjiva Row.*—Those are claims against certain Indian States. The outstandings have been considerably reduced, although satisfactory accounts are not yet being received from one of them. We are trying to put things right.

573. *Chairman.*—Then we come to item (11). What is this about ?

*Mr. Sanjiva Row.*—This relates to claims against several Foreign Governments whose subjects were interned at Ahmedabad during the War and afterwards repatriated.

*Chairman.*—The Secretary of State has passed no orders ?

*Mr. Sanjiva Row.*—It is not quite correct to say that the Secretary of State has passed no orders yet because the claims against the German, Austrian, Italian, Hungarian, Russian, Latvian and Polish Governments have already been settled. There are a few claims against other Governments about which there is still correspondence between the Secretary of State and His Majesty's Government.

*Chairman.*—But the bulk of it has been settled ?

*Mr. Sanjiva Row.*—Yes, Sir.

*Para. 95.*

574. *Col. Gidney.*—I would like to know something about the loss in connection with the rent of the residential buildings referred to here.

*Mr. Sanjiva Row.*—This is not a new building. It was constructed about 15 years ago. Sanction was first accorded for this project in 1910, and a very large area of the house is used as a sort of Durbar Hall. Thus, though the house is large, the actual accommodation available for the Resident is proportionately poor.

*Col. Gidney.*—I know the house very well. I don't want to make a definite statement which is likely to be misunderstood. What I say is that originally the House might have been designed for use as a Durbar Hall, but the necessity of a Durbar Hall does not exist to-day and so it is used as a private residence. If this arrangement is in accordance with the rules then I have nothing more to say, except that it is a distinct loss to Government.

575. *Chairman.*—Is it correct to say that the house is no longer used as a Durbar Hall, and do the Political Department accept that statement ?

*Mr. Sanjiva Row.*—No, Sir.

*Chairman.*—I think we had better leave it as it is.

*Page 531.*

576. *Mr. Das.*—Who bears the cost of the Legation ?

*Mr. Sanjiva Row.*—India bears the entire cost of the British Legation in Kabul.

*Page 532.*

577. *Mr. Das.*—On account of the new understanding that we have come to that we pay £250,000 to the British Government, what will be the change in the Aden Budget ?

*Mr. Sanjiva Row.*—His Majesty's Government will bear the political and military charges and we will bear the civil charges.

578. *Sir Frederic Gauntlett.*—Are all questions settled as to the apportionment of the various charges between the British Government and India ?

*Mr. Sanjiva Row.*—No, Sir. The question as to what exactly are political charges is still under discussion between the Secretary of State and His Majesty's Government.

#### TERRITORIAL AND POLITICAL PENSIONS.

*Page 542.*

579. *Chairman.*—The excess expenditure is stated to have been due to heavy arrear payments in Bengal. Were these not anticipated ?

*Mr. Sanjiva Row.*—So far as the Territorial and Political Pensions grant is concerned, the expenditure is watched by the Provincial Accountants-General, and they apply direct to the Finance Department for any additional sums which they may require with reference to the progress of expenditure. The F. and P. Department do not watch expenditure under this particular head.

#### WESTERN INDIA STATES AGENCY.

*Page 556.*

580. *Chairman.*—Why was this large amount left uncovered under Allowances, etc. ?

*Mr. Sanjiva Row.*—The excess was mainly due to the cost of passages some of which could not be foreseen in time. There was also a change of accounting in the course of the year.

*Chairman.*—It is the Lee Commission concession again ?

*Mr. Sanjiva Row.*—Yes. The excess was brought to the notice of the Agent to the Governor-General by the Audit Officer and he applied to the Government of India for a re-appropriation of Rs. 8,000 and he thought that he could meet the balance by re-appropriation himself. He waited but did not get the figures from the Accountant-General in time to sanction the necessary re-appropriations.

*Chairman.*—There was a certain amount of saving in the total expenditure ?

*Mr. Sanjiva Row.*—Yes, Sir.

581. *Chairman.*—What about the excess under Establishment charges recovered from other Governments, etc. ?

*Mr. Sanjiva Row.*—The excess remained uncovered owing to an erroneous impression that because it was a case of recovery and not expenditure no additional grant or re-appropriation was necessary.

*Chairman.*—Have you set that right now ?

*Mr. Sanjiva Row.*—Yes, Sir. Necessary instructions have been issued. This Agency was formed only in 1924 and they had not sufficient experience in accounts.

582. *Mr. Das.*—I will ask you a general question about these Western India States. Formerly the Bombay Government was looking after them and now you are looking after them. Those who are purely Zemindars and Jagirdars, are they looked after by the Government of India or by the Bombay Government ?

*Mr. Sanjiva Row.*—There are some agencies which are under the Government of India and still some others under the control of the Bombay Government.

583. *Mr. Das.*—You pay them some money ?

*Mr. Sanjiva Row.*—We pay them for the work done.

*Para. 129.*

584. *Mr. Kaula.*—Item (17).—This is reported to be still under the consideration of the Government of India.

*Mr. Sanjiva Row.*—I would invite a reference to item 8 in para. 130. There the Accountant General says “ Thus the staff is treated as on regular foreign service.” But here he says it is still under the consideration of the Government of India. Our orders on the two cases—the Aitchison College and the Rajkot College—were exactly the same. If necessary we will pursue the matter with the Accountant General and find out exactly why there is this difference between the two.

*Para. 19 of the Home Auditor's Report.*

585. *Chairman.*—Can you tell us what the position is ?

*Mr. Sanjiva Row.*—These refugees—about 70 in number—were kept in the refugee camps at Belgaum and Ahmednagar. They were repatriated in May 1921 and intimation was sent to the India Office who asked the Government of India in September 1921 to forward a complete statement of the claim for presentation to the Polish Government. As these refugee camps were under the control of the Bombay Government, we addressed them and we could get the statement from them only in October 1922, and even then, it was not complete in every detail. These refugees had come *via* Meshed, Tashkend, etc., and we had to get information from the Consuls there also as to the expenditure incurred by them. Another difficulty was that the refugees did not declare their true nationality in the first instance and so the accounts could not be kept by nationalities. The expenditure on account of the refugees of all nationalities was lumped together and to find out exactly what amount was incurred on account of Polish refugees was not an easy task, because they did not declare their true nationality. The difficulties were explained to the Finance Department and they recognised that the delay was unavoidable.

Evidence taken at the Twelfth Meeting of the Public Accounts Committee held on Thursday, the 23rd August 1928, at 11 a.m.

PRESENT :

1. The Hon'ble Sir Bhupendra Nath Mitra, *Chairman*.
  2. Mr. S. C. Mitra.
  3. Mr. Abdul Matin Chaudhury.
  4. Mr. C. S. Ranga Iyer.
  5. Mr. T. A. K. Shervani.
  6. Mr. B. Das.
  7. Rao Bahadur M. C. Rajah.
  8. Lieut.-Colonel H. A. J. Gidney.
  9. Mr. W. Alexander.
- } *Members.*
10. Sir Frederic Gauntlett, Auditor General.
  11. Mr. J. E. C. Jukes, Controller of Civil Accounts.
  12. Mr. G. Kaula, Accountant General, Central Revenues.
  13. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department.
  14. Mr. D. C. Campbell, Director of Commercial Audit.
  15. Mr. B. Nehru, Assistant Auditor General.
- } *Were also present.*
- Mr. A. B. Reid, Joint Secretary, Department of Education, Health and Lands, *Witness*.

GRANT 46—SURVEY OF INDIA.

*Para. 61 of the Accountant General's Report.*

586. *Chairman*.—What is the position about the form of these accounts ?

*Mr. Reid*.—The form has been submitted to the Finance Department only a few weeks ago and I think it will be settled in the near future.

*Para. 60.*

587. *Mr. Das*.—What about the store accounts for maps ?

*Mr. Reid*.—I am afraid that that has not been settled yet. The Surveyor General is objecting very strongly. He says that the extra expense involved would be very heavy. He is coming up next month and we have put it down for consultation with him.

588. *Chairman*.—Apparently the Auditor General does not feel very strongly on that point ?

*Sir Frederic Gauntlett*.—The position is really very simple. There is an enormous mass of maps and the Surveyor General's attitude is that they are of no value whatever practically to anybody besides himself and that the actual cost of maintaining a detailed store account would be more than would probably be saved by the mitigation of any possible chance of defalcation.

*Pages 210—15.*

589. *Mr. Chaudhury.*—The original grant of Rs. 3,000 odd under E-7 has been considerably overspent.

*Chairman.*—It is recoverable expenditure and there was an increase in the recoveries too.

*Mr. Shervani.*—They have spent Rs. 32,000 odd less in D-7, while here they have spent Rs. 56,000 odd more than the grant.

*Chairman.*—The point is that these survey parties work for the Government of India, and also for Provincial Governments, Indian States, etc., from whom recoveries are made.

*Pages 216—17.*

590. *Mr. Das.*—May I know if the stores are valued at the purchase price or at the present market price,?

*Mr. Campbell.*—That is not my account. I only took over these accounts from the 1st March 1928.

*Sir Frederic Gauntlett.*—It was examined by Mr. S. C. Gupta, Examiner of Outside Audit. We are gradually taking these technical accounts from non-technical officers and handing them over to Mr. Campbell. I can assure Mr. Das that now that Mr. Campbell has taken over the responsibility for auditing these stores accounts, he will ensure that the proper methods of valuation are adopted.

*Pages 210—15.*

591. *Mr. Mitra.*—Item D-3—there is a saving of more than a lakh of rupees.

*Sir Frederic Gauntlett.*—In previous years we have had explanations from survey authorities that it is extremely difficult when the budget is being prepared to apportion accurately between heads D and E, and that from that point of view the department ought to be judged by a comparison of the figures under the two heads taken together. You will find that while there are comparatively large savings under D, on the whole there are slight excesses under E.

## GRANT 49—BOTANICAL SURVEY.

*Para. 131 (6).*

592. *Sir Frederic Gauntlett.*—You sent an officer up to investigate and recommend a set of cinchona accounts?

*Mr. Campbell.*—Yes, we did. The Government of Bengal have got our report. There are no orders on the report yet. They have had the report for 6 or 8 months. We cannot get up a system of accounts for the Government of India's Cinchona Department until orders are issued by the Government of Bengal on the report submitted to them, because the two are closely intermingled.

*Mr. Reid.*—We have got an Agricultural Conference coming on in October and we shall probably discuss this matter then.

*Chairman.*—If the matter is going to be discussed next month we had better leave things as they are.

*Sir Frederic Gauntlett.*—I do suggest that the stores account indicates that things are not quite satisfactory.

*Chairman.*—They have not been satisfactory so long and I doubt very much whether any harm would be done by leaving matters in that state for another year.

*Page 229.*

593. *Mr. Ranga Iyer.*—About this question of purchases abroad, is it not possible to grow all this bark in India ?

*Mr. Reid.*—We have the very greatest difficulty in growing even about one-fourth of the supplies that are required in India.

594. *Mr. Ranga Iyer.*—Have you made any attempt to increase the growth of cinchona bark in India ?

*Mr. Reid.*—We have.

595. *Mr. Ranga Iyer.*—And don't you think that within a certain period it would be possible to grow all this bark in India ?

*Mr. Reid.*—That is our policy, but I am afraid that our policy has not been quite successful hitherto. The Royal Commission on Agriculture have made a general recommendation that the cultivation of cinchona should be increased and that the Government of India should do everything possible to increase it. It is already our policy.

596. *Mr. Chaudhury.*—Is it a fact that you are going on increasing your stocks simply because you have a contract with Howards ?

*Mr. Reid.*—Not quite ; we require the bark received under the contract. Besides, under the contract which has been in force for ten years, our hands are absolutely tied in this matter.

597. *Mr. Mitra.*—How long will this contract continue ?

*Mr. Reid.*—It was in force at any rate up to the 15th July, but it may be in force for another three years. We have telegraphed to the High Commissioner for exact information and he has not yet replied.

598. *Mr. Ranga Iyer.*—Is there any intention of stopping this contract.

*Mr. Reid.*—It is a complicated question. I should be averse to saying anything definitely at present.

*Mr. Ranga Iyer.*—Last year the Chairman of this Committee said “ I think the balance of the argument is in favour of not continuing the contract ”.

*Mr. Reid.*—If the contract is not renewed in some shape or form, we cannot get all the quinine bark that we want.

599. *Chairman.*—Do the Government of India pass on this quinine to the Provinces.

*Mr. Reid.*—Yes. India is supplied by three sources, the Government of India quinine, the Bengal quinine and the Madras quinine.

600. *Colonel Gidney.*—Is it a fact that the delay in the starting of cinchona cultivation is due largely to this contract with Howards ?

*Mr. Reid.*—No. We have already started plantations, but some of them have been washed away by heavy rains. Cinchona grows only in certain climates, and precariously.



601. *Chairman*.—From the evidence given on behalf of your department last year, the committee understand that there was no intention of continuing the contract beyond 1928 when it would expire in the ordinary course. The witness also explained that the large balance of stock in hand on the 31st March 1926 was due to the policy of building up stocks in anticipation of the termination of the agreement. Now you say that you do not know whether this contract will be terminated this year or not?

*Mr. Reid*.—I do not know whether it will be possible to terminate it. There are two contracts—one between the Secretary of State and Howards and the other between the Java growers and Howards—and the Secretary of State bound himself under the former not to terminate the Indian contract until Messrs. Howards cancel their Java Contract, which may subsist for as much as three years after July last. If the contract is not cancelled, we are bound to go on under it for another three years.

602. *Sir Frederic Gauntlett*.—Would you agree, Mr. Reid, that it is very difficult to understand the position of quinine for India as a whole merely from these statements?

*Mr. Reid*.—I entirely agree.

603. *Sir Frederic Gauntlett*.—In order to get an adequate view of the whole situation, you ought to bring together the accounts of Bengal and Madras and consolidate them into one statement?

*Mr. Reid*.—That would help.

604. *Chairman*.—Am I correct in saying that the year's consumption was 544,000 pounds?

*Mr. Reid*.—That is the consumption of bark belonging to the Government of India at Mungpoo.

605. *Chairman*.—Then if nothing more comes in, the balance at the end of 1928 will be reduced to practically *nil*. If so, how does the overstocking come in?

*Sir Frederic Gauntlett*.—I did not refer to overstocking of bark. I referred to the overstocking of quinine sulphate.

606. *Colonel Gidney*.—When you stop your contract, can you get supplies locally?

*Mr. Reid*.—Not sufficient. That is why I said we have to think carefully before we stop the contract. We are thinking of negotiating a further contract with Howards removing the objectionable features in the present contract. Howards are anxious to continue the contract, we believe.

607. *Sir Frederic Gauntlett*.—I presume, Mr. Reid, the importance of the main contract is that if that contract is terminated, you can get into direct negotiations with the Java growers?

*Mr. Reid*.—That is a delicate suggestion. We thought of negotiating directly with the Java Growers some years ago and the idea was turned down. We considered we were not in a position to negotiate directly.

608. *Colonel Gidney*.—Don't you consider it extraordinary that such a big country as India could not produce her own requirements?

*Mr. Reid.*—We have done our best in the matter. We put the Director of Botanical Survey on special duty some years ago to select suitable sites for cinchona plantations. He selected two sites and we did start plantations. But the first was washed away.

*Chairman.*—On the general question of India growing more cinchona, the Agricultural Commission has made certain recommendations and the Assembly will no doubt discuss them in due course. At this stage we have no expert opinion to enable us to make recommendations.

609. *Mr. Ranga Iyer.*—Is it a fact that the Madras farms can produce more than they do ?

*Mr. Reid.*—I think not they cannot at present produce all that the Madras Government want. That is one reason why we have to continue the contract in some form, probably.

610. *Mr. Das.*—Are you going to bring up the Agricultural Commission's Report for discussion in the Assembly ?

*Mr. Reid.*—I have no official information, but I believe it is coming up in the January session.

*Page 226.*

611. *Sir Frederic Gauntlett.*—I think, Sir, the Committee might recommend that the Government might consider the question whether it will not be possible to obtain a more satisfactory certificate of stocks than at present. Mr. Campbell knows something about this stock verification.

*Mr. Campbell.*—I have seen the Stores at Naduvatam and at Mungpoo. The bark is stored in 6 or 7 shades of various sizes. Most of them are open at the sides. The bark is stored there before it is taken into the factory and put through the process of manufacture.

612. *Sir Frederic Gauntlett.*—Do you think from what you have seen that it will be possible to work out a satisfactory method of certification ?

*Mr. Campbell.*—I do myself certainly.

*Mr. Reid.*—It is not worth anybody's while to steal the bark. We have already referred this question of weighing stocks to the Director, Botanical Survey and he has told us that it would take a long time, possibly six weeks or two months a year.

613. *Sir Frederic Gauntlett.*—I suggest that any practicable method of stock-taking is entirely a technical question which can be discussed by the experts and it is sufficient if we recommend that the question might be reconsidered.

*Chairman.*—I want to assure myself that there is a case for making a recommendation.

*Mr. Rajagopalan.*—Some consignments, Sir, are entirely unopened, and only a fictitious figure is assumed with regard to them and an arbitrary figure is assumed for dryage. As regards quinine sulphate, the Audit Officer, Calcutta, has verified by experiments all the India stock in the Indian museum.

*Sir Frederic Gauntlett.*—In any form of stock-taking it is perfectly permissible to take unopened packages at the original weight provided a few of them are checked. That can be settled easily by the experts.

*Colonel Gidney.*—I suggest there is a reason for recording this opinion, because if you carefully look into the words, what do you mean by 'otherwise disposed of'?

*Chairman.*—After hearing Mr. Rajagopalan I am not satisfied in my mind that a defect exists.

*Mr. Rajagopalan.*—The bark is of very small value and all the stocks have been verified and other stocks will be verified. As we find that the drug is only one year's stock, it is not a thing which goes on from year to year. So I think we may very well leave it at that.

614. *Chairman.*—Sir Frederic, are you clearly of the opinion that the present method of stock-taking is defective?

*Sir Frederic Gauntlett.*—Paragraph 82 (b) of my letter says: "It has been certified that the stock of stores was verified without actual weighing, and the Public Accounts Committee may desire to inquire into the method of verification". Well, Mr. Rajagopalan's explanation does make some difference because that is not on record in the certificates to which I have taken exception. I still say after having heard what Mr. Rajagopalan says that it will probably be feasible to arrive at some satisfactory method of stock-taking. I do not suggest for a moment that it is absolutely necessary to weigh every bit: all that I do say is that having regard to the method of certificate that is put in here, the question of an improved method of stock-taking does seem to deserve consideration. I do not know what authority Mr. Rajagopalan has for going beyond the experts who are on the spot at the factories. -

*Mr. Rajagopalan.*—We had a report from the Director.

*Sir Frederic Gauntlett.*—I do not suggest complete weighment after what Mr. Reid has said, but I do feel a little investigation might enable us to have some more satisfactory way than is being followed at present. Mr. Campbell, who is our expert, has already stated that he considers that some more satisfactory way can be ascertained, and all that I suggest that the matter should be reconsidered.

*Mr. Campbell.*—We have had control over stores for some time. It is more satisfactory now, but I still think with regard to Mungpoo that improvements can be made in stores control generally and also as regards the stock-taking. -

*Chairman.*—We may suggest that the Government of India should consider this question of stock-verification with a view to placing matters on a satisfactory footing.

615. *Mr. Das.*—Ought not the Accountant General to sign the stock account?

*Sir Frederic Gauntlett.*—Mr. Campbell has been to Mungpoo and has suggested a form of account on which however Government have not yet passed any orders because that has to await a decision on the main question of administration.

616. *Mr. Alexander.*—It would be useful perhaps to have a test stock-taking.

*Sir Frederic Gauntlett.*—Mr. Campbell tells me that exactly the method referred to by Mr. Alexander was undertaken by one of my officers three years ago and that nothing seriously wrong was found at Mungpoo. But I still adhere to my statement that stock-taking at Mungpoo is capable of improvement.

617. *Chairman*.—To come back now to page 229, the stock was 358,000 lbs. and the issues in that particular year were something like 17,000 lbs. So the Auditor General is correct that we have got 21 years' consumption. How does that bear out your statement, Mr. Reid, that we want all this quinine for consumption in India ?

*Mr. Reid*.—For various reasons, the past policy, and the present policy, has been to build up stocks up to 450,000 lbs. of quinine which would mean something like 30 years' consumption. The calculation was that by the time that stocks reached this figure, the contract would have terminated, and then the Government of India would put the quinine on the market in larger volume than at present. It was hoped to have almost a monopoly of the Indian market.

618. *Chairman*.—Am I to understand that the Government of India seriously came to the conclusion that they must have 30 years' stock in their hands ?

*Mr. Reid*.—Not quite. But they calculated that they would have 450,000 lbs. in India at the time that the contract would probably end. They wanted then to increase the general consumption of quinine, at a lower price.

619. *Chairman*.—You have not answered my question. Is it the deliberate intention of the Government of India that 30 years' stocks should be accumulated before they embark on that policy ?

*Mr. Reid*.—Yes, that was the policy, read with the remarks I have just made.

620. *Sir Frederic Gauntlett*.—When you talk about accumulation of 450,000 lbs., is that merely of the Government of India quinine ?

*Mr. Reid*.—No, the whole store in India. But the Bengal and Madras stores are comparatively negligible.

621. *Sir Frederic Gauntlett*.—What is the total issue in India of Government quinine ?

*Mr. Reid*.—About 50,000 to 55,000 lbs.

*Sir Frederic Gauntlett*.—So that you have got about 8 years' supply.

622. *Col. Gidney*.—Is it the case that the idea of accumulating 30 years' supply was to have some time so as to develop the Indian market ; and was anything taken into serious consideration as regards deterioration in India ?

*Mr. Reid*.—The opinion of our medical experts is that quinine does not deteriorate in storage. There were two conferences on the subject in 1923 and 1925, and this conclusion was then reached.

623. *Col. Gidney*.—Is it the case that Government have not yet carried out their first idea, which has absolutely failed ?

*Mr. Reid*.—I would not say ' absolutely failed ', but it has met with a very qualified success only.

624. *Sir Frederic Gauntlett*.—You agree, Mr. Reid, that if a fresh contract is entered into with Messrs. Howards over a reasonable period of years, the whole question of this building up will have to be reconsidered ?

*Mr. Reid.*—It is being reconsidered already.

625. *Mr. Shervani.*—I think no fresh contract ought to be entered into unless the whole situation is reconsidered. For instance, we might want to know first the results of the recommendations of the Agricultural Commission. You are of opinion that the present contract should be determined if the terms of the contract allow of it ?

*Mr. Reid.*—Certainly we do not wish to perpetuate the contract as it stands.

*Sir Frederic Gauntlett.*—Mr. Reid has already said that the Government of India is doing its very utmost to gauge the situation for some months past. Mr. Reid's point is, once he knows whether the main contract is to continue or to be broken, the Government of India will then be in a position to gauge completely the situation.

*Mr. Reid.*—That is so ; that is the principal factor outstanding. But Madras and Bengal are in favour of renewing the contract in some shape. That is another factor which has to be considered.

*Chairman.*—We may suggest that the Government of India should take steps to terminate or modify the contract so as to avoid further overstocking.

#### GRANT 51—ARCHAEOLOGY.

##### Page 231.

626. *Chairman.*—Saving under land acquisition. Have you anything to say on that point, Mr. Reid ?

*Mr. Reid.*—I agree with the Auditor General's remark ; but it seems to me it is of general application to all Departments, requiring general orders.

*Chairman.*—But why should you require an order ? You have not got orders on all points to regulate your budget procedure. If when you prepared your budget you had no clear idea that that money would be required for expenditure in the ensuing year, why did you put the money in your budget ?

*Mr. Reid.*—As an insurance, in view of the probability of the money being required.

627. *Chairman.*—You do not always budget for insurances. Did you make a lump cut here ?

*Mr. Reid.*—No.

*Sir Frederic Gauntlett.*—If you start making lump cuts in a total grant of less than Rs. 50,000, then you may be carrying things too far.

*Chairman.*—We need not pursue the matter.

##### Page 232.

628. *Mr. Das.*—Sub-head J—Collection of antiquities. Is that the Stein collection ?

*Mr. Reid.*—Yes.

629. *Mr. Das.*—I think we were told in the Assembly that this collection would be placed in Delhi.

*Mr. Reid.*—It is there already. The proposal is to put it in the Record Office eventually.

630. *Mr. Das.*—The public will be able to see it ?

*Mr. Reid.*—Certainly.

GRANT 57—AGRICULTURE.

*Page 259.*

631. *Chairman.*—Have you extended the system of lump cuts to this grant ?

*Mr. Reid.*—A lump cut was made in 1927-28.

*Page 256.*

632. *Chairman.*—Why was so large a supplementary grant for works expenditure obtained when it was not necessary ?

*Mr. Reid.*—It was based on information supplied by the engineers, but the whole building programme could not be completed during the year.

*Page 257.*

633. *Chairman.*—As regards G.-4, what about these deaths due to vaccination ?

*Mr. Reid.*—It was an unfortunate case of a mistake by a veterinary officer. He vaccinated these animals intravenously, and a large number died.

634. *Sir Frederic Gauntlett.*—Was any action taken with regard to the veterinary officer who made this mistake ?

*Mr. Reid.*—He was censured two years ago.

635. *Mr. Chaudhury.*—There was a saving of Rs. 19,000 in the cost of feeding. How many cows died ?

*Mr. Reid.*—He inoculated over 100, and I think 72 cows died.

636. *Chairman.*—Have you any comment to offer Sir Frederic ?

*Sir Frederic Gauntlett.*—No, Sir, except that it is a heavy loss to suffer for the mistake of one officer.

*Page 258.*

637. *Chairman.*—The large savings relating to the Anand Creamery appear to indicate bad budgeting.

*Mr. Reid.*—When the budget provision was made it was intended to keep on this Creamery more or less permanently. One of the conditions on which the creamery was taken was that it should be self-supporting. We proposed therefore to enter into various contracts under these heads but the subsequent raising of the question of closing down the creamery prevented us from entering into satisfactory contracts.

*Page 263.*

638. *Mr. Das.*—Here you put down as a receipt " Increase in value through revaluation Rs. 11,516 ". I find you have taken certain cattle from Bangalore to Karnal. When Bangalore cattle come to Karnal do prices go up ?

*Mr. Campbell.*—No we have a uniform system throughout the farms regarding appreciation and depreciation of cattle. The system recommended and, I think, adopted is to appreciate cattle up to 3 years of age and then start depreciating over a period of 9 or 10 years. It is quite feasible to have an appreciation instead of a depreciation.

*Sir Frederic Gauntlett.*—As a matter of fact, on this page you will find first of all an increase in value through revaluation, and then a statement lower down of decrease in value through revaluation, which is exactly what Mr. Campbell says.

*Pages 266-267.*

639. *Mr. Chaudhury.*—An attempt has been made in the accounts on these two pages to distinguish between the educational and commercial activities, but what does the gross loss of Rs. 13,000 on the commercial side represent ?

*Mr. Campbell.*—It represents the difference between the stocks at the beginning plus purchase less stocks at the end. What it means is that they are selling produce, butter, cheese, milk and also livestock under cost price.

*Sir Frederic Gauntlett.*—Perhaps I might explain this account as it is a little confusing. It is divided into two portions. The first deals with cattle breeding and dairying and the second deals with cultivation. The gross loss, that is the initial loss before you bring in all the other expenditure, under commercial was Rs. 13,400. There was a gross profit under cultivation of Rs. 26,700. By the time all the other transactions and accounts are brought into the account you work down to a net loss of just under Rs. 50,000 on the cattle breeding and dairying. But on the other hand, under cultivation there is a net profit of a little over Rs. 12,000. So the two combined show a net loss of Rs. 37,000 on the commercial side.

640. *Mr. Alexander.*—Have we any figures to enable us to make a comparison of the working of this concern with last year ?

*Mr. Campbell.*—We have not, because it was only at the last meeting of the Public Accounts Committee that the new form of accounts was recommended. We have compiled this statement from the accounts of two half years prepared in different forms, the old and the new. Under the old system, we had much less information, and I cannot give you the different figures for the commercial and educational sides for previous years.

*Sir Frederic Gauntlett.*—I think we can get that next year Mr. Alexander. It will be difficult to give you on one page, the whole of all the figures for two successive years, but the net results can perfectly easily be shown at the bottom of the page for two successive years.

641. *Colonel Gidney.*—But we have not yet been told why on the commercial side of this cattle breeding and dairying account there should be a loss of about Rs. 50,000.

*Chairman.*—In research of this kind there are bound to be losses. We might postpone any detailed examination of the loss to next year.

642. *Mr. Das.*—Mr. Campbell, would you explain how you arrive at this distribution between commercial and educational ?

*Mr. Campbell.*—The Government left it to the Agricultural Adviser to the Government of India and myself in consultation with the Superintendents of the farms to determine how the total under each head should be split up between commercial and educational. In each case my officer

who is responsible for the audit of the farm saw the Agricultural Adviser and the Superintendent of the farm, and sent me for approval and for the approval of the Auditor General the percentages. I have been working on those and will do so until we find they need to be modified or altered in any way.

*Page 273.*

643. *Mr. Das.*—At Wellington, you say you sold cheese at Rs. 1-12-0 and Rs. 1-8-0 a lb. but at Bangalore you sold cheese at Rs. 1-4-0.

*Mr. Campbell.*—Because they did not employ the same methods. Some farms buy cream and convert it into cheese; other farms convert their own cream into cheese.

*Page 283.*

644. *Mr. Das.*—You say “Land (Military Department)” and “Buildings (Military Department)” ; I thought the whole colony belonged to the Education Department ?

*Mr. Campbell.*—During the first two years they paid rent for the buildings, etc., before it was decided to transfer the property to the Government of India.

*Mr. Reid.*—Yes, they were liable to reversion to the military. It is only lately we have taken them over.

645. *Chairman.*—You told us it was the intention to close this creamery at Anand ?

*Mr. Reid.*—Yes, that is the recommendation. It will probably be closed in about three years.

#### GRANT 58 CIVIL VETERINARY SERVICES.

*Para. 67.*

646. *Chairman.*—In the first place, have you come to any decision as to whether the accounts of the institute should be kept in commercial form ?

*Mr. Reid.*—No, Sir, not yet. It is a very involved question which has been discussed with Mr. Campbell, and Government have not passed orders. I am afraid it has been pending for some two months now.

*Chairman.*—Haven't they accepted the principle that accounts should be kept on a commercial basis ?

*Mr. Reid.*—I do not think so. I have not seen the file. There is a long letter which is awaiting consideration.

*Chairman.*—As Mr. Reid does not possess much information, we can pursue it next year.

647. *Sir Frederic Gauntlett.*—There has been delay also in dealing with the various audit reports which I have sent regarding Muktesar. One comment which I have had to make in the last report that I have just sent in is that until orders are passed it is impossible to get the improvements effected on the spot.

*Chairman.*—Sub-para. 1 relates to irregularities.

*Mr. Reid.*—Orders were issued on the 29th May. They have been disposed of.



648. *Chairman.*—What action have Government taken ?

*Mr. Reid.*—They have practically accepted all the suggestions made.

*Mr. Campbell.*—Mr. Reid is perhaps referring to orders on our first report, 1925-26 Audit Report. I have seen no orders on the special reports on the irregularities.

*Chairman.*—We should be justified in making a remark that the Committee desire that audit irregularities brought to notice and connected questions of improving accounts should be disposed of by the Government of India as early as possible.

649. *Mr. Das.*—There is the question in para. 67 of the high price of milk. We have to consider whether it is not necessary to abolish the dairy. The cost price of milk is Re. 0-5-9 and the sale price is Re. 0-4-6

*Mr. Reid.*—The employees cannot get any milk there without this dairy. That is why a dairy is maintained. Government deliberately decided to keep the dairy going to supply employees with milk and milk products.

650. *Mr. Mitra.*—What is the difficulty in raising the price ?

*Mr. Reid.*—The price has been raised. Officers above Rs. 600 are now charged at 2 seers to the rupee.

*Mr. Campbell.*—The accounts for the succeeding period up to March this year show a profit of about Rs. 1,000.

*Para. 68 (c).*

651. *Chairman.*—What have you got to say about these unnecessary reappropriations ?

*Mr. Reid.*—There was a muddle, I fear. The Agricultural Adviser did not realise that there was a provision of Rs. 4,800 when he sanctioned the further re-appropriation. He did not realise he had money in hand.

*Chairman.*—Have you taken steps to avoid these muddles in the future ?

*Mr. Reid.*—We have pointed that out to the Agricultural Adviser.

*Page 288.*

652. *Chairman.*—Have you taken steps to introduce the lump cut, Mr. Reid ?

*Mr. Reid.*—No, Sir. There is no lump cut at present. In this case there were special reasons why there were savings. There were a large number of vacancies and a large sum of money lapsed this year in connection with the provision for boiler, engine and dynamo.

*Chairman.*—I do not think we need pursue this question of lump cut. If next year there is a repetition of the situation, there might be a stronger case.

GRANT 72, MISCELLANEOUS.

*Page 394.*

653. *Chairman.*—There was a supplementary appropriation sanctioned which could not be distributed before the close of the year. Why was it not distributed ?

*Mr. Reid.*—The budget was not ready till February 1927. The Agricultural Commission had been recently constituted and it was scarcely feasible to do it.

*Chairman.*—There is great difficulty in obtaining proper figures with regard to these Commissions.

Evidence taken at the Thirteenth Meeting of the Public Accounts Committee held on Thursday, the 23rd August 1928, at 2-20 p.m.

PRESENT :

- |   |   |                           |
|---|---|---------------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> .              | } | <i>Members.</i>           |
| 2. Mr. S. C. Mitra.   |   |                           |
| 3. Mr. Abdul Matin Chaudhury.   |   |                           |
| 4. Mr. C. S. Ranga Iyer.  |   |                           |
| 5. Mr. T. A. K. Shervani.   |   |                           |
| 6. Mr. B. Das.  |   |                           |
| 7. Rao Bahadur M. C. Rajah.   |   |                           |
| 8. Lieut.-Col. H. A. J. Gidney.   |   |                           |
| 9. Mr. W. Alexander.  |   |                           |
| 10. Sir Frederic Gauntlett, Auditor General.                            | } | <i>Were also present.</i> |
| 11. Mr. J. E. C. Jukes, Controller of Civil Accounts.                   |   |                           |
| 12. Mr. G. Kaula, Accountant General, Central Revenues.                 |   |                           |
| 13. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department. |   |                           |
| 14. Mr. D. C. Campbell, Director of Commercial Audit.                   |   |                           |
| Mr. Ram Chandra, Deputy Secretary, Department of E., H. and L.          | } | <i>Witnesses.</i>         |
| Mr. J. A. Woodhead, Joint Secretary, Commerce Department.               |   |                           |
| Mr. G. H. Spence, Joint Secretary, Legislative Department.              |   |                           |
| Mr. A. H. Lloyd, Member, Central Board of Revenue.                      |   |                           |

GRANT 21—FOREST.

*Para. 50 of the Accountant General's Report.*

654. *Chairman*.—Why could the large saving referred to here not have been foreseen ?

*Mr. Ram Chandra*.—The head of the department thought he would need this money for unforeseen expenditure. I am afraid I have got no defence for that.

655. *Chairman*.—Surely then the control exercised by the head of the department over the expenditure as against the appropriation was defective ?

*Mr. Ram Chandra.*—We asked for an explanation from the Inspector General of Forests and all he said was that he thought this money might be required for expenditure later.

656. *Chairman.*—I think we shall have to make some comment to the effect that it seems to us that greater care is required in this department in the control of actual expenditure against appropriation and in estimating possible requirements for the closing months of the year. Will something of that sort satisfy you, Sir Frederic ?

*Sir Frederic Gauntlett.*—Yes, I think so.

*Para. 52.*

657. *Chairman.*—Can you tell us the position as regards the revision of the Forest Department Code ?

*Mr. Ram Chandra.*—We have not issued a revised edition of the Forest Department Code because we think the subject will come within the purview of the Statutory Commission who will decide whether Forests is to be a reserved subject or a transferred subject and how its administration will be controlled in the future.

658. *Chairman.*—Even so, have you managed to keep the code up to date ?

*Mr. Ram Chandra.*—By means of correction slips we have tried to keep it up to date.

659. *Chairman.*—If that is so, why can you not re-issue it with the corrections brought up to date instead of waiting for a general revision ?

*Mr. Ram Chandra.*—We thought that if the matter is to be decided in a few months only, we would wait. At the same time we are quite prepared to take up the question now if it is desired.

660. *Chairman.*—Apparently, Sir Frederic, you feel very strongly on the point.

*Sir Frederic Gauntlett.*—I feel, Sir, that it is difficult for my audit officers to have to apply in audit rules which are manifestly not the rules which are appropriate to the occasion or which are actually in force at the particular moment.

*Mr. Ram Chandra.*—If there are any particular provisions in the Code which are considered obsolete, we shall be prepared to take up the question and issue *ad interim* orders.

661. *Mr. Kaula.*—At whose instance ?

*Mr. Ram Chandra.*—I should say the Auditor General might kindly advise about those provisions which he thinks should be revised.

*Sir Frederic Gauntlett.*—The question is rather bigger than that, Sir. The question really is whether it is fair to the officers of a department that they should nominally have to follow the rules in a Code which is obviously out of date.

662. *Chairman.*—I fully see your point but in view of the present position, namely, that there is a Statutory Commission sitting whose recommendations about the future administration of Forests may render nugatory any work which may now be undertaken for a thorough revision of this book, do you yourself advise that the work should be undertaken at the present moment ?

*Sir Frederic Gauntlett.*—Even if there were a recommendation of the Statutory Commission that the control over Central Forests should vest in an authority different from your present authority, effect could not be given to that for 2 or 3 years ; and once those changes come about, all of us will be overwhelmed with writing new rules. If an attempt is made now to bring this Code reasonably up to date, it will be of invaluable help to the persons who may have to make the changes later on.

*Mr. Ram Chandra.*—We shall consider that point.

*Chairman.*—Then we might say that the Government of India should consider the question of issuing an up to date edition of the Code without waiting for the Commission's recommendations.

*Para. 53.*

663. *Mr. Shervani.*—It seems advances are made to members of the staff and are not covered by the amount of the securities.

*Mr. Ram Chandra.*—As you will find from the last sentence of the paragraph, we are convinced of the advisability of framing a set of rules to govern the matter. We have asked the opinion of minor Administrations as to the class of officials to whom advances should be made and the maximum amount of such advances and the amount of securities they should be required to furnish. As soon as we get their replies, we will take up the question.

664. *Mr. Mitra.*—So it will be settled in the very near future ?

*Mr. Ram Chandra.*—Yes.

*Page 157.*

665. *Chairman.*—Can you tell us why the excess under Temporary Establishment was not covered by reappropriation ?

*Mr. Ram Chandra.*—This was due to a misunderstanding on the part of the Inspector General of Forests. He thought he was competent to transfer savings from one head to another.

666. *Chairman.*—It seems to me from what you tell us that you ought to take some steps to make the Inspector General look more carefully after the progress of expenditure.

*Mr. Ram Chandra.*—His attention will be drawn to it.

667. *Chairman.*—There is the question whether you will have a lump cut under this head in future years.

*Mr. Ram Chandra.*—The saving on the voted appropriation was 21 per cent. In the previous year the saving was only 4.8 per cent. It is only this year that circumstances have changed.

*Sir Frederic Gauntlett.*—I might explain that these suggestions are put forward on the basis of the figures of one year but no decision should be arrived at until the figures of two or three successive years have been scrutinised from the same point of view.

*Page 158.*

668. *Chairman.*—The old outstandings under Suspense relate to timber supplied to Salonika. What is the present position in regard to that account ?

*Mr. Ram Chandra.*—A committee was appointed which was presided over by Colonel Willis of the Royal Engineers. They went into the accounts of this transaction and their accounts up to 31st March 1925 have been accepted as correct. When they examined the accounts of this transaction, they found that there was some timber which had not yet been sold by the agents of the Government of India. That timber has now been sold and the contractors were asked to settle the account as soon as possible.

669. *Chairman.*—Have you heard from the High Commissioner as to whether any further progress has been made in this matter? You say here the finally audited accounts are awaited from the High Commissioner. Have you got these finally audited accounts?

*Mr. Ram Chandra.*—No, we have not got them yet.

670. *Chairman.*—Then will you remind him?

*Mr. Ram Chandra.*—We shall send him a reminder.

671. *Chairman.*—Have you any further comments to make, Sir Frederic. I do not feel that the position is satisfactory.

*Sir Frederic Gauntlett.*—I do not feel the position is satisfactory either. There is a general point which emerges, I think, and that is whether the officers who come before us to answer for their respective departments are really in a position to fulfil the responsibilities that are imposed upon them.

*Chairman.*—It is true we have not received adequate explanations, but I can quite see the difficulties of Mr. Ram Chandra who has not held his present appointment for more than a couple of months.

#### GRANT 55—MEDICAL SERVICES.

##### *Para. 63 (a).*

672. *Chairman.*—Has the question of the future administration of the X-Ray Institute been decided?

*Mr. Ram Chandra.*—The proposal to transfer the Institute to the Military Department is still under consideration.

673. *Mr. Mitra.*—When are you likely to reach a final decision on the point?

*Mr. Ram Chandra.*—Well, I should say in the near future.

674. *Mr. Das.*—I thought the X-Ray Institute was started to help the various Medical Officers by supplying X-Ray apparatus and instructions to them. If the Government of India now suddenly decide to hand over the whole Institute to the Military Department, that seems to me rather a new idea which has been worked up only recently.

*Mr. Ram Chandra.*—But the main object of this Institute is to supply the needs of the Military.

675. *Chairman.*—But does it not do some research work also?

*Mr. Ram Chandra.*—No.

676. *Chairman.*—Then we come to the question of recoveries, which is dealt with in the third sub-paragraph of paragraph 63. Can you give us any information on that point, Mr. Ram Chandra?

*Mr. Ram Chandra.*—Debits are now raised against the Military Department, and for the years 1922-23 and 1923-24 the question has been taken up.

677. *Chairman.*—Did the existing rules provide that the recoveries should be made from the Military Department or are you now going to issue orders to make recoveries in regard to supplies made to the Military Department ?

*Mr. Ram Chandra.*—Orders have been issued and recoveries are being made already, but in regard to the supplies made in 1922-23 and 1923-24, the question has been taken up.

*Chairman.*—Then it shews that although there were orders to make the recoveries, the head of this particular institute did not follow those orders.

678. *Sir Frederic Gauntlett.*—My point is rather a general one. I suggest it is the business of the head of the department to look after every part.

*Chairman.*—The trouble is that in some cases if there are no Government orders that the charge should be made, the supply is free. In fact, to the best of my recollection up to about 5 years ago there were no such orders. Under such circumstances the head of the Department cannot possibly ask for repayment of the value of the supplies.

679. *Mr. Das.*—May I suggest, Sir, that the accounts in this Institute should be commercialised ?

*Chairman.*—This is not a commercial institute. It stocks the apparatus required by the Military Department and supplies the X-Ray apparatus to the military when required.

*Sir Frederic Gauntlett.*—I think there are statistics indicating the financial results, and it would appear that 80 per cent. of the issues are made to the Military Department.

680. *Colonel Gidney.*—In view of the fact that there are large stocks and that they generally depreciate in value especially in India, would it not be possible to sell them to other people ?

*Mr. Ram Chandra.*—They are being given away. We have made out a list and have asked the X-Ray Institute to distribute the surplus materials free.

#### Para. 64.

681. *Chairman.*—What has happened in regard to the allocation of fees ?

*Mr. Ram Chandra.*—This question was kept in abeyance until the question of the transfer of the Institute to the Military Department is finally settled.

682. *Mr. Shervani.*—How do you ascertain that so much has been earned in a particular quarter ? Does the officer keep regular accounts ?

*Mr. Ram Chandra.*—We trust the officer, and he is supposed to keep accounts,

683. *Sir Frederic Gauntlett.*—The only question I want to ask is whether final orders have been issued with regard to the allocation of fees ?

*Mr. Ram Chandra.*—This question has been taken up now. It was kept in abeyance pending a decision on the question of the transfer of the Institute to the Military Department.

*Chairman.*—We may suggest that the Government of India should consider whether the system of allocation of fees should not be stopped and whether the officers should not be debarred from private practice, a suitable compensation being given if necessary.

*Para. 65.*

684. *Chairman.*—Have you got anything to say on the point raised here ?

*Mr. Ram Chandra.*—This was a case of difference of opinion between two experts. The orders of write-off have since been cancelled.

*Page 241.*

685. *Chairman.*—How did the excess under Grants-in-aid arise ?

*Mr. Ram Chandra.*—This relates to the grant given to the Ripon Hospital. The grant is given to the Municipality of Simla through the Accountant-General, Punjab, and the Municipal Committee of Simla did not receive the orders for this grant. In 1926 they wrote to the Punjab Government saying that this grant was due to them. The Punjab Government then referred the matter to the Government of India. About the 30th of March 1926 a telegram was sent to them saying that the money was at their disposal ; but it could not be drawn before the end of the financial year, and therefore provision had to be made for 1926-27.

686. *Sir Frederic Gauntlett.*—It is perfectly true that the Accountant General has to authorise a payment from a Treasury, but the initial order has to be sent out not by the A. G. but by the Government concerned. The explanation would seem to indicate that the omission to supply the order was due entirely to the A. G. I do not think I could accept that on principle.

*Mr. Ram Chandra.*—The Municipal Committee simply said that they had not got the order to draw money from the treasury.

687. *Chairman.*—The next item here relates to the supplementary grant which was obtained under one sub-head while it was actually meant for another.

*Mr. Ram Chandra.*—I might explain here that there was at first no such sub-head as A8. It was intended to provide for an Inspector of Medical Education. This new sub-head was created later on.

*Chairman.*—Where you change the head of classification there is an order of Government that the change of classification should have effect from the ensuing year.

*Page 244.*

688. *Chairman.*—What steps have been taken to dispose of the surplus stocks ?



*Mr. Ram Chandra.*—Lists were obtained from the Superintendent, X-Ray Institute, and then the Local Governments and Minor Administrations were asked which stores they wanted. We received their lists but found that it was not possible to satisfy their requirements in full. Orders have recently been issued in consultation with the Director-General, Indian Medical Service with a view to making over the stores to Local Governments who needed them.

689. *Colonel Gidney.*—Were these surplus stores the result of purchases during the war ?

*Mr. Ram Chandra.*—I am not sure about that.

*Page 250.*

690. *Mr. Das.*—Accounts of the Indian Research Fund.—There is a Committee which manages this Fund ?

*Mr. Ram Chandra.*—There is a Governing Body.

691. *Mr. Das.*—You do not show their accounts anywhere in the Government accounts ?

*Mr. Ram Chandra.*—We give them a grant. They have got their own research workers. The Hon'ble Member in charge of the Department is the President of the Governing Body.

692. *Chairman.*—Has the audit report of the Lady Hardinge Medical College been received ?

*Mr. Ram Chandra.*—It has been received and here is a copy (handing over a copy). It is audited by a firm of Chartered Accountants in Bombay.

#### GRANT 45.—PORTS AND PILOTAGE.

*Page 209.*

693. *Chairman.*—Have you adopted the system of lump cuts for this grant ?

*Mr. Woodhead.*—No.

694. *Chairman.*—Why not ?

*Mr. Woodhead.*—The savings were due to special circumstances including the withdrawal of the R. I. M. Vessel "Clive" and the non-completion of the work of converting the "Dufferin" into a training ship before the close of the year. There is therefore no justification for making lump cuts.

695. *Chairman.*—What was the position last year ?

*Mr. Kaula.*—There was a saving of a lakh in 21 lakhs.

*Chairman.*—That was not bad.

*Sir Frederic Gauntlett.*—Not so bad. Only about 5 per cent.

*Chairman.*—I think we had better leave the matter for the present. Next year, if they again produce a large saving, we will have to insist on their making lump cuts in their Budget.

696. *Mr. Ranga Iyer.*—Is it not a fact that the accounts are being commercialised in this Department ?

*Mr. Woodhead.*—The Lighthouse accounts are being commercialised.

697. *Mr. Ranga Iyer.*—How long will it take for the commercialisation to be completed ?

*Mr. Woodhead.*—We have not yet recruited the headquarters staff for the lighthouses. We are aiming at introducing the commercial accounts from the 1st April 1929.

698. *Mr. Das.*—Do you intend amending the Lighthouse Act ?

*Mr. Woodhead.*—No.

699. *Mr. Das.*—Wireless Telegraphy Inspector. I thought the Industries Department had got a Wireless Branch. Have you also got a separate Wireless Branch ?

*Mr. Woodhead.*—Steamers are required to have wireless installations under the Merchant Shipping Act. Our Inspectors inspect these installations.

700. *Mr. Das.*—You do not obtain their services from the Industries Department ?

*Mr. Woodhead.*—The substantive posts of these Inspectors are in the Wireless Branch of the Posts and Telegraphs Department.

701. *Mr. Ranga Iyer.*—Do you get the special staff for lighthouses from England ?

*Mr. Woodhead.*—The Chief Inspector and the Head Mechanics, yes.

702. *Mr. Ranga Iyer.*—Could you not train them in India ?

*Mr. Woodhead.*—We have got no staff here to train them.

703. *Mr. Ranga Iyer.*—Could not arrangements be made to send them to Europe to get training so that this difficulty might be obviated in future ?

*Mr. Woodhead.*—The difficulty will be obviated in future as far as possible. The Chief Inspector will be recruited from home.

704. *Sir Frederic Gauntlett.*—Would the Chief Inspector be able to train a staff himself when he comes ?

*Mr. Woodhead.*—Probably so.

705. *Mr. Das.*—Our expenses under this head will go up when you give effect to the Act that was passed recently ?

*Mr. Woodhead.*—It is intended that the fees realised shall cover the expenditure.

706. *Mr. Chaudhury.*—About the port establishment, is it a fact that the Shipping Masters get a commission from the Shipping Companies ?

*Mr. Woodhead.*—I could not answer that question.

707. *Mr. Chaudhury.*—When they go to recruit a crew do they get a commission ?

*Mr. Woodhead.*—Fees are paid by the Shipping Companies if the Shipping Master is required to attend outside office hours.

708. *Mr. Chaudhury.*—Would it not be conducive to efficiency if these are credited to Government and the officers are given an extra allowance ?

*Mr. Woodhead.*—I am not in a position to answer that question of policy.

#### GRANT 61—COMMERCIAL INTELLIGENCE AND STATISTICS.

709. *Chairman.*—The Auditor General says : “ It may be assumed that Local Governments would present claims if they knew that they have an unquestionable right to do so ”.

*Mr. Woodhead.*—The Local Governments have a right to do so, but they have not done so. We have paid the claims of U. P., Bihar and Orissa, and Bombay. Apparently in 1926-27, the Department anticipated that the Government of Burma would claim for services rendered but as a matter of fact they did not do so and we have not advised them to do so.

710. *Mr. Shervani.*—If a sum is not claimed, that would lapse ?

*Chairman.*—Not necessarily. They may claim 2 years hence. In the meanwhile there is a saving to us. The claim cannot be time-barred. There is no limitation so far as I understand it.

*Sir Frederic Gauntlett.*—I think one possible explanation is that there is a general convention between the Government of India and the Provincial Governments that they would not worry about recovering small sums of money for services rendered. Possibly one or two Provincial Governments have not thought it worth while to prefer claims for comparatively small sums. This Rs. 50,000 is distributed over 9 or 10 Provincial Governments and the amount due to each is only a few thousands.

711. *Mr. Shervani.*—How long are you going to go on budgeting for this ?

*Mr. Woodhead.*—We have stopped budgeting.

712. *Mr. Mitra.*—If it is not barred by limitation, then after 20 years they may claim several lakhs ?

*Mr. Woodhead.*—I think the Government of India would then say no.

#### ECCLESIASTICAL.

##### Para. 92.

713. *Chairman.*—What about the revision of the Ecclesiastical Rules ?

*Mr. Woodhead.*—They are under consideration.

714. *Chairman.*—How long will that take ?

*Mr. Woodhead.*—I would not like to give an answer. I hope not too long.

715. *Mr. Das.*—Where was this Indian Church Measure passed ?

*Chairman.*—In Parliament.

##### Page 529.

716. *Chairman.*—What are the savings due to ?

*Mr. Woodhead.*—The savings are largely in the pay of bishops and chaplains and compare favourably with the savings in previous years.

717. *Mr. Shervani.*—May I know if Ecclesiastical is in any way connected with troops ?

*Mr. Woodhead.*—Troops and Government officers.

718. *Mr. Shervani.*—So far as troops are concerned, why should it not go to the military budget ?

*Chairman.*—There is an item in the military budget ?

*Mr. Woodhead.*—That is for Roman Catholic and Wesleyan ministers. I think all the Chaplains of the Church of England come under this Ecclesiastical head.

*Sir Frederic Gauntlett.*—I think it is correct that all the chaplains of the Church of England are shown under Civil.

719. *Chairman.*—The question of classification as between the civil and the military was probably discussed before. We can examine the Financial Secretary on the point later.

720. *Chairman.*—What about this over-budgeting ?

*Mr. Woodhead.*—In 1926-27 the excess of the budget estimate over the actuals under the head, "Pay of Bishops and Chaplains", where particularly the greater part of the over-budgeting occurred, is about Rs. 3

lakhs. Rs. 75,000 of this relates to passage pay. Passage pay was originally included under the head "Pay of Bishops and Chaplains". Orders abolishing "Passage Pay" were issued in 1926-27 and the actual cost of passages was debited to "Allowances and Honoraria" and that accounts for Rs. 75,000. The balance is extremely difficult to account for, but it is also difficult to say that the budget was entirely wrong. The expenditure of the previous year was Rs. 12 lakhs and there was a large drop in 1926-27 to Rs. 9,84,000.

721. *Sir Frederic Gauntlett.*—In 1924-25 there was a saving of about Rs. 2 lakhs. In 1925-26 there was a saving of 4 lakhs, and in 1926-27 there was only a nominal saving of Rs. 75,000, but that was simply due to the fact that Rs. 3 lakhs had been surrendered. My comment with regard to the original appropriation is admittedly correct.

*Mr. Woodhead.*—We have got down to Rs. 10,32,000 in 1928-29 against Rs. 12,83,000 in 1926-27. I do not think a large cut can be made.

#### GRANT 72—MISCELLANEOUS.

##### *Page 392.*

722. *Chairman.*—Why was the Supplementary Grant for the Tariff Board not distributed by sub-heads ?

*Mr. Woodhead.*—No explanation is offered for that. It is a pure mistake.

##### *Para. 15 of the Home Auditor's Report.*

723. *Chairman.*—Have you reached any final decision in the matter of the advance made to the Taj Mahal Trading Company ?

*Mr. Woodhead.*—No, the file is, I think, with the Finance Department.

#### GRANT 29—LEGISLATIVE BODIES.

##### *Page 178.*

724. *Mr. Ranga Iyer.*—Last year you made a remark that the walk-out policy adopted in the Assembly brought about a reduction. I should like to know if a similar reduction has been brought about this year.

*Mr. Spence.*—I do not think that there was any phenomenon of that sort in the year under review.

725. *Mr. Ranga Iyer.*—Has there been a saving in the Council of State allowances this year ?

*Mr. Spence.*—There was a saving under both. We budgeted too high in both cases.

726. *Mr. Ranga Iyer.*—I suppose that arises from the fact that there is irregular attendance among the members of the Legislature. At least that is the answer you gave last year.

*Mr. Spence.*—I should like to make one remark, and that is, that up to and including the year following the year under discussion we always used to assume for budget purposes that there would be a reasonably regular attendance. The first time that we got a definite ruling that that was wrong was last year when Sir Basil Blackett said that in future years we should endeavour to budget on the past actuals rather than on the prospects of reasonable attendance in future. That remark was made

last year and we could not have given effect to it in the budget of the year under discussion. We have done so in the budget for the year which is now in progress. This year we have definitely budgeted low, realising that we shall have to come up for a supplementary grant if members attend in greater numbers.

GRANT 18—SALT.

*Para. 131.*

727. *Chairman.*—What about the old outstandings? Item (1) relates to advances for the purchase of blasting powder.

*Mr. Lloyd.*—Final orders have been issued in June 1928 and the officers concerned duly censured. No other more drastic action is called for. There is a long history of slipshod work rather than anything which can be brought against any particular Officer.

728. *Chairman.*—Then we come to item (2).

*Mr. Lloyd.*—That deals with the mechanical haulage at Sambhar. It is really a part of the Sambhar improvement scheme. The transport and storage schemes at Sambhar formed a very considerable part of the whole improvement scheme.

729. *Chairman.*—The matter is still under the consideration of the Government of India?

*Mr. Lloyd.*—Orders were issued recently. From the latest figures we have got from Mr. Emerson we find that we are actually making a profit on the whole scheme.

730. *Chairman.*—Have you any comments to make, Sir Frederic?

*Sir Frederic Gauntlett.*—I can make no comment until the work done by Mr. Emerson from the technical point of view is scrutinised by my accounts officers.

*Mr. Lloyd.*—The orders of the Government of India already issued will require some reconsideration in view of Mr. Emerson's report.

GRANT 19—OPIUM.

*Para. 49.*

731. *Chairman.*—Has the withdrawal of the allowance since been made absolute?

*Mr. Lloyd.*—Yes.

*Page 138.*

732. *Chairman.*—Mr. Lloyd, have you any comments to make with reference to the large savings in this grant?

*Mr. Lloyd.*—I could say a good deal on this subject. It is necessary in the first instance to deal with the two heads A and B separately. The savings under head A amounted to 17½ lakhs. Of this amount 13 lakhs was due to short deliveries for the crop of the 1925-26, season. That was due to climatic conditions. That is a thing which we could not have foreseen, seeing that the crop ripens only about the month of April. There were a few smaller excesses which perhaps the Committee would not like to be bothered with. They amounted to 4½ lakhs, for which explanations can

be offered. 1½ lakhs of this amount was a precautionary raising of the Central Board's budget by the Finance Department in consequence of experience in several previous years. Under B, a saving of 11 lakhs was due to the short out-turn of the 1925-26 crop. Other savings were in "Advances" due partly to reduction in price and partly to reduction in cultivation. The reduction in price was not decided upon until March 1926. The main reason for the reduction from 1926-27 onwards was our new export policy. This was accepted by the Assembly in principle in March 1926 and the programme of reduction was drawn up in May. Then there was another precautionary raising of the budget by the Finance Department for the same reason as above stated. As a matter of fact, the savings in 1926-27 are a novelty, seeing that there were excesses in a number of successive years in the past.

#### GRANT 20—STAMPS.

*Pages 149-150.*

733. *Chairman.*—Here you have a number of variations.

*Mr. Lloyd.*—Explanations are wanted as regards A-5. This was due mainly to a mistake because we omitted in the budget to provide for carriage. When the officers concerned prepared the budget for 1926-27, they omitted to realise that the cost of stamps in future would be the cost at Nasik and that the cost of carriage would have to be added.

734. *Chairman.*—Have you remedied that defect now ?

*Mr. Lloyd.*—Yes, that has been remedied now. As regards H, it was not until August 1927 that the Government of India decided that recoveries for stamps for 1926-27 should be at the rates representing the cost of production at Nasik and not at the English rates. This was the year of change and it was very difficult to foresee everything. The estimate was based on figures supplied by the various Accountants General and the Finance Department have recently issued instructions which will minimise variations of this kind. As regards J-5 we only asked the Assembly for Rs. 1.68 lakhs but when we asked for that sum we mentioned Rs. 2.5 lakhs as being the estimated cost, the balance being covered by re-appropriation. The net excess in the grant as a whole is practically represented by the loss on the working of the Press. It was the first year of working and we may expect that the loss will be wiped out in the near future.

#### GRANT 74—REFUNDS.

*Page 405.*

735. *Chairman.*—The Auditor General points out that payments made are not directly communicated to the Collectors concerned.

*Sir Frederic Gauntlett.*—Most of the trouble arises in connection with Kashmir. The items have to be passed on through the accounts of Kashmir and the Punjab to the Accounts Officers concerned. The Examiner of Customs Accounts is arranging a meeting with the Accountant General of the Kashmir State on this subject either at Lahore or at Srinagar in the near future.

*Mr. Lloyd.*—We have issued a circular letter to Collectors in August 1927 from which, we hope, some benefit will result.

Evidence taken at the Fourteenth Meeting of the Public Accounts Committee held on Friday, the 24th August, 1928, at 11 a.m.

PRESENT :

1. The Hon'ble Sir Bhupendra Nath Mitra, *Chairman*.
2. Mr. S. C. Mitra.
3. Mr. Abdul Matin Chaudhury.
4. Mr. C. S. Ranga Iyer.
5. Mr. T. A. K. Shervani.
6. Mr. B. Das.
7. Rao Bahadur M. C. Rajah.
8. Lieut.-Col. H. A. J. Gidney.
9. Mr. W. Alexander.

Members.

10. Sir Frederic Gauntlett, Auditor General.
11. Mr. J. E. C. Jukes, Controller of Civil Accounts.
12. Mr. G. Kaula, Accountant General, Central Revenues.
13. Mr. D. C. Campbell, Director of Commercial Audit.
14. Mr. P. N. Mukherji, Audit Officer, Indian Stores Dept.
15. Mr. B. Nehru, Assistant Auditor General.

Were also present.

Mr. A. H. Lloyd, Member, Central Board of Revenue.

Mr. A. G. Khan, Asstt. Director (Inspection), Indian Stores Department.

Witnesses.

GRANT 18—SALT (*contd.*)

*Para. 10 of the Finance Department Resolution.*

736. *Chairman*.—The first question in connection with Sambhar arises out of para. 10 of the Government of India Resolution dated the 5th January 1928 which says :

“ The Committee further suggest that the financial position and prospects of the whole scheme of salt supply from the Sambhar lake and Khewra should be comprehensively examined and placed on a business footing. In this connection it is important to note that various reforms and economics have in fact recently been introduced into the working of the Northern India Salt Revenue Department as a result of a close investigation conducted by an officer on special duty working directly under the Central Board of Revenue.” Who is this officer ?

*Mr. Lloyd*.—*Mr. Strathie*.

737. *Chairman*.—This is the general question of placing the whole scheme of salt supply from the Sambhar lake and Khewra on a business footing. In regard to that, the Resolution explains the action which has been taken. We also know that the accounts have been commercialised, and the future Appropriation Accounts will tell us the cost price of salt at its source. If that cost price shows a *progressive* fall, the action taken will be *prima facie* adequate. If, on the other hand, the cost price shows a rise and a progressive rise, then the Committee will be fully entitled to press Government for further action in the matter. I am sure that nobody here can suggest any specific action at present. We may therefore leave it at that without prejudice to any conclusion which we may arrive at on the individual case of Sambhar electrification.

738. *Mr. Mitra*.—May we know whether the cost this year has gone up or gone down ?

*Chairman*.—We could only get the figures for 1926-27.

*Mr. Lloyd*.—I might explain, Sir, that one of the aspects of putting the thing on a business footing has been, as stated, to limit production to what we need. It follows that that may actually have the effect of resulting in a higher cost price than would have appeared at least on paper if we produced as much as we possibly could.

*Chairman*.—That may probably be so in the first year for which Mr. Campbell will be in a position to produce complete accounts. But if that goes on from year to year, naturally the Public Accounts Committee will be fully entitled to examine the whole question afresh.

#### *Appendices VI and VII.*

739. *Mr. Das*.—I would make a general observation before dealing with Mr. Pitkeathly's report in detail. It is stated in para. 7 that the new separate-unit installation would cost Rs. 10,778 per annum more to run than the existing installation. I am an electrical engineer who spends most of his time in dealing with industrial power development and I made a suggestion in the last Public Accounts Committee that in view of the fact that the pumps work for 6 weeks.....

*Chairman*.—That is admitted to have been a wrong statement.

*Mr. Mukherji*.—What was contained in the audit report was that the main pumps were required only for six weeks.

*Sir Frederic Gauntlett*.—There is one big pumping operation which is the pumping of the brine out of the lake and the remark made by Mr. Mukherji is quoted *verbatim* from Mr. Bunting's own report. It is perfectly true, once the pumps have been installed, that they have also been used for minor operations ; but that does not modify the accuracy of the original statement taken from Mr. Bunting's report.

740. *Mr. Das*.—But my point is that Mr. Pitkeathly has not made any such statement about the loss. He has in fact said that the present capital expenditure should be written down and that the new capital required for the new installation will be a lakh and a half. On that basis I do not think there will be a loss of Rs. 10,000 per annum. I do not know how the Central Board of Revenue arrived at this particular figure.



*Mr. Lloyd.*—When we received Mr. Pitkeathly's report, we at once noticed that he had not given an estimate, that he dismissed as impracticable the proposition of its being economical to substitute oil engines without working out the details. We realised that it was desirable that we should be in a position to give actual figures. We therefore called in the assistance of the Chief Controller of Stores, who very kindly allowed one of his officers to put aside all his other work and work out a detailed estimate. Mr. Khan, the officer concerned, came to the conclusion the result of which is reflected in the figure shown here, Rs. 10,778.

741. *Mr. Das.*—I want to know whether Mr. Khan took the cost of the whole of the capital expenditure on the electric plant, or whether he wrote down to revenue the whole of the losses on the present electric plant and counted only the capital charge of Rs. 1,56,000 on the new installation ?

*Mr. Lloyd.*—We cannot write off the existing installation to revenue. That would have to be part of the cost of the proposed substitution ; it is obviously an element in the cost of the proposed operation. Therefore the officer of the Indian Stores Department has included in his calculations the writing off of the difference between the capital cost of the existing installation, so far as it has not already been written off by depreciation, and the amount to be recovered by selling it, which is estimated at only Rs. 80,000.

742. *Chairman.*—How much of this Rs. 10,000 per annum represents interest on capital and depreciation ?

*Mr. Lloyd.*—Mr. Khan assumed that we should write off the loss over a series of years. It is assumed that we shall receive Rs. 80,000 of the present depreciated figure of the capital cost of the plant which is estimated at Rs. 3,44,000. That means a net loss of Rs. 2,64,000, the writing off of which over a series of years will give us this result of Rs. 10,000 a year.

743. *Chairman.*—That includes interest on capital ?

*Mr. Lloyd.*—Oh, yes.

744. *Mr. Das.*—My contention is that thereby the undertaking is over-capitalised by nearly 60 per cent.

*Sir Frederic Gauntlett.*—I think the answer to that is that it is not the Central Board of Revenue which is working for the over-capitalisation ; it is this Committee. I suggest, and I have consulted Mr. Campbell, that Mr. Khan is absolutely entitled to take into account the capital which would be lost if the change over is accepted. That has to be provided for.

745. *Mr. Das.*—It is a well known business principle, when an undertaking is over-capitalised to lower the capital.

*Chairman.*—From the tax-payer's point of view that is immaterial, because there is inevitably going to be this loss of Rs. 2,60,000, whether you distribute it over a series of years or write it off in one year. I quite see your point that with over-capitalisation the cost price of salt would appear slightly higher. But simply to achieve a subsidiary object it would not be proper for us to suggest that a method should be followed other than what the Director of Commercial Audit states to be the correct method. We have recorded a general observation in regard to Khewra ; to my mind, the same observation applies here also.

*Mr. Lloyd.*—I should like to record one comment. I do not want the assumption of Mr. Das to go unchallenged that it would have been cheaper in any circumstances not to have had electrification. We realised that that point would be raised and we asked Mr. Khan to examine it. The whole subject is hypothetical. You have to estimate the cost of an oil engine 7 years ago. Mr. Khan's conclusion was that from the beginning it would have been cheaper to have had a centralised electric installation than individual oil engines.

746. *Mr. Mitra.*—Has Sir Frederic made any criticism on that ?

*Sir Frederic Gauntlett.*—I am not an electrical engineer, Mr. Mitra, and I am not going to criticise estimates prepared by experts.

*Mr. Das.*—Well, I am prepared to accept Mr. Pitkeathly's statement. I do not accept Mr. Khan's statement. However, what we have to consider is how to improve the present position.

747. *Mr. Ranga Iyer.*—I am afraid I am not impressed by Mr. Lloyd's challenge that he is not prepared to admit that an oil engine in any circumstance would have been cheaper.

*Mr. Lloyd.*—I said when I spoke last that the whole thing was hypothetical. I merely put forward the views of an expert engineer whom we had consulted on this hypothetical question. I do not say that it is conclusive, or that anybody's opinion can ever be conclusive.

748. *Mr. Das.*—I will now deal with Mr. Pitkeathly's report. The whole trouble is described in para. 13. Had we not taken over this Sambhar load and the Phulera load, the 40 K. W. set might have been sufficient to meet the evening load for giving a supply to the staff, to the officials' houses and the coolie lines. Unfortunately you have loaded yourselves unnecessarily and therefore you have to run two machines in the evening. Mr. Pitkeathly hit upon the right point, but he has not mentioned anywhere in detail how many hours the two machines are running. My submission is that you will bring down your generating cost by running only that small set at night time.

*Chairman.*—I am not an expert, but Mr. Pitkeathly himself has said that it is a wise course for Government to take on the Sambhar and Phulera loads. I cannot make any comment myself, but if you as an electrical engineer have any suggestions to make they will go into the record.

*Mr. Lloyd.*—If we were to discontinue the Phulera and Sambhar supplies, the only economies we could effect would be economies in maintenance and running costs ; even if we were to add to that the depreciation upon the extra capital expenditure which we have incurred, we find the net cost of current used by ourselves is lower than it would have been without the Phulera and Sambhar improvements.

749. *Mr. Ranga Iyer.*—My own suggestion is this. We have so much paper information and I think it would be proper for members of the Public Accounts Committee to be given an opportunity to see the place and examine things on the spot.

*Chairman.*—I am pretty sure that the Central Board of Revenue would be delighted to conduct the Public Accounts Committee to Sambhar. My difficulty is a practical one. That examination cannot be arranged for

before this Public Accounts Committee ceases to hold its sittings. The present Committee can express its opinion, but whatever it may say will not estop a future Public Accounts Committee from further pursuing the matter.

*Mr. Ranga Iyer.*—The Sambhar controversy has created such a scandal that it is proper that the Public Accounts Committee should go and see things and its verdict, whether accepted by future Public Accounts Committees or not, will be the verdict of a Committee which had seen things on the spot.

*750. Mr. Shervani.*—I do not know how this controversy arose, but there are two points which have come out in the discussion: one is the condemnation of the scheme and the second is the dismantling of the electric plant. I for one am not in favour of dismantling, because we must try to make the best of a bad job. The opinion of the Public Accounts Committee, is that it is a bad job. I see from Mr. Pitkeathly's report, that the plant installed there produces more than the work requires. In discussing that point, figures for two years are compared. I do not see why there should be so much difference between the two figures.

*Chairman.*—One explanation mentioned here is that there was a defect in the metering.

*Sir Frederic Gauntlett.*—The units which are given in para. 4 relate merely to the units which were used in the pumps. There is a statement, statement No. II, which indicates the use for other purposes also.

*751. Mr. Das.*—I refer to para. 10 of the report which contains 3 suggestions. One is that the strictest control over expenditure should be exercised. The second is that some officer of greater experience should periodically visit Sambhar and satisfy himself about the proper management and efficient operation of the plant. The third is that every endeavour should be made to improve the load factor of the generating station and outside consumers who are obtaining energy from the power station on payment should be encouraged to increase their consumption. I refer Mr. Lloyd to this.

*Mr. Lloyd.*—It will be agreed at once that points 1 and 3 really depend upon point 2. An officer of greater experience would be charged with assisting us to act up to 1 and 3. As regards point 2, we have already made proposals to the Government of India which will lead to the periodical visits to Sambhar of more experienced and more technically qualified electrical engineers than we have on the spot. These proposals are now under the consideration of Government.

*Chairman.*—If Mr. Das's point is that the Committee should say that the particular recommendations of Mr. Pitkeathly should be given due consideration by the Government of India, then I am in absolute agreement with him and I dare say everybody will agree on that.

*752. Mr. Das.*—How can you improve the load factor there? Are there any people who are having an industry?

*Mr. Lloyd.*—It is a great difficulty.

*753. Mr. Shervani.*—With regard to the second point as to whether the scheme in its origin was an extravagant scheme, I am not satisfied with the report, because actual figures were not available, but still conclusions have been drawn,

*Chairman.*—I shall pass on the report of Mr. Khan to you. That aspect of the question has been considered in that report. We are not going to discuss it until the Auditor General is in a position to give us his comments about it next year.

*Sir Frederic Gauntlett.*—It does appear from statements I and II that more than 50 per cent. of the actual power which can be generated has never been used. I do think that it is *prima facie* evidence that the plant installed was excessive and I think that is the general tenor of Mr. Pitkeathly's note, although he does not say so definitely. But when he suggests that the load should be increased in order to make the scheme more productive, he does obviously hint the same thing.

*Mr. Ranga Iyer.*—That is a definite point that has been conclusively established last year.

754. *Chairman.*—Was Mr. Bunting censured for the extravagant nature of the scheme or for other irregularities to which he was a party ?

*Mr. Lloyd.*—He was the officer who advised us.

*Sir Frederic Gauntlett.*—My answer would be that the comments made were not strictly on extravagance ; they were made upon the question of irregularities.

*Mr. Lloyd.*—Had it not been for the obscurity caused by these irregularities, any responsibility for extravagance must have fallen upon the Government of India itself who approved of the work throughout.

*Mr. Ranga Iyer.*—Whether the responsibility is that of the particular official who was censured for financial irregularity or that of the Government of India, the fact remains that the scheme was extravagant and it was admitted by Mr. Lloyd last year that they launched it because of the war and other considerations relating to the war.

755. *Mr. Mitra.*—I want to elicit a little information. What is the capacity of these three machines ?

*Mr. Das.*—That depends on how many hours they are run, the load factor, etc. Nobody can say how much the machines are capable of producing except the expert who designed the plants.

*Mr. Mitra.*—If we can find the capacity of production, then we can find out what percentage is being used.

*Mr. Lloyd.*—I am afraid I have not got expert knowledge to answer that.

*Chairman.*—We can summon Mr. Khan and be done with it.

756. *Mr. Chaudhury.*—I entirely disagree with my friend Mr. Shervani. The proportion of electricity generated that was consumed varied from 10 to 50 per cent. What is the justification for maintaining that plant ?

*Sir Frederic Gauntlett.*—Because when the need comes, we cannot meet the supply unless we have the plant there.

*Mr. Chaudhury.*—We can have one engine.

757. *Mr. Ranga Iyer.*—I should like to know if the installation of this excessive plant was due to the ultimate desire to eliminate or reduce to a minimum the importation of foreign salt into this country.

*Mr. Lloyd.*—It had nothing to do with electrification. If you are speaking of the whole Sambhar scheme, to the best of my knowledge it was never responsibly assumed that the importation of foreign salt would be eliminated by any development in Sambhar. It was, I believe, probably considered that Sambhar salt might to some extent displace foreign salt in what I might call the marginal zone, somewhere in Bihar, where it depends on prices and railway freight and so on.

758. *Mr. Shervani.*—I am very sorry that Mr. Chaudhury disagrees with me. But I would like to know from him the cost which would be incurred by dismantling this plant and installing oil engines. I also want his criticism on the working expenses. The net result of the discussion is that last year we condemned certain persons for financial irregularities. This year we find from reports that there were not only financial irregularities, but the scheme was also an extravagant one. We require the help of customers to mitigate further losses and make the scheme profitable. This remark must be on record that from the report of Mr. Pitkeathly we find that the scheme is extravagant.

*Chairman.*—Sir Frederic Gauntlett drew attention to the fact that only 50 per cent. of the energy is used for purposes of salt. In answer to Mr. Chaudhury he mentioned another point which struck me as very pertinent, that is, if you have got to maintain the working, you must have something more than 50 per cent. If you are producing only 50 per cent. regularly, there must be some hours or some days when you want more than 50 per cent. So it is not conclusive evidence that the thing is extravagant. I may have a suspicion in my mind, like several others, that probably the scheme was not fully examined at the outset, but I cannot lay my finger on any specific fact.

*Sir Frederic Gauntlett.*—My statement probably was a little vaguer than it should have been. Statements I and II indicate the total amount of units which were actually used as compared with the total amount of units which were generated. Now that of course is not the maximum amount that can be generated.

759. *Mr. Mitra.*—What is the maximum ?

*Sir Frederic Gauntlett.*—That we shall not know because we have not got the actual statement of what each engine can produce.

760. *Mr. Mitra.*—But don't you think it is worth having ?

*Sir Frederic Gauntlett.*—I doubt very much whether it is worth while. After all, all that we can do if we get all the information possible is to say that there is *prima facie* reason to believe that the scheme in the first place was extravagant and that is of no use to anybody.

761. *Chairman.*—Mr. Campbell, I want to ask you one or two questions. You probably have considerable experience in commercial accounting ; and may I assume that in that connection you have had experience of electric schemes also ?

*Mr. Campbell.*—Not to any great extent.

762. *Chairman.*—So you would not be able to enlighten us on the point which was raised at one stage by Mr. Mitra and has now been followed up by Sir Frederic Gauntlett.

*Mr. Campbell.*—I can only speak from the general accounting side. I don't know anything from the technical side.

763. *Chairman.*—You could not tell us what should be the capacity of the plant, in order to obtain  $x$  units of electricity required for consumption ?

*Mr. Campbell.*—I cannot.

*Mr. Das.*—Every year I examine five or six balance sheets of electric supply companies and I know that when you want a hundred kilowatt to be supplied you have to put in 200 kilowatts.

764. *Mr. Chaudhury.*—What is the use of maintaining a plant for a large percentage of whose product we have no use ?

*Chairman.*—As it is, the figures before us show that 50 per cent. of the units generated were required. That is brought out in the statement.

*Mr. Chaudhury.*—But 50 per cent. were not required also.

*Chairman.*—We do not know the maximum capacity, but Mr. Das has explained that if you want 50 units you have to put in a plant that can produce 100 units.

*Mr. Das.*—You must in two plants.

*Mr. Chaudhury.*—The question is whether there is any alternative scheme available.

*Chairman.*—Mr. Khan, some of us want to ask you a few questions in connection with your investigations at Sambhar.

765. *Mr. Mitra.*—Mr. Khan, you are an expert and you must excuse me if my question is not properly put. I have been permitted to see your report through the kindness of Mr. Lloyd. There I find there are 3 engines employed at Sambhar, one is 100, another 100, and another still 40. Can you give us any idea of the capacity of these three engines to generate power in a year ?

*Mr. Khan.*—The total capacity of these three engines is 100 plus 100 plus 40, i.e., 240 kilowatts. Assuming that the load factor is 100 per cent. and the maximum demand is 240 kilowatts—I am assuming that even the standby plant is also taken into account—the total energy obtainable, theoretically, will be  $240 \times 365 \times 24$ .

766. *Mr. Mitra.*—May I have some approximate idea of how much energy can be had from these three engines working with a full load ?

*Sir Frederic Gauntlett.*—Roughly you can take it at 2,100,000.

767. *Mr. Mitra.*—What amount have we been consuming during the last 12 months ?

*Mr. Khan.*—You will find it in the statement furnished by Mr. Mukherji. The total units consumed in 1927-28, were 418,258.

768. *Mr. Mitra.*—Please let me know what is the correct average for these machines to produce.

*Mr. Khan.*—According to the B. E. S. A. Standards, the engines installed are rated on the basis of 12 hours' continuous running. The total plant capacity installed is such that one of the two 100 kilowatt sets is to be kept as standby. Thus, the maximum safe rated load which such a station is designed for should not be more than 140 kilowatts. The output in kilowatt hours obtainable is therefore  $140 \times 365 \times 24$  and

the energy actually produced during any year will depend upon what work is taken from the sets. If you do not take any work, the energy produced will be nil.

769. *Mr. Mitra.*—Is it possible to do away with the 40 kilowatt engine if we give up the extra loads from the railway, etc. ?

*Mr. Khan.*—You cannot, because the Salt Department load is such that you must have an engine smaller than 100 kilowatts.

770. *Mr. Mitra.*—For 8 months ?

*Mr. Khan.*—Not necessarily. There are certain periods during the day, even during those 8 months, when you need less than 40 kilowatts. Similarly, when 2 or 3 pumps only are running, you must have a smaller engine than 100 kilowatts. It was therefore decided by the Salt Department Engineer that 40 kilowatts would be a suitable capacity for the smaller machine. This decision would have been arrived at even if there had not been the Sambhar City and Phulera Railway loads. Incidentally, the outside load helps, generally, to provide a load for the 40 kilowatt set near its full load—and therefore economical load—capacity. When the load exceeds 40 kilowatts, there is no alternative other than to shut down the smaller set and put into commission one of the bigger sets.

771. *Mr. Mitra.*—Do you know what power is required for the two pumps for which this electric power was requisitioned at first ?

*Mr. Khan.*—One 80 H. P. engine and two 40 H. P. engines, *i.e.*, a total of 160 H. P.

772. *Mr. Mitra.*—And to transfer it to kilowatts ?

*Mr. Khan.*—If you are referring to the corresponding load at a central station, you will have to divide the figure by 1.49 assuming an efficiency of about 90 per cent. The total capacity of 160 B. H. P. divided by 1.49 will give you the kilowatt output at the generator end.

773. *Mr. Mitra.*—Is it not a fact that these two big pumps work only for 7 weeks ?

*Mr. Khan.*—Some time for longer periods and continuously. The conditions of working vary from year to year depending upon the monsoon. If the monsoon is not favourable, the Salt Department will require the pumps to run in greater number and for longer period. If I remember correctly—I am sure I am correct—the maximum demand in kilowatts on certain days of 1926 was as much as 148 kilowatts. I have myself seen the log sheets for the month of September in 1926 and on certain days the load was 140, 148 and 112 kilowatts. If that is correct, the capacity of the plant installed is not more than what it should be. The maximum safe rated load of the station, as I said before, is 140 kilowatts, one of the two bigger sets should not be taken into account.

774. *Mr. Mitra.*—In the last part of your report you said : “ This would have been the case if the capital spent on the existing installation had not been incurred on as liberal a scale as has been done on certain items and if the plant were operated more efficiently.” May I take it that you think it is not being worked efficiently and at the same time that the outlay was a bit too liberal ?

*Mr. Khan.*—Not for the plant. That statement refers only to the question of actual expenditure on the existing installation when it is compared with the hypothetical oil engine installation. I was asked to compare

the two alternative schemes—one a central station scheme and the other the individual oil engine units scheme—and some of the services rendered by the existing installation were not to be provided for under the hypothetical oil engine scheme. I had therefore to point out that the expenditure on the existing scheme includes certain items which I have not provided for in the hypothetical oil engine scheme and which will have to be cut out if the comparison is to be correct.

775. *Mr. Mitra.*—From your figures it would appear that Rs. 1,56,000 is necessary to instal the oil engines. Apart from the expenditure that we shall have to incur in dismantling the present station, what will be the cost of running these oil engines? What I am driving at is this; if we can save Rs. 30,000 or Rs. 40,000 a year, we should not mind because within a period of 5 or 6 years we shall be able to write-off the few thousands that we shall have to spend in dismantling. Apart from this capital item I should like to know what you think will be the actual expenditure of running these oil engines?

*Mr. Khan.*—First of all, I am definitely against what would be a thoroughly bad practice, namely, the installation of individual oil engine units for each pump in a place like Sambhar which does not provide favourable operating conditions for oil engines and where the pumps are distributed over a wide area. Perhaps it is not sufficiently realised that the individual oil engine units will be very expensive and troublesome to operate and maintain. Let me try to explain, as briefly as possible and in a non-technical language, some of the drawbacks in the proposed scheme. About 20 engines of different sizes scattered over a wide area and in a place like Sambhar against 3 engines located in a central station. In the latter case there is a centralized operation, centralized storage of the running stores and centralized supervision. All these factors must tend to reduce the factor of spillage, waste and loss due to other causes. In the case of the individual oil engine units scheme, under which there will be no less than about 20 engines distributed over a wide area, the following difficulties will have to be faced. Distribution to and storage at not less than 20 points of the running stores must increase the factor of spillage and wastage. Annual expenditure in respect of spares and maintenance will also be higher. If one has to take all the running stores to feed a number of engines scattered over a wide area it should be quite obvious even to a layman that the procedure would be much more wasteful and therefore more costly and troublesome than if only 3 engines are to be fed at a central station. Take another factor and a very important one. It is easier and cheaper to provide the cooling water arrangements in a central station, than at 20 points far apart from one another. Sambhar is not a place where suitable cooling water for the engines is readily available and without difficulty. Furthermore, assume that one of the pumping stations has to close down say for about 5 days. The driver forgets to close the window and a duststorm comes. The dust will be blown into the engine room. Either all the fuel and lubricating oil in the service tanks and engine will have to be thrown away and fresh supply put in or the engine will be ruined if it is run on oils which are full of dust and sand.

776. *Mr. Ranga Iyer.*—Why not go back to the primitive method of manual labour? What happened before your electric scheme, how was Sambhar worked?

*Mr. Khan.*—That method will not stand comparison with the methods which have replaced it. The production of salt before the electric scheme



came in—I may mention that I or any other officer of my department had nothing to do with the design, installation or running of the existing electric scheme—was done by pumps driven individually by small engines and, I understand, Mr. Bunting submitted in 1921 a scheme for dismantling these engines and having, instead, a central generating station with individual motor drive for each pump. This scheme, I understand, was examined and duly approved by the Board of Industries and Munitions and the then Technical Adviser to Government. After some consideration they came to the conclusion that the original system was obsolete and must be done away with. Individual engine units were dismantled and the central stations scheme installed. The only system, for a place like Sambhar and for the load conditions obtaining there, which should find favour is the central station scheme which is now in operation and this scheme should be cheaper and more efficient and less troublesome to operate. Suppose you have got 20 stations each driven by an oil engine and distributed over a wide area. It should be more expensive in respect of operating and maintenance staff to operate and maintain the 20 stations than to control a central station. If you add the capacity of the engines under the individual unit scheme you will find that it will be as much as 320 horse power or perhaps more. One engine of 150 H. P. is cheaper than 2 engines each of 75 H. P. and still cheaper than 4 engines of 150 $\frac{1}{4}$  H. P. The cost of spares should also be less in the case of three engines than if the total capacity of the three engines is distributed over about 20 engines.....

777. *Mr. Mitra.*—You estimate that at a cost of Rs. 1,56,000 we can have all these machines. All that I want to know is can you say for certain.

*Mr. Khan.*—I have given the figures in my notes. Kindly see the notes.

778. *Mr. Mitra.*—I do not want you to include the expenditure for interest and all those charges for dismantling. What I want to know is the actual expenditure for running the engines

*Mr. Khan.*—I have shown operating costs as Rs. 39,272, or Rs. 65,000, if you include interest and depreciation in respect of fresh capital expenditure on the new installation. The operating cost of the existing installation in 1927-28 was Rs. 71,451. From that you must deduct the revenue to the extent of Rs. 18,600 from Phulera and Sambhar loads. That leaves a balance of Rs. 52,851; and from this you must also exclude, on a *pro forma* basis, revenue recoverable for services rendered to the Salt Department, because this amount includes the revenue recoverable for the services which the existing installation is offering to the extent of about as much as one-sixth of the total energy generated. The existing installation is giving one-sixth of the total energy generated towards services for which nothing is being credited to the revenue account. I have made no provision for similar services in my estimate of Rs. 65,000 for the new scheme. You must reduce the two schemes to a common basis for a fair comparison.

*Mr. Lloyd.*—What Mr. Khan means is you ought to assume an income, though you do not actually derive any from this source, in order to compare the cost of the present scheme with the cost of a scheme which would not provide those services.

*Mr. Khan.*—That is very essential.

779. *Mr. Ranga Iyer.*—Do you think Sambhar can provide salt for the whole of India.

*Mr. Lloyd.*—Certainly not.

780. *Mr. Shervani*.—From the concluding part of your report, I gather that originally your idea was that the expenditure was on a liberal scale and secondly that the machinery there is not being run efficiently. Do you stick to that statement ?

*Mr. Khan*.—I have stated already to what extent it is so.

781. *Mr. Shervani*.—So the point is clear that the scheme was a bit extravagant.

*Chairman*.—Not in regard to the plant.

*Mr. Khan*.—In this connection I would like to mention that Mr. Bunting spent a certain amount on the lighting of Kyars. His idea, I understand, was that the monsoon might fail in some year to such an extent that it might be necessary to do extensive pumping even at night. So he provided against this contingency. He spent a fairly large amount on that. When I am comparing the two schemes, I must point out that the new scheme does not provide any of those facilities for which provision has already been made in the existing scheme and are covered by the actual expenditure in the existing scheme, otherwise the comparison will be inaccurate.

782. *Mr. Shervani*.—You now say that that particular fact about Kyars qualifies the statement you made in your report. Then what would be the cost of that you think ?

*Mr. Khan*.—I don't remember the exact figures. You will find that in the relevant papers ; say about 25 to 30 thousand rupees.

783 *Mr. Shervani*.—From the second statement contained in the Report of Mr. Pitkeathly for the year 1927-28 it appears that the machine was practically free from defects. I find that the total production accounted for in November is 53 and that in the same month the highest consumption for pumping purposes is 37. From this we can safely presume that at the highest we require 37,000 units. Thus the present plant, taking the most liberal calculation, is at least 40 per cent. extravagant.

*Mr. Khan*.—This has nothing to do with the rating or capacity. The rating of an engine is entirely different from the work taken from the engine. It is a technical matter and I shall endeavour to explain it by a simple illustration. Suppose you have an oil engine in your residence for pumping water from a well. The engine has a rating of, say, 10 B. H. P. This rating has been decided so as to pump the quantity of water you require by pumping for 5 or 6 hours each day. So if you work the pump, say for 5 hours each day the total B. H. P. developed by the engine during a year would be  $10 \times 5 \times 365$  or 18,250. Suppose you have got a neighbour who requires water after you have met your requirements and offers to pay you for it and you agree to render the service because you find that instead of keeping the engine idle for the rest of the day it is better to let it work for a few hours more each day and bring in revenue which will lower the cost of pumping for your own requirements. The pump therefore operates for another 5 hours each day and the total output of the engine in a year amounts to about 36,500 B. H. P. hours against your requirements of 18,250. The great difference between the two should not and does not mean that your engine is of a much bigger capacity. I trust it will be clear that the rating of the engine is different from the work taken from the engine. Similarly, in the case of Sambhar they have not installed engines of bigger capacity in the sense implied by your question. You must make a difference between the

rating of an engine and the work done. The two are entirely different things.

784. *Mr. Mitra.*—We require the whole strength of our engines for six weeks. Do you still adhere to your statement that because of this extra demand you require the big engines ?

*Mr. Khan.*—I adhere to my statement. The two 100 K. W. sets were originally intended only for two or three big pumps. One of the two sets was a standby. To ensure economical working (when the load is less than 100 K. W.) the Salt Department found it necessary later on to instal a smaller set of 40 K. W. From the figures I have examined I have come to the conclusion that these three sets would be necessary for the Salt Department even if they had no outside load. I further find that these sets are capable of supplying energy to outside consumers also and thereby reducing the cost of production of the energy required by the Salt Department. It is for this reason, I think, that the outside load from Sambhar and Phulera was taken.

785. *Mr. Mitra.*—If you had not undertaken to supply energy to the railway company, would it not have been possible for you to carry on with only two sets ?

*Mr. Khan.*—There are 20 pumps. The total horse power rating is about 350 B. H. P. and you have got to provide a generating plant which should be able to meet the maximum demand coming from these pumps and from the lighting and fan and other miscellaneous load of the Salt Department. During certain months the demand from the Salt Department alone exceeds 40 K. W. in which case one of the bigger sets is put into commission. When the load is less than 100 K. W. and varies, say between 10 to 40 K. Ws. it is more economical to have a set in operation which is of smaller capacity than 100 K. W. and for this reason the smaller 40 K. W. set would have been necessary even if the Sambhar and Phulera railway loads had not been taken. The load from the Salt Department is of a nature that it varies from month to month and from year to year and many indeterminate factors are involved. In fact, my own opinion is that if the monsoon fails very badly in any year the present installation may not be sufficient for the maximum demand that will be made by the pumps. In the circumstances it is best to have plant which is neither too extravagant during periods of favourable monsoon nor too inadequate in the years of very scanty rainfall. One of the two big sets must be there as a standby and the remaining two sets with a total capacity of only 140 K. W. should not be considered to be excessive for the load conditions obtaining at Sambhar.

786. *Mr. Das.*—I have not read Mr. Khan's Report, but I should think that the total expenditure for running oil engines and pumps should certainly be less than the expenses in a big electric company. Oil engines can be managed by trained fitters and drivers who can be had on Rs. 30 or Rs. 40 a month, while in an electrical concern you require trained shift engineers, head drivers and so on.

*Mr. Khan.*—I beg to differ from Mr. Das. It may perhaps be possible and probably safer to depend upon such cheap fitters and drivers to run a plant in a place like Bombay or Calcutta where expert advice is readily available and at an insignificant cost. In such places one can instal an engine and employ an ordinary mistry to run it and arrange with some expert mechanic to inspect the engine occasionally, say once or twice a month, at a small fee and keep the engine in perfect order. But in a place like Sambhar such experts at such cheap rates are not readily available and unless experienced

drivers who are fully acquainted with the working of all the parts of the engine are employed, there is every risk of the engine being ruined.

787. *Mr. Das.*—Do you find that on account of the supply of energy to Phulera you have to have a heavy load ?

*Mr. Khan.*—Even without Phulera and Sambhar loads, the small engine and one of the two bigger engines will be required to meet the demand coming from the Salt Department. With the Phulera and Sambhar loads it has been possible to reduce the cost of production of energy consumed by the Salt Department. Let us examine the actual figures obtained during 1926-27 and 1927-28. The net result is that the cost to the Salt Department of the energy consumed by them amounted in 1926-27 to As. 5.936 per unit whereas without Phulera and Sambhar city loads it would have been As. 6.080 per unit. In 1927-28, it was As. 4.704 per unit whereas without the Phulera and Sambhar city loads it would have been As 4.944 per unit. These figures, therefore, give a clear and direct answer to the question.

788. *Mr. Mitra.*—You said just now that it might be necessary to add another engine in the near future ?

*Mr. Khan.*—What I said was that if there was a serious failure of the monsoon you might find that your present installation is not sufficient and that it might be necessary to add another engine as a reserve.

789. *Sir Frederic Gauntlett.*—That is a very remote possibility that is to say one of the present engines breaking down and the present installation becoming inadequate, but from the financial point of view it is worth while running that risk because the possibility is so very remote.

*Mr. Khan.*—My point is, when there is a serious failure of monsoon, either they will have to instal another engine or be satisfied with a lower output of salt during the year.

*Chairman.*—I think we have heard Mr. Khan at great length, and for my part I am exceedingly grateful to him for his very lucid explanation, and I am sure that the members of the Committee would like our appreciation to be recorded. Thank you very much, Mr. Khan.

790. *Mr. Ranga Iyer.*—I should like to know from Mr. Lloyd whether if more salt were produced at Sambhar the price could not be reduced ?

*Mr. Lloyd.*—Naturally, the interest and depreciation charges will be divided by a bigger figure.

791. *Mr. Ranga Iyer.*—Is it not your present policy not to produce more than what you can dispose of ?

*Mr. Lloyd.*—Yes.

792. *Mr. Ranga Iyer.*—What have you done for creating new markets for fresh stocks ?

*Mr. Lloyd.*—It is impossible to do anything very much. What can we do ? We should be very glad to have any suggestions.

793. *Mr. Ranga Iyer.*—I want to know what the Government with all their resources are doing for creating new markets ?

*Mr. Lloyd.*—It is all a question of money. It will be a very difficult proposition if we are asked to supply salt free in order to extend our markets.

794. *Mr. Ranga Iyer.*—I am not suggesting that you should supply salt free. What I am suggesting is that you should produce more salt and that you should also find fresh markets.

*Mr. Lloyd.*—As I said, it is all a question of money. We can only find fresh markets by selling salt at cost price. We cannot persuade people to buy our salt by reducing our prices.

795. *Mr. Ranga Iyer.*—I should like to know if it is not possible for India to be self-sufficing in the matter of salt, that is to say, if it would not be possible for India to do away with the foreign salt.

*Mr. Lloyd.*—The inducement will have to be very considerable in that case, considering the enormous railway freight from Sambhar to Bengal which is the principal market for foreign salt.

796. *Mr. Ranga Iyer.*—The freight could be reduced, but the question does not come under your department.

*Mr. Lloyd.*—To reduce the freight in order to expand our market for salt would mean nothing more than a reduction in the price of salt ultimately.

797. *Mr. Ranga Iyer.*—Don't you think that it is a very unsatisfactory state of things that foreign salt coming from a long distance is sold at a cheaper rate than the salt produced in this country? Perhaps this is a question of policy and that is for the Legislature to advise, but I want to know what the Government are thinking of doing to remedy the present state of things. I am not putting it from the point of view of raising the question of higher policy. My only anxiety is to know whether it would not be possible for the country to supply its own salt in view of the fact that we are spending a good deal of money for salt production.

*Chairman.*—I am afraid we are now trenching on ground which is really outside the purview of this Committee.

798. *Mr. Mitra.*—Will you tell me the reason why Government sanctioned the electrification of Sambhar?

*Mr. Lloyd.*—Electrification was introduced because it was necessary to find power for these very important and very powerful pumps that were to be installed in connection with the new system of turning the end of the lake into a reservoir, pumps which, as the Audit Officer said, are used ordinarily about 6 weeks in the year. It was then decided that the best thing to do would be to have the whole thing electrified including these new pumps.

799. *Mr. Mitra.*—Will I be correct in saying that the scheme was sanctioned by Government for using electricity for those two big pumps?

*Mr. Lloyd.*—I do not think that that would be quite a correct statement. I think that the opportunity was taken of having to find power to work these two pumps to electrify the whole thing. It was then decided that the new conditions of work including these new pumps would best be provided for by electricity. I do not think it would be correct to say that the scheme was sanctioned solely for the sake of these pumps.

800. *Mr. Mitra.*—Is it correct to say that nearly 68 per cent. of the electrical energy that is now consumed for the Sambhar lake proper is consumed by these two big pumps?

*Mr. Lloyd.*—These two pumps consumed 34,000 units in 1926-27, that is, about a quarter of the total units consumed for pumping.

801. *Chairman.*—Now about the conclusion to be recorded, I think it should be the same as in the Khewra case. We may also suggest that Gov-

ernment should take necessary action on the lines of the specific recommendations contained in paragraph 10 of Mr. Pitkeathly's report.

*Mr. Shervani.*—Might we also add that they should try to run the whole thing in such a way as to reduce the cost of production ?

*Chairman.*—Yes, and add that we also hope that such reduction will be effected.

802. *Chairman.*—As regards Mr. Emerson's report, unless Mr. Lloyd has got anything to say to the contrary, we do not propose to deal with it until the Auditor General has had an opportunity of considering it. We shall leave it to him to bring up any points connected with it in next year's Appropriation Report.

*Mr. Ranga Iyer.*—Mr. Emerson in his report has arrogated to himself the right of sitting in judgment over the Government of India.

*Chairman.*—The best thing would be to withdraw this report at this stage.

*Mr. Shervani.*—I have read and re-read the Report and I find that it is a judgment by the defence counsel in favour of the accused. It is nothing more than that.

*Chairman.*—I do not want to pursue that point for this reason. Mr. Bunting and somebody else were taken to task for certain irregularities, and this report does not apparently deal with those specific irregularities.

*Mr. Ranga Iyer.*—That is a subtle distinction between Tweedledum and Tweedledee.

*Chairman.*—That is not entirely correct. I suggest that we had better not discuss the matter at all.

*Mr. Mitra.*—It is clear from paragraph 2 (3) of the report—Justification for the deviation from original estimates—that he sits in judgment not only over this Public Accounts Committee but also over the Government of India. In fact, he traverses the whole ground.

*Chairman.*—The best course would be to ignore the report. It will not appear in our proceedings.

*Mr. Lloyd.*—May I have your permission, Sir, to withdraw it ? It was a report submitted to us and not to the Public Accounts Committee, and I ask permission to withdraw it.

*Chairman.*—Yes.

*Mr. Ranga Iyer.*—I submit that the observations that have been made by the Members of the Committee on Mr. Emerson's Report in the course of this brief talk should be recorded after which Mr. Lloyd may ask for permission to withdraw the Report.

*Chairman.*—That will appear in the record of evidence.

803. *Mr. Das.*—Before I give my permission to withdraw this, I want to know from Mr. Lloyd if there are any remarks by Mr. Emerson against a member of this Committee, one of my predecessors ?

*Mr. Lloyd.*—I do not think it occurred to Mr. Emerson to do anything of that sort. Mr. Emerson was called upon to submit a report, and after examining the facts, he submitted a report.

*Mr. Ranga Iyer.*—Now that it is withdrawn, is it proper for further discussion to be had on it ?

*Chairman.*—I agree with Mr. Ranga Iyer.

Evidence taken at the Fifteenth Meeting of the Public Accounts Committee held on Friday, the 24th August 1928, at 2-30 p.m.

PRESENT :

- |   |   |                    |
|---|---|--------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> .              | } | <i>Members.</i>    |
| 2. Mr. S. C. Mitra.   |   |                    |
| 3. Mr. Abdul Matin Chaudhury.   |   |                    |
| 4. Mr. C. S. Ranga Iyer.  |   |                    |
| 5. Mr. T. A. K. Shervani.   |   |                    |
| 6. Mr. B. Das.  |   |                    |
| 7. Rao Bahadur M. C. Rajah.   |   |                    |
| 8. Lt.-Col. H. A. J. Gidney.  |   |                    |
| 9. Mr. W. Alexander.  |   |                    |
| 10. Sir Frederic Gauntlett, Auditor General.                            | } | Were also present. |
| 11. Mr. J. E. C. Jukes, Controller of Civil Accounts.                   |   |                    |
| 12. Mr. G. Kaula, Accountant General, Central Revenues.                 |   |                    |
| 13. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department. | } | <i>Witnesses.</i>  |
| Mr. J. D. V. Hodge, Deputy Secretary, Home Department.                  |   |                    |
| Mr. Bishen Sarup, Delhi Administration.                                 |   |                    |

GRANT 27.—STAFF, ETC., OF THE GOVERNOR GENERAL.

GRANT 28.—EXECUTIVE COUNCIL.

*Pages 176-177.*

804. *Chairman*.—Can you tell us whether the orders contemplated in the second sentence of paragraph 5 of the Finance Department resolution of the 5th January 1928 are applicable to the tour expenses of His Excellency the Viceroy ?

*Sir Frederic Gauntlett*.—Yes, and also to the tour expenses of the Executive Council. I might say that Mr. Kaula points out that this paragraph 5 was definitely drafted with reference to an excess in grant 27 and it was only by analogy that it was applied to grant 28. The original order had reference to the excesses incurred under the former.

805. *Chairman*.—Can you tell us what action has been taken on that ?

*Mr. Hodge*.—I do not think that grant 27 is a Home Department grant.

*Mr. Rajagopalan*.—The fact is that evaluation was tried only for the expenses of His Excellency the Viceroy's tour expenses and the Pay

and Accounts Officer relied for his technical details on the Railway Clearing House. They evaluated the cost and found at the end of the year that that cost was very much exceeded with the result that it needed an excess vote. The cause of that is that there is not merely the evaluated cost of the journeys but also certain empty haulage which the Railway Clearing House was not able to locate. In addition to the haulage there were patrolling charges on the line, and that is a figure which it is rather difficult to evaluate, but the Pay and Accounts Officer has promised that he will try his best to make an estimate of the patrolling charges and empty haulage so as to produce better results in future.

806. *Chairman.*—Necessary action has been taken ?

*Mr. Rajagopalan.*—Yes.

GRANT 31.—HOME DEPARTMENT.

*Page 181.*

807. *Mr. Ranga Iyer.*—Bureau of Public Information—I should like to know whether this Department gets secret funds to distribute and if so, how much ?

*Mr. Hodge.*—No, it does not get any.

808. *Mr. Ranga Iyer.*—Secret service contingencies, unaudited—Has the head of the Department certified the expenditure ?

*Mr. Hodge.*—The procedure for dealing with this unaudited expenditure is still under discussion with the Secretary of State. I think the Auditor General knows more about it than I do.

*Sir Frederic Gauntlett.*—The exact information that we got from the Foreign and Political Department was that they were going to discuss the matter with one or two Senior Political Officers who had to deal with secret funds before sending a despatch to the Secretary of State.

809. *Chairman.*—What is the position in your Department ?

*Mr. Hodge.*—It is all the same question.

810. *Mr. Ranga Iyer.*—May we get an idea of the kind of secret service that is being rendered ?

*Mr. Hodge.*—I am afraid I do not know—for the reason that it is secret.

811. *Mr. Ranga Iyer.*—But I should like to know whether this Department is responsible for shadowing members of the Legislature ?

*Mr. Hodge.*—I was not aware that this was done.

GRANT 43.—ADMINISTRATION OF JUSTICE.

*Page 200.*

812. *Chairman.*—What are the savings in law charges due to ?

*Mr. Hodge.*—The explanation of that is that we had several years' Bombay law charges to pay in arrears. They had asked for Rs. 30,000 a year for 5 years. So we budgeted for Rs. 1½ lakhs. We cut them down to Rs. 15,000, so that a substantial portion of the grant was not wanted.



## GRANT 77.—DELHI.

Page 469.

813. *Mr. Ranga Iyer.*—May I know why there was a saving under scholarships ?

*Mr. Bishen Sarup.*—The full number of scholarships expected was not awarded. The grant of scholarships in individual cases depends upon various factors, *e.g.*, ability, circumstances of the family, etc.

*Chairman.*—I understand Mr. Bishen Sarup's point is that enough candidates did not turn up satisfying the prescribed qualifications.

814. *Mr. Ranga Iyer.*—Then I suggest that this sum saved should be added to the next year's budget. What is your next year's budget ?

*Mr. Bishen Sarup.*—I cannot say offhand.

*Mr. Ranga Iyer.*—I think the Committee should recommend that as far as possible there should be no savings under this head and if there are savings they should be carried to the next year's account.

*Chairman.*—That will mean that if enough candidates of the requisite standard do not come up, money will be wasted on all and sundry.

815. *Mr. Mitra.*—May I ask why there is a saving of Rs. 27,000 out of Rs. 50,000 allowed for building grants ?

*Mr. Bishen Sarup.*—This is due to the building grants not being awarded in full. Under the Punjab Education Code there are certain conditions which must be satisfied, before a grant is disbursed, *e.g.*, the building must conform to plans and estimates approved by the Executive Engineer, the authority concerned must be satisfied that the locality is suitable, that there is need for a school in the locality and so on.

816. *Mr. Mitra.*—Does it not show bad budgeting ?

*Mr. Bishen Sarup.*—This is not a case of bad budgeting. The provision was based on applications actually received. It was because the schools which came up for grants failed to fulfil all the conditions laid down that the grants were not given.

*Sir Frederic Gauntlett.*—I would like to make a general observation that while one does see marked differences under individual heads one also sees a comparatively close approximation under each main account. I think that does indicate the value of the work of the Pay and Accounts Office. They are able to watch the general progress of expenditure.

## GRANT 79.—ANDAMANS AND NICOBAR ISLANDS.

Para. 87.

817. *Chairman.*—What is the position as regards the *pro forma* account of S.S. "Maharaja" ?

*Mr. Hodge.*—I understand the matter is still with the Finance Department.

*Mr. Kaula.*—The matter has not yet gone to the Finance Department. It is between the office of the Accountant General and the Chief Commissioner.

818. *Chairman.*—Losses on account of the Dairy farm and slaughter house. Have you anything to say, on that ?

*Mr. Hodge.*—The Committee enquired about this last year, and I will read out a short note which was then submitted to them :

“ In the course of its examination of the Audit and Appropriation Accounts of the Andamans and Nicobar Islands for the year 1925-26, the Public Accounts Committee asked for more information regarding the Dairy Farm and the Slaughter House, in particular whether the loss under these heads was recurrent and, if so, whether there was any justification for running these institutions at a loss. It has been ascertained from the Chief Commissioner that the losses on these two institutions are recurrent. The figures of loss for 1923-24 and 1924-25 are as follows :—

	1923-24.		1924-25.
	Rs.		Rs.
Dairy Farm ..	9,600	Dairy Farm ..	10,200
Slaughter House	9,400	Slaughter House ..	14,500

- The losses on the Dairy Farm are due to the high overhead charges, which are inevitable on a relatively small Dairy, to the great reduction of livestock in the Settlement made in 1922 in the belief that the Settlement was closing down, which necessitated purchase from contractors at higher rates, and to outbreaks of foot and mouth disease.
- The losses on the Slaughter House have also been due to loss of cattle through foot and mouth disease and the necessity for importing cattle, in the absence of sufficient local supply, which entails heavy charges on freight and fodder *en route*.
- Owing to the presence of troops and the artificial nature of the Settlement it is necessary to maintain both these institutions until such time as the local resources improve. The Chief Commissioner has endeavoured to reduce the losses by periodically raising the selling prices, but any further increase in prices to cover the losses fully would render them prohibitive.”

*Para. 88.*

819. *Chairman.*—Have you any remarks about control of expenditure ?

*Mr. Hodge.*—We went lately into the matter very thoroughly and prescribed a system of returns which we think will enable us to keep a much better watch over the progress of expenditure in the Andamans than in the past. The new procedure was introduced only from the current year, and the Accountant General himself does not suggest a change at this stage.

*Mr. Kaula.*—The general instructions which have been prescribed throughout India are unsuitable for that part because of the distance and the irregular shipping arrangements. My accounts from there come very late. It is really for the Home Department to consider whether they should not give the Chief Commissioner the benefit of a local pay and accounts office.

820. *Chairman.*—Have you considered the question of a local account office in the Andamans ?

*Mr. Hodge.*—We should be glad to do so.

821. *Colonel Gidney.*—Is the irregular shipping arrangement to the Andamans a serious obstacle ?

*Mr. Kaula.*—It is not so much the irregularity of service. The clerical staff there is of very poor quality. They do not understand the rules and regulations and it is very difficult to explain things by post. That is where the trouble comes in.

822. *Mr. Ranga Iyer.*—Is it not possible to improve the clerical efficiency in the Andamans ?

*Mr. Hodge.*—I do not think I can answer that offhand. That would mean giving higher pay.

*Chairman.*—All we are concerned with is whether it would be desirable to have a pay and accounts office in the Andamans and we might suggest that the Government of India should consider the question with reference to the needs of the situation.

*Paras. 489—490.*

823. *Chairman.*—The total saving represents ten per cent. of the provision. Is it possible for you to take action to secure better budgeting ?

*Mr. Hodge.*—It should certainly be possible.

824. *Chairman.*—Will you please take necessary action ?

*Mr. Hodge.*—Yes. I should, however, explain that the saving is entirely in respect of charges for feeding the convicts. The settlement is being gradually closed down owing to changes of policy. We make them as many as possible self-supporters and therefore the feeding charges for convicts in jail have come down abruptly. That is the real explanation of the saving here. At the same time I do not suggest that better budgeting would not be possible.

825. *Mr. Ranga Iyer.*—Does this budget contain any expenditure on the Moplahs ?

*Mr. Hodge.*—They all come under the general heads. The expenditure is not shown separately.

826. *Mr. Ranga Iyer.*—Could you give us any information as to how the Moplah colony is faring ?

*Chairman.*—The information is apparently not available and will have to be worked out.

827. *Mr. Ranga Iyer.*—I suggest that the expenditure in connection with the Moplah settlement should be shown against a separate sub-head, because that is a very important matter and is an experiment which has created quite a controversy in the Assembly.

*Chairman.*—Sir Frederic, is that a practical proposition ?

*Sir Frederic Gauntlett.*—If it is a case of picking out individual convicts as Moplahs and trying to differentiate between the expenditure on a particular Moplah convict and on any other convict, that would be almost impracticable. If, in fact, the Moplahs occupy a separate settlement all their own, it ought not to be very difficult. But all that one can say is that the question would have to be looked into.

*Mr. Kaula.*—It may also be necessary to consult the Chief Commissioner.

*Mr. Hodge.*—I think they have a separate settlement, they have their own separate villages. But as Mr. Kaula and the Auditor General say, the question wants rather further looking into before we can undertake to do so.

*Mr. Shervani.*—I think there should not be difficulty here, where there is a separate settlement, to classify the expenditure separately so that we may know what the settlement is costing, and I think this recommendation may be made though some inconvenience may be caused to the Accounts Department.

*Chairman.*—If that is the general desire, it may be recorded, but the point is this. There are certain items of expenditure (for example food supplies, which are sent down to the Andamans) and it would be difficult to allocate them between Moplahs and non-Moplahs. There will be practical difficulties. The sub-heads are not with reference to the class of convict but the nature of the expenditure.

*Para. 12 of the Home Auditor's Report on the High Commissioner's Accounts.*

828. *Chairman.*—What have you got to say about the mis-classification of the pensions ?

*Mr. Hodge.*—I do not know anything about that, Sir. I have not seen that paragraph, but will inquire and find out.

829. *Chairman.*—This really would be a matter for the Accounts Department, because if a note was not made on the pension payment order sent to England, it would be impossible for the High Commissioner's accounting staff to make the adjustment. Are the executive authorities concerned in this matter ? Can you tell us, Mr. Kaula, what the position is ?

*Mr. Kaula.*—I believe the Home authorities wrote to the Auditor General's office and some enquiries were made of all Accountants General.

*Sir Frederic Gauntlett.*—I will see that Mr. Kaula ascertains the facts.—It has been a matter of considerable difficulty classifying pensions since the Reforms, but I cannot for the moment imagine how it could possibly arise in the case of a Judge of a High Court.

Evidence taken at the Sixteenth Meeting of the Public Accounts Committee held on Saturday, the 25th August 1928, at 11 a.m.

PRESENT :

- |   |   |                           |
|---|---|---------------------------|
| 1. The Hon'ble Sir Bhupendra Nath Mitra, <i>Chairman</i> .              | } | <i>Members.</i>           |
| 2. Mr. S. C. Mitra.   |   |                           |
| 3. Mr. Abdul Matin Chaudhury.   |   |                           |
| 4. Mr. C. S. Ranga Iyer.  |   |                           |
| 5. Mr. T. A. K. Shervani.   |   |                           |
| 6. Mr. B. Das.  |   |                           |
| 7. Rao Bahadur M. C. Rajah.   |   |                           |
| 8. Lt.-Col. H. A. J. Gidney.  |   |                           |
| 9. Mr. W. Alexander.  |   |                           |
| 10. Sir Frederic Gauntlett, Auditor General.                            | } | <i>Were also present.</i> |
| 11. Mr. J. E. C. Jukes, Controller of Civil Accounts.                   |   |                           |
| 12. Mr. G. Kaula, Accountant General, Central Revenues.                 |   |                           |
| 13. Mr. T. K. Rajagopalan, Officer on Special Duty, Finance Department. |   |                           |
| 14. Mr. D. C. Campbell, Director of Commercial Audit.                   |   |                           |
| 15. Mr. B. Nehru, Assistant Auditor General.                            |   |                           |

Mr. E. Burdon, Financial Secretary. *Witness.*

*Paras. 3 and 8 of the Auditor General's letter.*

830. *Chairman.*—At the outset we might discuss one or two general points, the inadequacy of lump cuts, for instance. In the course of our examination of other witnesses, we have come to doubt the general adequacy of lump cuts. I take it that the Finance Department will take steps to see that the lump cuts are made more adequate in future, as experience accumulates ?

*Mr. Burdon.*—Yes, the matter receives attention constantly.

831. *Chairman.*—Of course, I realise that there is a difficulty in the way of a lack of staff and I think there is a proposal to give you some superior assistance, and if the Finance Department are impressed with the desirability of watching the situation closely, I think we shall be able to attain the desired result.

*Mr. Burdon.*—That is one of the purposes for which the Honourable the Finance Member has just agreed to a request I made. I wanted an officer of the Finance Department during the summer in Simla to give more attention to what I call the correlation of appropriation accounts with the estimates, to go back to where the original mistake was made—

if it was a mistake—to correlate the appropriation accounts with the original estimating processes and see how similar mistakes can be avoided in future.

832. *Sir Frederic Gauntlett*.—I would only make one suggestion. When as Accountant General I was largely responsible for budget work, I found that budget work depended very largely upon an intelligent scrutiny of past statistics. It is the statistical method which is one of the main helps in a central budget office. The various Departments have to put forward their specific demands, but this question of the amount that can be cut with safety can only be learnt from a compilation of statistics of the results year by year.

*Mr. Burdon*.—That again will be one of the functions of the officer who will not only prepare the budget but will watch the operation of the budget throughout the year.

833. *Mr. Das*.—Would it be possible for the Finance Department, with the new machinery proposed, to watch the detailed heads of the different grants, especially in the case of Railways, and distribute the main lump cut among the different heads ?

*Mr. Burdon*.—I should prefer not to commit myself to any detailed proposition until I have had some experience of the new system which was only really agreed to within the last few days.

*Chairman*.—It is not so much the distribution of the lump cut as the adequacy of the lump cut which we have in mind.

834. *Mr. Shervani*.—After a lump cut is made on the total vote, how is the balance distributed amongst the sub-heads ?

*Chairman*.—That is initially left to the Department concerned and I think I am correct in saying that the Finance Department takes general responsibility with the Department concerned.

*Mr. Burdon*.—Yes. Our Financial Advisers operate the lump cut system and have to take certain steps to secure that the lump cut is realised. We have recently given general instructions to the Financial Adviser, Posts and Telegraphs Department, in this connection.

#### *Para. 6.*

835. *Chairman*.—With reference to the discrepancies between the Controlling and Accounts Officers' figures, have you issued any general orders ?

*Mr. Burdon*.—We have not yet issued any orders.

*Chairman*.—I think we may suggest to Government that some general orders be issued on the subject.

#### *Para. 7.*

836. *Chairman*.—The Auditor General says: "The large savings under Disbursements of Loans and Advances are mainly due to over-budgeting under 'Advances to the Provincial Loans Fund'". Have you any remarks, Mr. Burdon ?

*Mr. Burdon*.—The major portion of the savings occurs under "Advances to the Provincial Loans Fund". The variation here is due to the

fact that after the budget estimates were framed the Provincial Governments reduced their requirements with reference to the remission of provincial contributions announced in the budget. The head is one under which it is difficult to frame an accurate estimate. But the question is being taken up in connection with the deliberations of the Statutory Commission, with reference to the recommendation of last year's Public Accounts Committee, as to the necessity for submitting the outgoings under 'Loans and Advances' to the annual vote of the Assembly.

*Chairman.*—Under present arrangements they have to be voted by the Legislative Assembly. Whether that is the correct procedure or not will be considered with the Statutory Commission ?

*Mr. Burdon.*—The Public Accounts Committee themselves questioned the necessity.

*Para. 10 (a).*

837. *Chairman.*—We have dealt with that in connection with various Departments. We shall certainly express the hope that future Appropriation Accounts will show better results.

*Para. 10 (b).*

838. *Chairman.*—What action has the Finance Department taken on this question of an additional provision in the Budget for leave salaries ?

*Mr. Burdon.*—In October 1925 we issued a circular letter requesting the Accounts officers to scrutinise estimates with respect to past actuals before finally accepting them. We stated that the possibility of an increase on account of these should be allowed for and that any reductions which may be considered necessary should be made in consultation with the administrative authorities. We also asked for a report showing the total amount of reductions thus effected, etc. In July of this year we have prescribed statements in which the report should be made and I understand the intention is to issue final orders on the matter after the results of the next Budget have been scrutinised. The orders also cover establishment charges referred to in paragraph 10 (a) of the Auditor General's letter.

*Chairman.*—That brings out one point about which we were in the dark before, that is, with regard to increments. Somebody told us that under some rule in the Civil Account Code increments have not to be provided for in the Budget. Mr. Kaula, on the other hand, told us that it was his practice to see that increments were provided for. That as a matter of fact is covered by the instructions you have issued.

839. *Sir Frederic Gauntlett.*—I have referred the matter to Finance Department for their opinion. As far as I know, I have not had a reply. The orders Mr. Burdon is referring to were issued, I presume, by the Officer on special duty to all Accounts officers.

*Mr. Burdon.*—They were issued by the Finance Department proper.

*Para. 11.*

840. *Chairman.*—This deals with allotments from the Reserve at the disposal of the Finance Department which were not regularised before the close of the year by presenting supplementary demands to the Assembly and

which should now be regularised by a vote of the Assembly. What have you got to say on that point, Mr. Burdon ?

*Mr. Burdon.*—There are 4 cases which have to be regularised by the Assembly's vote. A revised procedure was out-lined in our Resolution of the 5th May 1927, that is to say, after the close of the year 1926-27, and we actually obtained supplementary grants in a certain number of cases as stated in that paragraph. The decision as a matter of fact had been arrived at exactly on the eve of the despatch of the supplementary demands to the press very late in February 1927 and, in those cases in which excesses were anticipated, supplementary demands were obtained. I find, however, that there is one exception to this, namely, Census, which appears to have been overlooked at the time. The amount here is very small ; it is under Rs. 2,000. Of the 4 cases mentioned by the Auditor General, the remaining 3, namely, grants Nos. 28, 62 and 64, were cases in which the allotments were made from the Reserve after the supplementary demands had been made to the Assembly and I imagine it was not considered worth while to go to the Assembly with still another set of such demands.

841. *Mr. Das.*—What is the total amount of the Reserve at the disposal of the Finance Department for allocations like these ? About 50 lakhs ?

*Mr. Burdon.*—Rs. 5 lakhs in 1926-27. That is the normal figure.

842. *Chairman.*—In this connection a point has been raised by Mr. Shankar Ran, that after we have presented the supplementary demands to the Legislative Assembly in February or March, cases may arise in which the Reserve may have to be drawn upon. These three were cases of that sort. Now it would be impossible without prolonging the session of the Assembly to go before them again for the regularisation of these supplementary grants. I suppose we must leave the matter as it is. Cases of that sort are bound to arise.

*Sir Frederic Gaultlett.*—Would it be possible to delay the presentation of the supplementary demands ?

*Chairman.*—That depends upon the programme of work in the Legislature. We may suggest that in cases of this kind, a fresh set of supplementary demands need not be presented when the Assembly's general programme of work does not readily permit this, unless of course a question of principle is involved.

*Para. 24 of the Accountant General's Report.*

843. *Chairman.*—Do the Public Accounts Committee wish a complete list to be given ? Mr. Kaula, can you explain the position for our benefit ?

*Mr. Kaula.*—If you refer back to paragraph 23, you will see a long list of cases of authorisation of expenditure in anticipation of the approval of the Standing Finance Committee, etc. The question is whether this list is in accordance with the wishes of the Committee. Do they want such a complete list every year or do they want it in any other form ?

*Chairman.*—It is no use mentioning cases in which the approval of the Standing Finance Committee is not necessary or has subsequently been



obtained or where a supplementary grant is necessary and has been obtained. It is therefore only where audit disagrees with the Finance Department and holds that they are cases in which the approval of the Standing Finance Committee was necessary but was not obtained, that the cases should be brought to our notice. I think all of us will agree about that.

*Sir Frederic Gauntlett.*—This view has been put forward 3 years running because we think it entails a considerable amount of unnecessary work, and I am very grateful that at last we have got the Committee's assent.

844. *Chairman.*—Mr. Kaula, do you show anywhere cases in which the approval of the Standing Finance Committee was not obtained because the Finance Department did not consider such approval necessary but Audit considered it necessary ?

*Mr. Kaula.*—In paragraph 23 of my Report, I have mentioned the fact that in respect of all those items the approval of the Committee was obtained where necessary during the year and communicated to audit. So there is no case in which approval was not ultimately obtained. If therefore the Committee had permitted me, I would have written a single paragraph in terms of this last paragraph instead of giving a long list covering many pages.

845. *Chairman.*—But you will still bring to our notice cases in which audit holds that Finance Department should have gone to the Standing Finance Committee but did not do so ?

*Sir Frederic Gauntlett.*—I think it is a question whether that is a function of Audit. We should be only too glad to exercise it if it is the desire of the Committee but if so we must have a very clear statement of the principles which govern the presentation of matters to the Standing Finance Committee.

846. *Chairman.*—Then, how is this statement made here that in respect of all the items mentioned the approval of the Standing Finance Committee was obtained where necessary during the year and communicated to Audit ? Who settles the necessity ?

*Sir Frederic Gauntlett.*—The necessity is judged by the rules, I imagine, which have been accepted by the Government of India as governing the cases which will be referred to the Standing Finance Committee. My point is this. It is a convention that cases shall be presented to the Standing Finance Committee. Is it the desire of Government that Audit should scrutinise the fulfilment of that convention. If it is we shall be only too glad to do it.

847. *Chairman.*—The Finance Department have got certain rules ? For example, if they were going to incur an expenditure of Rs. 100, they would not go to the Standing Finance Committee. There is a kind of convention ?

*Mr. Burdon.*—There is a statement of fairly clearly defined principles.

*Chairman.*—And if that is so, Audit can watch the position against those principles.

*Mr. Burdon.*—As a matter of fact, the Standing Finance Committee themselves laid those principles down and they were accepted by Government. All cases are judged with strict reference to those principles.

*Chairman.*—Therefore that establishes my point.

*Para. 33.*

848. *Chairman.*—What about the travelling allowance rules regarding carriage of personal effects ?

*Mr. Burdon.*—We have made the necessary amendment under which the controlling officer is required to record a certificate that he has scrutinised the bills and satisfied himself that the claim is reasonable. The amendment issued on the 11th August 1928.

GRANT 67—CURRENCY.

*Para. 69 and 70.*

849. *Chairman.*—The Auditor General draws our attention to the heavy loss which the Government of India suffered through the dishonesty of certain Government servants in Burma. Mr. Burdon, can you tell us whether any orders have since been passed by the Burma Government in the case mentioned in paragraph 69 and whether any special measures will be adopted to stop dishonesty on the part of the treasury officials in Burma ?

*Mr. Burdon.*—These embezzlements present a disquieting phenomenon. The position is not entirely satisfactory. The Committee, I think, are aware of the letter which the Government of India issued to the Government of Burma. Here is their reply. They find it difficult to see what effective steps could be taken without incurring a considerable increase in the cost of management of the treasuries. On getting that letter from the Burma Government, which did not take us very far, I consulted the Auditor General. A suggestion had been made by the Controller of the Currency that the balances might be checked by peripatetic audit officers in the course of the tours which they make for other purposes. I asked for the views of the Auditor General on this. He did not think that it was altogether correct in principle that his department should carry out such inspections and also pointed out certain practical difficulties in the way. That note came to me from the Auditor General last month and then I said that I would deal further with this case after I had the advantage of having the comments of the Public Accounts Committee.

850. *Mr. Mitra.*—The Auditor General further raises the question whether these losses should be shared with the Local Government who as agents should be responsible for the work of their servants.

*Mr. Burdon.*—That point was taken by the Government of India themselves in their letter to the Burma Government where we said : " I am directed to add that if frauds of this character continue to be perpetrated, the Government of India will be bound to consider whether it would not be justifiable, and indeed necessary, to require the Local Government to share the loss which the frauds entail." That is in our letter to the Burma Government.

851. *Mr. Shervani.*—What did the Burma Government say in reply ?

*Mr. Burdon.*—Nothing.

852. *Col. Gidney.*—Might not the risk be obviated or minimised by better and regular inspections by higher officers than sub-accountants ?

*Mr. Burdon.*—I think the risk is minimised if you have regular periodical inspection.

853. *Col. Gidney.*—Do you think it would be further minimised by obtaining security deposits from these men ?

*Mr. Burdon.*—I think some of these frauds were committed by people who do not give security deposits. Security deposits are in practice taken from the actual cashier.

854. *Col. Gidney.*—Could you not introduce it in the case of higher officers ?

*Sir Frederic Gauntlett.*—These are actually men of the rank of Deputy Collectors. I might explain that in one case of defalcation the place had been inspected by three different Deputy Collectors.

*Mr. Burdon.*—Inspection will never prevent theft any more than the Indian Penal Code. If a man wanted to walk off with the money, inspection would not prevent that. He could do it ten minutes after the inspection.

*Sir Frederic Gauntlett.*—My point is a point of principle. As *Mr. Burdon* mentioned, I deprecate very strongly audit going round testing actual money balances, because I hold that that is the specific responsibility of the executive. They themselves must check their own money and if there is any attempt made to bring us in, the executive will at once wash their hands off the whole thing. They will say “ You are responsible now ; we have no responsibility whatever ”.

855. *Chairman.*—We must concentrate ourselves on the question raised by the Auditor General, *viz.*, whether writes-off of losses in connection with central transactions conducted by Provincial Governments as agents, etc., should not be a provincial charge and *vice versa*.

*Mr. Burdon.*—In the case of this treasury business there is a difficulty due to the constitutional position. The Local Government will say “ Well, we are managing these treasuries for you. Really, it is your responsibility. You ought to be doing it. We receive no payment for managing these treasuries ” and they would object very much. And then as we all know that, in connection with the question of separation of accounts and audit, you may get the whole constitutional position altered entirely in regard to the management of treasuries and, if any change comes, then it would be possible to take up and finally settle this question of responsibility for losses in treasuries. At the present moment, one is apt to provoke fruitless discussions on very complicated and very controversial subjects.

856. *Chairman.*—The position then is that this loss is to be borne by us more or less as a *quid pro quo* for not being charged by the Provincial Governments for treasury work which they do for us.

*Mr. Burdon.*—On the other hand, Sir, not to hold the Provincial Governments responsible for them in any way offends against a very elementary principle. If they had no responsibility for losses, how can they take any trouble about it ? It must also be remembered that even if there were no

Central Revenue and Central expenditure, the treasury would still be required for Provincial receipts and disbursements.

857. *Chairman.*—That does not take away from the point, Mr. Burdon. As they do some work for the Central Government, they may claim that they are entitled to charge us something, not the whole cost of the treasury.

*Mr. Burdon.*—Quite so. These are the points of difficulty.

*Chairman.*—There is no use our pursuing this matter now. I think we should be justified in commending the Auditor General's suggestion for the consideration of Government. Mr. Burdon has brought to our notice the defects arising out of the constitution, but the constitution may be changed in the near future, and if we make this recommendation, the Government of India will take it into consideration in due course.

#### GRANT 68—MINT.

##### *Para. 71.*

858. *Chairman.*—What have you got to say about the form of these accounts ?

*Mr. Burdon.*—In Finance Department letter, dated 25th January 1928, the forms in which the profit and loss account and balance sheet of the Calcutta Mint have been presented in the audit report on the Mint Accounts for the year ending 30th September 1926 were approved for the purpose of inclusion in the Appropriation Accounts. The question of the form in which the mint accounts generally should be given is still under consideration.

*Chairman.*—Will you take long to settle this matter ?

*Mr. Burdon.*—We should not take long.

*Chairman.*—I hope it will be done in time for the accounts to be shown in the Appropriation Accounts next year.

#### GRANT 70—SUPERANNUATION ALLOWANCES AND PENSIONS.

##### *Para. 82.*

859. *Chairman.*—The Auditor General wants us to ascertain whether the draft orders regarding contracts would cover this particular kind of contract. In this case a contract was entered into which was not precise in its terms. The result was that some extra expenditure was incurred which would have been avoided had the agreement been accurately worded.

*Mr. Burdon.*—I do not think this particular type of contract has been specifically in mind. The situation is, as I stated before, that the draft set of rules has been circulated to various authorities for opinions and the rules will enunciate general principles applicable to all contracts and agreements. It is proposed to follow these up with a manual of detailed instructions indicating the powers of various authorities in respect of different kinds of contracts and prescribing rules to govern points connected with or arising out of agreements. The points which have been raised by the Accountant General have been noted and they will be covered either by the main or by the subsidiary rules.

860. *Col. Gidney.*—There must be many more contracts. I hope future cases will not be treated lightly.

*Sir Frederic Gauntlett.*—I do not know how they will be treated. In this case the Secretary of State sanctioned this payment because the officer concerned was able to convince the Government of India and the Secretary of State that the payment was deliberately in accordance with what had been promised him either verbally or in writing. But there was, in our minds, some disagreement between the actual wording of the contract entered into and the terms which were made at home. That was the whole trouble.

861. *Col. Gidney.*—I know for a fact that the terms of agreement between the Government and the new railway officers are changed almost every two or three months.

*Chairman.*—In future, railway recruitment will be done almost wholly by the Government of India, and so, Mr. Burdon, your form of contract will bind the officers.

*Mr. Burdon.*—Yes, Sir. It is very important that this particular type of contract should be covered by the new rules.

#### GRANT 85—CAPITAL OUTLAY ON SECURITY PRINTING.

##### *Para. 97.*

862. *Chairman.*—Has this form of account been finally accepted ?

*Mr. Burdon.*—It is still under consideration, but we do expect a decision in the near future.

#### GRANT 93—LOANS AND ADVANCES BEARING INTEREST.

##### *Para. 112.*

863. *Sir Frederic Gauntlett.*—I have submitted a memorandum on this, Appendix X. Paragraphs 3, 4 and 6 of that Appendix are important.

*Chairman.*—Can you give us any information on paragraph 3 ? The Auditor General states that an enquiry has been made and a reply thereto is awaited.

*Mr. Burdon.*—I am afraid the reply has not yet been given to the Auditor General. The reply is that the reduction of rate of interest on advances to Provincial Governments granted in 1921-22 is not inconsistent with the terms on which the advances were sanctioned. While we sanction advances at specified rates, there is nothing to prevent the Government of India from altering the terms so long as the change is made with the concurrence or at the request of the borrowing Governments.

864. *Sir Frederic Gauntlett.*—Would that have any effect on the fund as a whole and then implicate other Local Governments ?

*Mr. Burdon.*—In this particular case, a corresponding reduction was made simultaneously in the rate of interest charged by Government to the Provincial Loans Fund.

865. *Chairman.*—Para. 4.—Are you taking steps to ensure that amounts advanced for productive works are actually spent on works of that class only ?

*Mr. Burdon.*—That is a matter which has frequently been under consideration and under discussion with Local Governments and with the Auditor General. It is receiving attention. But I imagine that audit officers themselves do look to this particular point.

*Sir Frederic Gauntlett.*—The main difficulty is about determining what expenditure during the year is to be regarded as productive and then giving the preferential rate of interest on that expenditure only.

*Mr. Burdon.*—It is by no means a simple affair. We will deal finally with the matter as soon as possible.

*Chairman.*—There is nothing in para. 5. I understand para. 6 is receiving attention. Para. 7 requires no action on our part. That finishes the Memorandum.

#### GRANT 25.—INTEREST ON DEBT, ETC.

*Page 169.*

866. *Chairman.*—Have you any information to give to us, Mr. Burdon, about the Discount Sinking Fund ?

*Mr. Burdon.*—I do not think I can give very much more than what the Auditor General has given. He has noted it for information as something of great importance. The total amount of loan issued was 29½ crores. The Sinking Fund has been formed on the basis of redemption by 1960. This is the first occasion on which a fund of this character was instituted in India. But it has been the normal practice for the Secretary of State to institute such funds in connection with sterling loans raised by him whenever the loans are issued at a discount. We do so only when the revenue position does not permit of the entire discount being charged to the revenues of the year.

#### GRANT 26.—INTEREST ON MISCELLANEOUS OBLIGATIONS.

*Pages 170—173.*

867. *Chairman.*—There is an excess of something like Rs. 74,000 over the vote. Why didn't you arrange to get a supplementary grant ?

*Mr. Burdon.*—The entire excess in voted expenditure is explained by larger payments to the Post Office on account of savings bank and cash certificate work. In the year payment for cash certificate work was made at 3 annas per transaction *plus* the cost of audit ; that for savings bank work was made at 8 annas per account in operation *plus* ¾ per cent. of the balance. When payment depends on the number of transactions and the number of accounts, it cannot easily be estimated. Differences of the kind are bound to arise. The estimate was framed by the Financial Adviser, Posts and Telegraphs, on the information available to him. The variation in the interest on General Provident Fund is small ; besides, the authority responsible for watching the expenditure in this case is the Audit Officer himself.

*Mr. Rajagopalan.*—In so far as the Pay and Accounts Officers are responsible for the variations, instructions have been issued in order to secure greater co-operation between them and the Accountant General, Central Revenues, in the work of estimating.

868. *Col. Gidney.*—I find that interest on the Customs Provident Fund has been reduced. Why is that ?

*Mr. Burdon.*—As far as I remember, we guarantee 4 per cent. ; for a time we gave 5½ per cent., and now it has gone down to 4¼ per cent.

## GRANT 35.—FINANCE DEPARTMENT.

*Page 187.*

869. *Chairman.*—Was the decision about the change in the location of offices from Old Delhi to New Delhi known when the Budget was framed ?

*Mr. Burdon.*—I understand it was not.

## GRANT 68.—CURRENCY.

*Pages 317—318.*

870. *Chairman.*—What about the savings here ?

*Mr. Burdon.*—In the case of both Establishments and Contingencies, there is a certain amount of uncertainty. The requirements depend to a certain extent on the character of the season, the volume of remittances and the exigencies of storage accommodation.

## GRANT 70.—SUPERANNUATION ALLOWANCES, ETC.

*Page 360.*

871. *Chairman.*—There is an excess here.

*Mr. Burdon.*—The large differences under gross expenditure and reductions are due to a mistake in providing for pensionary charges recoverable from the Posts and Telegraphs Department. The Audit Officers themselves are responsible for watching the expenditure under this grant which is distributed over all provinces.

872. *Chairman.*—The net excess in the voted expenditure is less than one per cent. It is Rs. 28,000 out of a total grant of Rs. 37 lakhs. But have you any information about the defective arrangements in the Central Provinces referred to on page 354 ?

*Mr. Burdon.*—Not at the moment. We are awaiting a report from the Accountant General.

## GRANT 72.—MISCELLANEOUS.

*Page 396.*

873. *Chairman.*—Why was the provision for military buildings made in the civil estimates ?

*Mr. Burdon.*—The provision was made at the instance of the Accountant General, Bombay, when full details were not available. As a matter of fact, the Finance Department did not know that any amount was included on account of the Military Department.

*Page 398.*

874. *Chairman.*—The Revenue Reserve Fund was explained at length in Sir Basil Blackett's budget speech.

*Mr. Burdon.*—It is a purely balancing entry and the small difference of 13½ lakhs between the estimates and actuals is really a matter for congratulation.

## GRANT 85-A.—CAPITAL OUTLAY ON CURRENCY NOTE PRINTING PRESS.

*Page 562.*

875. *Chairman.*—There is an excess here too.

*Mr. Burdon.*—We regard the excess as so small that it could hardly have been foreseen. It is an instance of close budgeting.

## GRANT 89.—CAPITAL OUTLAY ON VIZAGAPATAM HARBOUR.

*Pages 566-67.*

876. *Chairman.*—Can you not take steps to see that there are no large savings like that in future ?

*Mr. Burdon.*—The construction work commenced only in the year 1925-26, and in framing estimates for 1926-27 we had not even a year's past actuals before us. It is a difficult matter in the case of large construction works of this kind to estimate expenditure during the first year or two, until matters have settled down. We shall certainly have recourse to a lump cut in future, if the past actuals point to such a course when we have a steady progress established.

## GRANT 90.—COMMUTED VALUE OF PENSIONS.

*Page 569.*

877. *Chairman.*—An excess vote will be required in this case.

*Mr. Burdon.*—The difficulties here were similar to those in the case of the Vizagapatam Harbour : 1926-27 was the first year in which commutations began to be charged to capital. The excess under voted is however, more than counter-balanced by savings under non-voted.

## GRANT 92.—INTEREST FREE ADVANCES.

*Page 582.*

878. *Chairman.*—This relates to the sale of surplus nickel.

*Mr. Burdon.*—The Note in the Appropriation Accounts has since been altered by means of a correction slip. In 1924 the Controller of the Currency reported that the stocks of nickel were far in excess of requirements and that a considerable quantity could be disposed of. Finally, after protracted discussions, the Secretary of State entrusted the sale to a certain company for the disposal of about 1,500 tons of nickel within a period of three years under certain conditions. The Company got a commission of one per cent. on the sales. The sale proceeds were credited in the Home Accounts and eventually adjusted under " Nickel Coinage Account " in India. The purchases were originally made at £200 per ton, while the sales have been made at about £170 per ton and this accounts for the loss. The contract expires on the 31st December this year.

879. *Sir Frederic Gauntlett.*—Will all the surplus stocks have been sold by that time ?

*Mr. Burdon.*—Yes, nearly all.

880. *Mr. Das.*—Are you not buying more nickel now ?



*Mr. Burdon.*—No. We don't need to buy now or in the near future. We purchased the nickel during war time. When nickel coinage was first started, we had no idea what quantity would be required, but afterwards, with some experience we came to know of our actual requirements. We have given up coining 8 anna bits.

881. *Chairman.*—How many years' stock have you got ?

*Mr. Burdon.*—We have got stock which will last for about 10 years if used for coinage alone.

*Paras. 111-112 of the Auditor General's letter.*

882. *Chairman.*—We have already dealt with the individual savings and excesses and may now agree in the general remarks of the Auditor General.

*Para. 113.*

883. *Chairman.*—This is a case of embezzlement of stamps which arises out of the Report of the Accountant General, Bombay.

*Mr. Burdon.*—In this particular case the Government of Bombay, in asking the Government of India for sanction to write off the loss, stated that disciplinary action had been taken. I find that the C. B. R. considered that the Bombay Government had been lenient and the Finance Department agreed. But I am inclined to think that, in a matter of this kind, it would be a very difficult matter for us to attempt to interfere with our agents whose servants are concerned, and that we must leave the question of disciplinary action to their discretion. If we attempted to interfere, it would create trouble. In a matter like this we can only deal with the Local Government and I think we must assume that in the ordinary course the Local Government would do what it thinks proper. We forwarded to Local Governments in September 1927 a copy of our letter to the India Office detailing the measures which we have taken for checking the growth of fraud and embezzlement of public revenues.

884. *Sir Frederic Gauntlett.*—When a decision is arrived at by the Government of India with regard to the general principles relating to disciplinary action, will copies of that be sent to the Local Governments for information ?

*Mr. Burdon.*—Yes, they will.

SECRETARY OF STATE'S ACCOUNTS.

*Para. 2 of Section I of the Home Auditor's Report.*

885. *Chairman.*—There was a decision of the Government of India which is referred to in the first sentence of paragraph 11 of section II of the Home Auditor's Report about the allocation of pensions among various authorities with reference to the officer's service. Now the only way you can make proper arrangements about this is by making a proper entry on the last pay certificate. Have you issued any general orders drawing the attention of the Accountants General to this fact ?

*Mr. Burdon.*—I cannot say definitely.

*Chairman.*—We may recommend that the Finance Department should issue general orders which will obviate such mistakes in future.

*Sir Frederic Gauntlett.*—Similar difficulty was discovered in the United Provinces by the separated Audit Department. They found considerable miscalculations and that question is now being pursued.

*Para. 3.*

886. *Chairman.*—Have you any information to communicate to us, Mr. Burdon, in regard to paragraph 3? Personally I know the position.

*Mr. Burdon.*—A question has been asked in the Legislative Assembly and it is being answered. The only thing we can say about it is that a decision has not yet been reached.

*Para. 22.*

887. *Chairman.*—Savings in the Secretary of State's grant.

*Mr. Burdon.*—Certain explanations have been given on pages 4 to 5 of the Appropriation Accounts. The savings are large but it is difficult to make a lump cut in the Secretary of State's estimates.

HIGH COMMISSIONER'S ACCOUNTS.

*Para. 19 of Section I of the Home Auditor's Report.*

888. *Chairman.*—Have you ever made lump cuts here?

*Mr. Burdon.*—We have not so far troubled ourselves to make cuts in the Home estimates but we have no objection to make a beginning in the case of the High Commissioner in future if the figures indicate the necessity.

SECRETARY OF STATE'S ACCOUNTS.

*Para. 12 of Section II of the Home Auditor's Report.*

889. *Mr. Das.*—What is the position regarding Colonel's Pensions?

*Mr. Burdon.*—In the Army you may be promoted to the rank of Colonel but you may never be employed in a Colonel's appointment. You may retire the next day. Officers of the rank of Colonel can only be employed in certain kinds of appointments. They cannot be employed all over the field. There are only a limited number of such appointments. There is a definite establishment of Colonels in the Indian Army and a definite number of Colonel's appointments. When an officer is promoted to the rank of Colonel, there may not be a vacancy for him in a Colonel's appointment, and he cannot be employed in any lower appointment. That is what is referred to in this paragraph when they talk of officers retiring within a few months of promotion to Colonel and without their having rendered any effective service in that rank.

890. *Mr. Das.*—Where one has done no effective service, he won't get £800?

*Mr. Burdon.*—So far as I remember, the rule was altered later on so that you did not earn the full pension of a Colonel until you had done 2 years service in that rank. At the end of one year I think you got an increase of something like £50 a year over the pension of the Lieut.-Colonel, and when you did 2 years' service you got the full pension of a Colonel. That, as far as I can recollect, is the rule that was finally introduced.

*Para. 19.*

891. *Mr. Das.*—What is the “ Capitation Rate for Effective Services ” ?

*Mr. Burdon.*—It is a payment which is made in respect of British troops in this country representing the cost incurred in England for recruiting and training them.

## ECCLESIASTICAL.

892. *Chairman.*—When we were examining Mr. Woodhead yesterday in connection with the Ecclesiastical charges, the question was raised why Ecclesiastical expenditure incurred for the Army should not be transferred from Civil to Military. I believe the matter was raised and discussed in connection with the Inchcape Committee’s Report. Can you tell us what the present position is ?

*Mr. Burdon.*—I can, of course, from my previous experience as Army Secretary, and not from my experience as Financial Secretary. The position in the Army is this. On the Army Estimates there are borne the charges relating to Wesleyan and Baptist chaplains, Scottish Presbyterian Chaplains who are employed in Scottish regiments and Roman Catholic chaplains who are employed in connection with soldiers of the Roman Catholic religion, and the only charges that are not borne on the Army Estimates are the charges relating to Anglican chaplains of the Church of England. They are on the Civil side. Now, the position is this. I do not think it is breach of confidence to mention this. When Lord Rawlinson was re-organising the Army arrangements out here he had a great desire to start an Army Chaplains Department, and if that had been done, he would have taken over into the Army Chaplains Department all the Anglican chaplains who were employed exclusively in connection with the troops. But that particular proposal was not given effect to because of difficulties connected with the setting up of this Indian Church Measure, and it was agreed that the formation of an Army Chaplains Department, if it ever came at all, would come much better at a later stage when the Indian Church had crystallised and settled itself down, and that when the arrangements were cut and dry it might be possible to separate those chaplains who were required exclusively for employment on troops. At the present moment, it is by no means an easy thing and it would, I imagine, probably lead in the first instance to extra expenditure and to a certain amount of duplication. I think you would probably get a certain duplication of expenditure. I went into the matter very thoroughly at the time,—I frequently discussed it with Lord Rawlinson—I remember discussing it once with the Bishop of Bombay—and that was the conclusion that was arrived at.

893. *Col. Gidney.*—Have you any civil chaplains such as Missionaries, Railway Chaplains, etc., ministering to the religious needs of regiments or detachments of regiments and in receipt of allowances ?

*Mr. Burdon.*—I should like to explain that on the Army side we do not pay Roman Catholic Chaplains or Wesleyan Chaplains full time rates of pay. We pay them allowances. In many cases we pay a certain sum of money to the Church, to the institution itself and it is for the head of the institution to allot the money to individuals. Some of them are paid

less and some more. Some are young, some are old, and some have families. It is the head of the institution that shares out the money that is paid by Government as he considers it proper.

*Sir Frederic Gauntlett.*—Very roughly, that is on a capitation rate.

*Mr. Burdon.*—Yes. Your Anglican chaplains are full time servants of the Crown. Your Scottish chaplains, Presbyterians employed in Scottish regiments, are also full time servants. I do not think we can satisfactorily take up the discussion until the Indian Church has consolidated itself to some extent. I think Sir Frederic Gauntlett, who knows more than one aspect of this matter, will probably agree with me.

*Sir Frederic Gauntlett.*—Quite.

894. *Col. Gidney.*—What I just wanted to know is this. If the Indian Church Measure does succeed, as we hope it will, will that not seriously affect the Army Chaplains? After all the Indian Church Measure is nothing else but religious autonomy to this country and it is certainly going to affect the religious needs of the Army.

*Sir Frederic Gauntlett.*—I do not think that arises out of the Appropriation Accounts.

*Col. Gidney.*—It is a matter of principle. Lord Rawlinson was keen on a separate Department.

*Mr. Burdon.*—Lord Rawlinson was a very able professional soldier and, as a point of organisation, he felt that it would be more satisfactory to have the arrangements which we have elsewhere and have an Army Chaplains Department within the Army structure.

*Chairman.*—We may suggest that the Government of India should take up the question of incidence.

# REPORT

ON THE

# WORKING OF CO-OPERATIVE SOCIETIES

PREPARED BY

IN

## BIHAR AND ORISSA

FOR THE YEAR

1927



PATNA  
SUPERINTENDENT, GOVT. PRINTING, BIHAR AND ORISSA.

1928

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FROM

RAI BAHADUR DURGA PRASAD, M.A.,  
REGISTRAR OF CO-OPERATIVE SOCIETIES,  
BIHAR AND ORISSA,

To

THE SECRETARY TO THE GOVERNMENT  
OF BIHAR AND ORISSA, EDUCATION  
AND DEVELOPMENT DEPARTMENT.

*Dated Patna, the 29th September 1928.*

SUBJECT.—Annual Report.

SIR,

I HAVE the honour to submit herewith the Annual Report on the working of Co-operative Societies in Bihar and Orissa for the year 1927.

I have the honour to be,

SIR,

Your most obedient servant,

D. PRASAD,  
*Registrar.*

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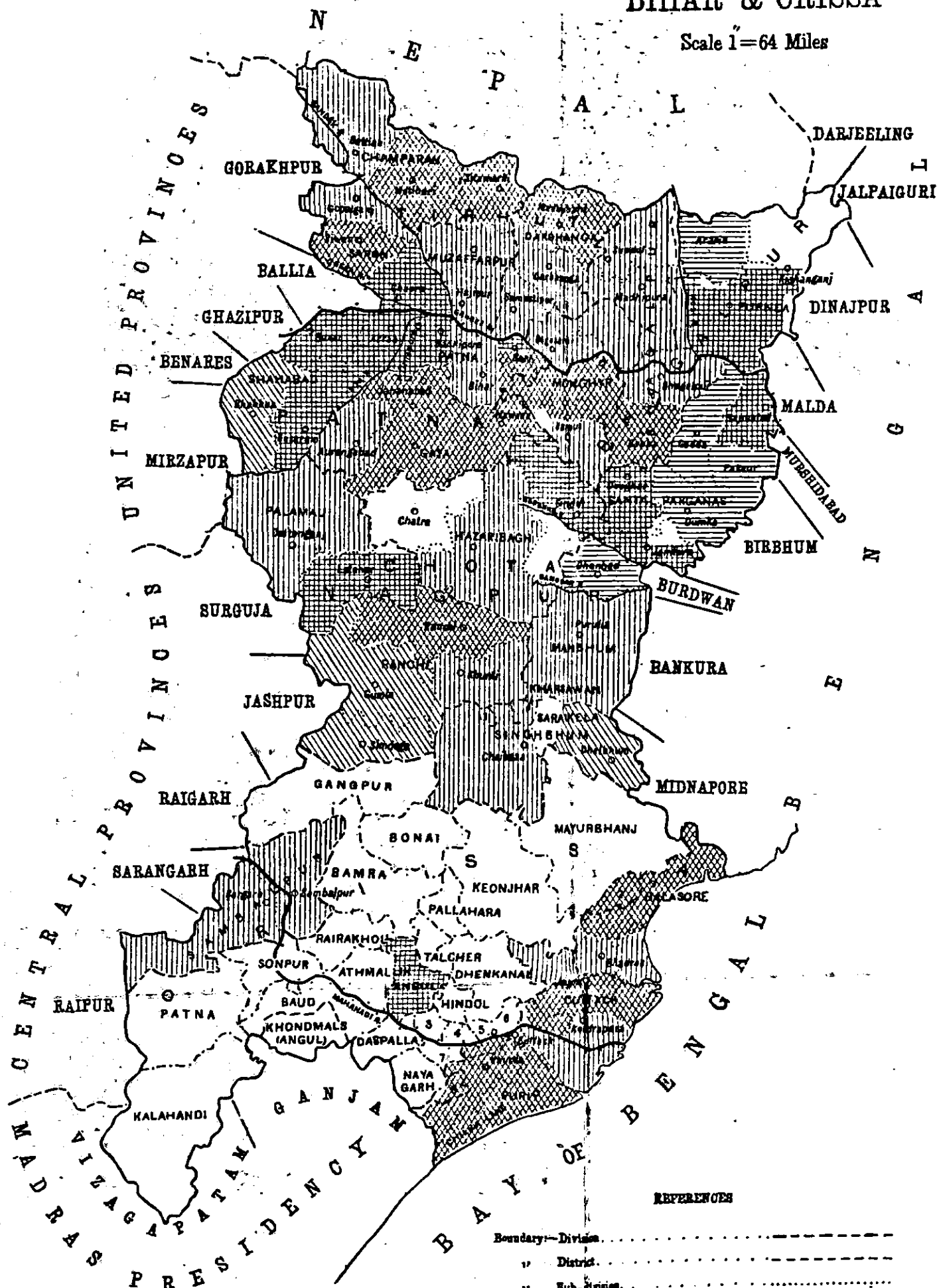
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# PROVINCE OF BIHAR & ORISSA

Scale 1"=64 Miles



- REFERENCE TO NUMBERS**
- |               |            |
|---------------|------------|
| 1 KARAIKELA   | 5 TIGIRIA  |
| 2 NILGIRI     | 6 ATHGARH  |
| 3 NARSINGHPUR | 7 KHANDPAR |
| 4 BARAMBA     | 8 RANPUR   |

**REFERENCES**

Boundary—Division . . . . .

    " District . . . . .

    " Sub-division . . . . .

    " State . . . . .

Sub-divisions with Co-operative Societies from 1 to 19 shows that . . . . .

"	"	20 to 49	"	[Hatching pattern]
"	"	50 to 99	"	[Hatching pattern]
"	"	100 to 200	"	[Hatching pattern]
"	"	over 200	"	[Hatching pattern]

# Report on the working of Co-operative Societies in Bihar and Orissa for the year 1927.

## ADMINISTRATION.

1. *General control.*—I held charge of the Department throughout the year. The three circles in Orissa and Chota Nagpur Divisions were under the immediate charge of the Deputy Registrar at Cuttack.

Rai Bahadur Nilmoni Dey worked as Deputy Registrar at Cuttack till the 31st August 1927, when owing to his retirement from service he was succeeded by Mr. N. K. Roy, Assistant Registrar, Ranchi Circle, while Rai Sahib Phanindra Nath Gupta, a new recruit, was posted to Ranchi in Mr. Roy's place.

There were nine Assistant Registrars' circles in the year under review. The following table will shew the names of the circles and the officers in charge:—

Serial no.	Name of circle.	Name of Assistant Registrars.
1	2	3
1	Patna	Babu Bansi Prasad.
2	Gaya	Maulvi Saiyid Muhammad Fazl-i-Huq.
3	Muzaffarpur	{ 1. Babu Jugal Kishore Singh up to 23-7-1927. 2. Babu Jamuna Prasad Singh since 23-7-1927.
4	Darbhanga	Babu Mathura Prasad.
5	Chapra	{ 1. Babu Jamuna Prasad Singh up to 22-9-1927. 2. Babu Jugal Kishore Singh since 23-9-1927.

Serial no.	Name of circle.	Name of Assistant Registrars.
1	2	3
6.	Bhagalpur	Maulavi Anwar Karim.
7	Cuttack	Maulavi Abdus Samad Khan.
8	Sambalpur	Babu Durga Prasad Misra.
9	Ranchi	{ 1. Mr. N. K. Roy up to 31-8-1927. 2. Rai Sahib P. N. Gupta since 1-9-1927.

Babu Jamuna Prasad Singh, Assistant Registrar, Chapra Circle, had to look after the Muzaffarpur Circle in addition to his own charge for a period of two months from the 29th July 1927 owing to the absence on leave of Babu Jugal Kishor Singh, and on the expiry of the leave Babu Jamuna Prasad was placed in charge of Muzaffarpur Circle while Babu Jugal Kishor Singh was transferred to Chapra Circle.

Since the close of the year the areas under the Assistant Registrars have been redistributed to make a more equitable division of work between them as shown in Appendix I. In the previous distribution there were several districts which were split up between more than one Assistant Registrar, which was a very inconvenient arrangement. Under the existing distribution the district has been kept intact while at the same time a more equitable distribution of societies between the various Assistant Registrars has been effected. Still two of the circles, viz., Muzaffarpur and Cuttack, could not be made less heavy than at present. Each of these circles has got more than 1,200 societies, while in the remaining seven circles the number does not exceed 1,000. The work in these two circles is not only heavy on account of the larger number of societies but is also complex, in particular, in the Cuttack Circle where the existence of industrial societies among bell-metal workers imposes a severe strain on the Assistant Registrar. Pending the submission of a reorganization scheme (which is held up for the issue of the report on the Royal Commission on Agriculture) I asked for the creation of two additional posts of Assistant Registrar to afford

relief to these heavy circles, but Government were unable to provide more than one officer as a temporary measure for six months. This additional officer has joined and has been attached to the Muzaffarpur Circle as a junior Assistant Registrar.

The present staff has been found by actual experience to be quite inadequate for the efficient supervision and control of the societies which more than ever before need closer personal attention of the Assistant Registrars. As will appear from the present report, the general condition and working of the societies in the province has improved during the year; yet there is so much to be done to bring the societies to the desired standard of efficiency that a further augmentation of the staff is urgently called for. It is now six years since the report of the Lyall Committee on Co-operation was published and the experiment of controlling 1,000 societies with only one Assistant Registrar has had a fair trial, but the result has not been satisfactory. There is no use disguising the fact that it is during this period that a great deterioration has set in, of which Government have full information. The problem of making a substantial increase in the strength of the superior staff is therefore one of great urgency and importance.

2. *Honorary Organisers.*- The number of honorary organisers was 28 as against 24 of the previous year. Of the 24 old honorary organisers the appointments of three were not renewed, while seven new appointments were made one for each of the following areas:—

1. Nimapara.
2. Deoghar.
3. Giridih.
4. Bhabhua.
5. Hazaribagh.
6. Purnea Sadr.
7. Singbhum.

These additional appointments were made in pursuance of the policy discussed in the previous report. The services of honorary organisers have been found to be of great assistance to the movement. The total cost to Government on account of their travelling allowance was Rs. 2,336.

3. *Special Officers.*—During the year two special officers were actually employed though sanction for the appointment of three had been obtained. One worked in the Araria Subdivision of Purnea throughout the year and the other was employed in Sambalpur till November and was then drafted to Dhanbad, a new area. In Araria a central bank and 15 primary societies were registered during the year. The Special Officer in the Sambalpur Circle started work in Boarsambhar Zamindari and organized some societies, but as they did not appear to be promising they were not registered and further work in that area stopped. He was then drafted to Dhanbad Subdivision in November 1927 to organize co-operative stores and savings banks in the colliery areas.

In addition to the special officers, the special inspecting clerk appointed in the previous year continued to work throughout the year among the Paharias of Rajmabal area. He organised 27 new societies in that area as against three in the previous year. His services were also utilised in the organisation of societies in Pakaur area where he was able to organise five societies.

For the proper supervision of the bell metal societies in Orissa the post of a supervisor was sanctioned by Government with effect from the 1st July 1927.

4. *Tours and Inspections.*—I was out on tour for 170 days. The Deputy Registrar Rai Bahadur Nilmoni Dey, and Mr. N. K. Roy, were out on tour for 190 days and 78 days respectively, making a total of 268 days. In the case of the former the period is somewhat inflated owing to his long stay at Ranchi.

The details of touring by the Assistant Registrars are given in Appendix II. Though there is some increase in their touring as compared with the preceding year I still consider it inadequate. Although in my last report I said that an Assistant Registrar should put in at least 200 days I find that only one Assistant Registrar (Babu Mathura Prasad) has just come up to the mark by putting in 198 days. Maulavi Fazl-i-Haqq comes next with 165 days. The touring of the Assistant Registrars Mr. N. K. Roy, Babu Durga Prasad Misra, Babu Jugal Kishore Singh, Babu Bansi Prasad and Babu Jamuna Prashad Singh was not sufficient.

5. *General progress.*—The statement overleaf will show the numerical progress of the movement during the year as compared with the previous year.

## General Progress for 1927.

Class of societies.	Number actually working at the end of the year.		Membership at the end of the year.		Working capital at the end of the year.		Reserve Fund at the end of the year.		Profit or loss for the year.		Deposits held at the end of the year.	
	1926.	1927.	1926.	1927.	1926.	1927.	1926.	1927.	1926.	1927.	1926.	1927.
1	2	3	4	5	6	7	8	9	10	11	12	13
					Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Bihar and Orissa Provincial Co-operative Bank, Limited.	1	1	93	100	51,48,324	57,59,623	1,83,043	2,52,149	+54,130	+54,443	43,37,891	50,15,585
2. Central Banks ...	64	65	16,521	11,041	1,95,51,703	2,07,05,777	4,99,506	5,63,768	+3,44,041	+4,85,521	1,40,31,607	1,52,69,073
3. Agricultural Societies ...	7,614	7,934	205,525	220,889	1,09,86,228	1,05,55,768	19,89,390	22,73,848	+3,78,550	+3,92,360	6,21,408	6,65,630
4. Non-Agricultural Societies ...	283	306	23,661	22,787	28,96,079	31,01,451	2,29,698	2,56,429	+31,845	71,743	9,18,228	12,04,454
5. Guarantee Unions ...	216	230	...	...	...	...	...	..	...	...	...	...
6. Bihar and Orissa Co-operative Federation, Limited.	1	1	...	...	...	..	...	...	...	...	...	...
<b>Total</b> ...	<b>8,264</b>	<b>8,537</b>	<b>220,100</b>	<b>254,767</b>	<b>4,75,84,343</b>	<b>5,03,22,519</b>	<b>29,07,027</b>	<b>33,76,191</b>	<b>+3,38,566</b>	<b>+9,54,069</b>	<b>1,90,45,634</b>	<b>2,20,65,643</b>
Increase over preceding year	1,043	223	31,208	15,607	65,90,568	28,26,176	4,63,608	4,69,164	39,271	1,18,500	25,43,317	21,16,018

The number of societies of all kinds increased by 323 as against 1,043 in the previous year. Expansion was purposely restricted in pursuance of the policy adopted last year to devote greater attention to the improvement of the existing societies. I am glad to find that a wholesome check has been exercised by the Assistant Registrars on the organisation of indifferent societies. As the Assistant Registrar, Sambalpur, reports, "The Special Officer deputed to Bargarh had instructions not to organise societies which would be only loan institutions but to organise such societies as would turn into genuine co-operative institutions. Any number of societies of the first kind could have been organised but after three months' hard work the Special Officer believed that he had organised at least five societies of the right type but even these, on my testing them, did not satisfy me. So I refused to register them." This policy has borne good results. Not only has further deterioration been arrested but there has been appreciable improvement in collection, classification, financing, and training of *panches* and secretaries of societies and guarantee unions. The supervision of the societies by the central banks has improved and become more effective and the book-keeping of the banks themselves has been considerably improved by the deputation of an Assistant Auditor to go round the banks to coach the clerical staff.

### PROVINCIAL BANK.

6. The provincial bank continued to develop its resources. Its working capital rose from 51 lakhs to 57 lakhs, which gives an increase of 6 lakhs as against 4 lakhs of the preceding year. But the profits of the bank were not in proportion to the increase in the working capital. They amounted to only Rs. 77,000 as against Rs. 76,000 of the previous year. This comparatively low profit is attributed to the reduction of 1 per cent. in the rate of interest on loans to the central banks. The share capital increased by Rs. 67,000 and the reserve fund by Rs. 56,000. In spite of reductions in the rates of interest, the deposits increased by about  $6\frac{1}{2}$  lakhs. The total of deposits amounted to a little over 50 lakhs, of which  $10\frac{1}{2}$  lakhs came from banks and societies and the rest from outside. There was an increase of 2 lakhs in the savings deposits, while transactions in the current account amounted to more than 5 lakhs. One very disquieting feature is that since the year 1925 there is a steady fall in the investments of the apex bank in the central banks as loans and cash credits. There has been a decrease of 5 lakhs in the total advances to central banks during the last



three years. This is partly due to the tendency of the central banks to raise their finance preferably by deposits paying higher rates of interest than by borrowing from the apex bank at a lesser rate. There was no appreciable increase in the overdues from the central banks which stood at Rs. 1,54,000 out of which Rs. 30,000 has been collected since the close of the year. In this respect the Chota Nagpur Christian Bank, mention of which was made in paragraph 21 of my last report, is causing grave anxiety. Out of the total advances made by the provincial bank to the central banks and other societies, the recovery of about 1 lakh is doubtful. Against such bad debts the bank maintains a contingent fund which amounted to Rs. 44,000. The investments of the bank in Government and trust securities amount to about 19½ lakhs and its deposits in other provincial co-operative banks to over 10 lakhs. The bank continued to enjoy the cash-credit facilities afforded by the Imperial Bank, as noted in my last report.

The total limit of cash credit allowed to the central banks was 10 lakhs, out of which only about 4 lakhs was utilised. With the increase in the resources of the central banks, an increase in their credit limits was necessary, and the apex banks introduced during the year a separate credit limit called the "maximum credit." Withdrawals from this are permitted at 7 days' notice by transfer to the cash credit account. The bank introduced during the year the system of internal audit of its daily accounts by a director. Another satisfactory feature is that the bank has set apart Rs. 5,000 from its profits for the training of the office bearers of primary societies. The whole foundation of the movement rests on the primary society and it is worthwhile even to the apex bank to contribute towards its improvement. The bank is going to have a large building in a central place at a cost of Rs. 75,000. Land has been acquired for the purpose and it is expected that the building will be constructed in a year. The satisfactory working of the bank is due to the keen interest taken in its administration by the Chairman, Sir Saiyid Ali Imam, K.C.S.I., Bar-at-law and the Managing Director Rai Sahib Mihir Nath Roy. The indefatigable Secretary, Mr. V. M. Thakore, continued to render very useful service. The annual report of the directors with the balance sheet is given in Appendix III.

## CENTRAL BANKS.

7. *New banks.*—Bhabhua central bank, though registered towards the close of 1926, practically commenced working in the

year under report. Only one new central bank was registered during the year, viz, Araria in the Purnea district. Since the close of the year, a special officer has been deputed to Kishanganj to organise societies in that subdivision and it is expected that by the middle of the year a central bank will have been started. In the new Monghyr Circle the organisation of central banks in Pakaur, Godda and Dumka will be taken up during the current year. The new areas tapped are all promising and full of possibilities for successful work.

8. *Transactions.*—Statistics relating to the operations of central banks are tabulated in statement A. There were 65 central banks as against 64 in the preceding year. A comparative statement of the progress in the working of the central banks during the last three years is shown below :—

Year.	Share capital (paid up).	Working capital.	Profits.	Reserve and other fund.
1	2	3	4	5
	Rs.	Rs.	Rs.	Rs.
1925 ...	14,78,848	1,72,44,634	3,51,931	6,28,447
1926 ...	17,92,901	1,95,51,702	3,14,041	8,27,495
1927 ...	20,48,195	2,07,06,778	4,30,677	9,47,068

The figures show that there has been satisfactory increase during the triennium in all respects except for a fall in the profits in 1926, already commented upon in the previous report. That fall has been more than amply compensated by the good profits of the year under report.

9. *Working capital.*—The working capital of the central banks increased from 195 lakhs to 207 lakhs, that is, by 11 lakhs. Of this the borrowed capital amounted to 177 lakhs and the rest represented owned capital consisting of share capital amounting

to 20·5 lakhs and reserve and other funds amounting to 9·5 lakhs. The provincial proportion of owned to borrowed capital was 1 : 5·9 which is not only satisfactory but shows considerable improvement over the proportion of the previous year, which was 1 : 6·5. Out of 65 central banks the proportion in as many as 58 banks is within the ideal standard of 1 : 8, that of Muzaffarpur, Hajipur, Purulia and Balasore is within the lenient standard of 1 : 10, while only Arrah, Bhabhua, Aurangabad, Daltonganj, Araria, Monghyr Sadr, Chaibasa and Angul have not been able to come up to the mark. Of these, however, Bhabhua, Araria and Chaibasa are new banks and are bound to take some time to come up to the standard. The proportion in the case of Arrah, Aurangabad, Daltonganj, Monghyr Sadr and Angul is still very unsatisfactory.

10. *Deposits.*—Out of the borrowed capital of Rs. 177 lakhs, deposits amounted to about Rs. 153 lakhs as against 140 lakhs of the previous year. This increase of Rs. 13 lakhs is much less than the increase in 1926 which was 21 lakhs and shows that the acceptance of fresh deposits is being gradually restricted, but even so the increase in the year under report is remarkable in view of the fact that many of the central banks reduced their rates of interest during the year. The banks were advised to make still further reductions in their rates, and since the close of the year the rates have been brought down to  $6\frac{1}{2}$  and 6 per cent. in a majority of the banks. Still there are large surpluses in some of the banks which have considerably affected their profits but, instead of realising the dangers of the situation, to which pointed attention has been drawn, some of them take pride in accumulating surpluses. It has already been discussed in paragraph 6 how as a result of this attitude the provincial bank has been reduced to the necessity of investing its surpluses in other provinces. It is a pity that the value of the provincial bank as a balancing centre is not yet sufficiently appreciated by the central banks. Acceptance of deposits and the fixation of rates of interest should be based on strictly business principles and not on sentiment. If banks will yet persist in their policy of accepting deposits without actual need, I shall be constrained to ask Government to frame a rule under the Act empowering the Registrar to regulate the taking of deposits, but such a measure will mean a serious reflection on the business capacity of the directors of central banks in this province and I hope I shall not be driven to this step.

As regards the sources from which the deposits were drawn, it is satisfactory to note that deposits held by the banks at the

close of the year from people residing outside the area of their operations amounted to only Rs. 28 lakhs, as against 35 lakhs at the end of the previous year, while deposits from societies increased from 2½ to 3½ lakhs, and from members from 24½ to 26½ lakhs. Deposits by non-members within the area of operation amounted to Rs. 95 lakhs.

Another classification of the sources of deposits shows that deposits by zamindars increased from 25 to 27½ lakhs, by agriculturists from 6½ to 8 lakhs, by professional men from 25 to 28 lakhs, by traders from 2½ to 3 lakhs and by females from 17 to 19 lakhs. In the case of men in service there has been a decrease from 45½ to 44 lakhs and in that of contractors from 1 to half a lakh. The figure for money-lenders remained stationary at 4 lakhs.

Savings Bank deposits increased from 9 to 13 lakhs.

11. *Profits.*—In point of profits the year's record is quite satisfactory. While in the previous year a working capital of Rs. 1,95,51,702 yielded a profit of Rs. 3,44,041, the profits for 1927 on a working capital of Rs. 2,07,05,778, amounted to Rs. 4,35,521, that is to say there has been an increase of Rs. 91,480 in the profits for a corresponding increase of only 11½ lakhs in the working capital. The profits would have been still higher if many of the banks had not been embarrassed by surplus deposits as already discussed in the foregoing paragraphs. This is sufficiently evidenced by the striking disparities between the working capital and profits of some of the central banks instanced below. Barh Bank with a capital of Rs. 3,98,279 only made a profit of Rs. 42,463, while Bihar Bank with a capital of Rs. 3,69,509 made a profit of only Rs. 1,702 and Gaya Bank with a capital of as much as Rs. 9,69,267 made a profit of only Rs. 9,515.

In the matter of profits, Barh Bank continues to enjoy the first place, Khurda, with a profit of Rs. 28,156, comes next. The third place goes to Balasore which made a profit of Rs. 23,725. Nawada follows close with a profit of Rs. 22,887. The next three places go to Bhadrak, Siwan and Rohika respectively, which made profits of over Rs. 18,000.

It is satisfactory to report that only two banks, namely Bhagalpur Weavers Stores and Aurangabad, showed a loss during the year as against 6 in the previous year. The loss in the case of the Bhagalpur Weavers Stores increased from Rs. 15,266 to Rs. 16,955, that is, by Rs. 1,789. The condition of this bank

has already been discussed in sufficient detail in the last report. It is now in the process of internal liquidation.

The loss in the case of Aurangabad, which amounts to Rs. 684, at first sight appears astounding in view of the fact that the bank is now about 14 years old and has a working capital of Rs. 4,77,791, but this was due to the effects of the failure of the Siris irrigation scheme.

12. *Reserve and other Funds.*—The total Reserve Fund of the banks stood at Rs. 5,63,766 which gives an increase of Rs. 63,870 over the previous year's figure. More than 50 per cent. of these reserves is separately invested. Other funds of the banks such as building, bad debt and development fund, etc., stood at Rs. 3,83,302. The total of reserve and other funds comes to about 9½ lakhs, which gives an increase of 1½ lakhs over the corresponding figure of the previous year. These figures are encouraging. I am glad to find that the banks have realised the importance of augmenting their bad debts fund, which increased from Rs. 83,000 to Rs. 1,13,574. This fund, however, needs to be still further strengthened. In point of strong reserves the following banks, which have accumulated over Rs. 20,000, deserve mention :—

	Rs.
1. Siwan	49,685
2. Rohika	40,540
3. Bargarh	39,420
4. Nawada	33,358
5. Banki-Dompara	30,506
6. Jehanabad	28,705
7. Khurda	26,603
8. Daulatpur	22,135
9. Barh	20,573

If the combined reserve and other funds are taken into account as many as 15 banks will come on the list of banks

having over Rs. 20,000. Of these the following instances of Rs. 40,000 and over are noteworthy :—

	Rs.
1. Rohika	67,376
2. Siwan	65,393
3. Barh	58,864
4. Nawada	45,458
5. Bargarh	42,827
6. Banki	42,533
7. Gopalganj	42,126
8. Jehanabad	40,921

Daulatpur, Khurda and Balasore have got above Rs. 30,000.

13. *Collections*.—In paragraph 13 of my last report I discussed the reasons for unsatisfactory collections in the past. The causes for heavy overdues were (1) over financing, (2) arbitrary fixation of kists and (3) negligence of the bank staff. These causes were remedied by a large number of banks during the year under review. In accordance with my instructions, loan applications from individuals were properly scrutinised by the banks. Kists were revised by many banks with due regard to the ability of the borrowers to pay out of their income and to the distinction between long term and short term loans. The duties of managers are quite clear in the matter. If a member defaults wilfully, award should be taken out against him without any delay, but if he is really unable to pay on account of failure of crops or other causes then the kists have to be promptly revised. The policy of letting matters drift has to be stopped once for all. I kept a close watch over the realisations from month to month. As a result of our endeavours collection this year has been better than for several years past. Out of a total demand of 66½ lakhs, 44½ lakhs was realised. Last year out of 65 lakhs only 38 lakhs could be realised. The percentage of collection for the year comes to 68·2 as against 59 of the previous year. The percentage of collection would be as high as 75·4 if 13 banks whose collections are most unsatisfactory out of a total of 65 are left out of account. These banks are Bettiah, Bettiah National, Bhagalpur Weavers, Bhattiahi, Purulia, Jajpur, Kendrapara,

Kujang, Puri, Khurda, Nimapara, Sambalpur and Barh. Excluding the Bhagalpur Weavers Bank whose collection was 6·1 per cent. the collection of the remaining twelve banks varies from 38·3 to 19·6 per cent. Six of these banks are in Cuttack Circle which has got in all eight banks and the total percentage of collection for the Circle comes to only 37·1. This state of things is attributed to the natural calamities which seldom fail to affect the agriculturists of Orissa. Collection has been best in Gaya Circle where the percentage was 83. Next come Muzaffarpur with a percentage of 82·5 and Monghyr with a percentage of 82. Chapra ranks fourth with 71·8. Bhagalpur follows with 59·3. Then comes Sambalpur and Ranchi with 56·2 and 55·4 respectively. These figures are for the circles as constituted since the close of the year. A statement showing the collection from societies under liquidation is given in Appendix VI.

14. *Classification.*—During the year under review 6,974 societies were classified after audit and the classification is compared with that of the previous year in the table below:—

Class.	This year.	Last year.
1	2	3
A. (Model) ... ..	5·0	5·0
B. (Good) ... ..	14·8	14·5
C. (Average) ... ..	69·0	68·5
D. (Bad) ... ..	9·5	10·0
E. (Hopeless) ... ..	1·9	2·0

It will be seen from the above that, though the percentage of Model societies remained the same, there is a slight increase in the percentage of 'Good' and 'Average' societies and on the other hand there is a fall in the percentage of 'Bad' and 'Hopeless' societies. I consider the results achieved as encouraging firstly in view of the fact that though there is no remarkable improvement in the condition of the societies in general there is now at any rate a distinct check on the downward course which the movement had taken for several years past, and

secondly because the audit standard is stricter. A still better classification could have been obtained if some of the banks had not followed the policy of letting matters drift. Of the banks mentioned in paragraph 14 of my last report—Cutack, Kendrapara, Bettiah, National, Chota Nagpur Christian, Hazaribagh, Masaurhi and Arrah banks have reduced the number of bad societies to some extent, while Balasore and Bettiah banks are practically at a standstill and there is a further increase in the number of bad societies under Nawada, Khurda, Sitamarhi, Jehanabad and Ranchi banks, the last 3 having respectively as many as 56, 46 and 52 such societies. Other banks in which a deterioration is noticeable are Sambalpur, Kujang, Purulia, Muzaffarpur, Daltonganj and Buxar.

#### WORKING OF CENTRAL BANKS.

15. *Patna Circle.*—There were nine banks in this Circle as before, viz., Arrah, Buxar, Bhabhua, Barh, Bihar, Dinapur, Patwa, Masaurhi and Sasaram. In my last report I had said that Arrah and Barh banks were not working satisfactorily. Barh Bank has pulled up a little since and has been able to make a provision of Rs. 69,000 against a bad debt of about a lakh of rupees. The case of Salempur Ansari Society mention of which was made in the last year's report and in which the members against whom certificates were issued had contested the validity of our proceedings in the Civil Court, is about to be compromised. Arrah Bank, which suffered from bad financing in the past and the collapse of the Garhani Stores, will still take some years to recover from the effects of its past mistakes. Bihar Bank has got rid of its surpluses but has still to face bad debts to the tune of Rs. 50,000.

This circle is growing heavier and more difficult administratively though the numerical expansion is not very great.

16. *Gaya Circle.*—As before this circle contained five banks only, namely, Gaya, Aurangabad, Nawada, Jehanabad and Daltonganj.—Reference was made to the difficulties in the administration of the Gaya Bank in last year's report. The administration of this bank is still unsatisfactory owing to the fact that on the transfer of Mr. M. G. Hallett, I.C.S., the directors again started the cry of independence and gave up electing the District Magistrate as their head. In this circle this is the only bank which is giving trouble.

17. *Muzaffarpur Circle.*—This circle as reconstituted since the close of the year contains seven banks, viz., Muzaffarpur,



Hajipur, Sitamarhi, Laheria Sarai, Rohika, Samastipur and Daulatpur. The last four were under the Darbhanga Circle which has been abolished. Muzaffarpur, Laheria Sarai, Rohika and Daulatpur continued to work satisfactorily in spite of some surplus deposits in the first three. Samastipur is stagnating for want of good honorary workers, dissension in the directorate, and lack of zeal and earnestness on the part of the paid staff.

Sitamarhi Bank is improving though slowly. It made a collection of 1½ lakhs which was 55 per cent. of its demand. Rohika Central Union is the best managed bank in the circle and maintained its position as one of the best in the province. Credit is due to Rai Sahib Susil Kumar Roy, its Honorary Secretary. Mr. S. K. Das, I.C.S., and Mr. S. M. Dhar, I.C.S., took a keen personal interest in the well-being of the bank as its chairman and deserve my best thanks.

18. *Chapra Circle*.—As reconstituted since the close of the year this circle consists of Chapra, Siwan, Gopalganj, Motihari, Bettiah National and Bettiah Christian Banks. The Bettiah Central (Christian) Bank continues on its downward march as reported last year and has been functioning only for the liquidation of its debts.

The Bettiah National Bank shows a decline not only in its working capital and profits but also in the administration of its societies. Some of the prominent members of the societies in Bagaha area had to be hauled up for embezzlement and misappropriation of society's money. The case has just resulted in the conviction of one of them. As a side effect of this conviction the bank has been able to recover some of its money which was given up for lost. The executives of the bank have been changed recently and it is expected that things will improve now. Motihari, Gopalganj and Siwan are working satisfactorily and the last named is another bank which can be called one of the best in the province. This bank owes its present position to the able guidance of Khan Bahadur Sagirul Haq and the Hon'ble Mr. Mahendra Prasad. Chapra which is still in its infancy, has not been able to make any appreciable headway.

19. *Bhagalpur Circle*.—This circle as now constituted consists of Bhagalpur, Banka, Supaul, Madhipura, Bhaptiahi, Purnea, Araria and Bhagalpur Weavers banks. Of these Supaul, Madhipura, Bhaptiahi, Purnea and Araria formed part

of the Darbhanga circle which has been closed. With the exception of the Bhagalpur Weavers Stores the working of all the banks of this circle was on the whole satisfactory. Collection was low and classification of societies unsatisfactory in Supaul and Bhaptiahi. In both the deterioration in the societies is attributed to an undue dependence on unscrupulous secretaries of guarantee unions and in Bhaptiahi to lack of capable honorary workers.

20. *Monghyr Circle.*—It is a new circle created since the close of the year with the following banks :—

1. Monghyr; 2. Jamui; 3. Haveli-Kharagpur; 4. Rajmahal; 5. Deoghar; 6. Jamtara; 7. Shaikhpara; 8. Begusarai; 9. Khagaria.

Of these the first seven originally formed part of Bhagalpur circle and the last two of Darbhanga.

The three banks in the Santal Parganas are still too new to be commented upon. They have begun well. Monghyr and Khagaria are not yet in a satisfactory condition and require reorganisation. Though Shaikhpara has made a profit of Rs. 3,102 against a loss of Rs. 82½ in the previous year, it has to face impending losses on account of its large investments in Bhagalpur Weavers Stores and Pachna gola, an affiliated society. Jamui, Haveli-Kharagpur and Begusarai worked satisfactorily.

21. *Ranchi Circle.*—This circle consisted as before of Ranchi, Khunti, Hazaribagh, Gumla, Purulia, Giridih and Chota Nagpur Christian banks. The last named ranked as the worst bank last year and is still hopelessly mismanaged. With a working capital of over a lakh of rupees the profit earned amounts to only Rs. 421. There has, however, been a slight improvement in the audit classification of its societies. Bad societies have decreased from 33 to 28 while good societies have increased from 15 to 23. It has not yet paid off the kists of the provincial bank loan amounting to Rs. 72,000 of which Rs. 35,000 is overdue. There is no arrangement for regular supervision of the societies and the bank authorities are reluctant to accept departmental advice. Ranchi bank shows an increase in the number of bad and hopeless societies which are now as many as 52 out of 191. Purulia is the worst bank in the circle in point of collection, the percentage being only 20. The societies under it have also generally deteriorated. This bank also suffered from large surpluses. Giridih and Khunti

are the only banks in this circle which are showing signs of healthy growth. The other banks will take a fairly long time to come up to a satisfactory standard of efficiency.

22. *Cuttack Circle.*—The banks in this circle are Cuttack, Jajpur, Puri, Khurda, Banki-Dampara, Kujang, Kendrapara and Nimapara. It has already been noticed that the collection of this circle was most unsatisfactory. In point of classification also this area does not seem to be improving. The number of bad and hopeless societies is 152, which forms 11 per cent. of the total, and they lie mostly in Cuttack, Jajpur, Kendrapara, Kujang and Khurda. Banki and Khurda are the only two banks that are reported to be progressing.

23. *Sambalpur Circle.*—This circle contains Sambalpur, Bargarh, Angul, Balasore, Bhadrak and Chaibasa. Of these Angul has made considerable progress and is fast getting over the effects of past mismanagement. It has made a profit of Rs. 8,490 against only 1,224 of the previous year. Its collection has been steadily improving, being 95 per cent. this year against 75 per cent. and 27 per cent. in the previous two years. This is due to the zeal and energy of the Subdivisional Officer, Babu Shashi Bhushan Satpathi, who is the Honorary Secretary of the bank. It is most gratifying to find that the Subdivisional Officer visited almost all the societies and impressed the idea of regularity in payment on the members. If all Subdivisional Officers take similar interest in the working of the movement the evils and abuses of which we have been talking so much would soon disappear and its future development on sound lines would be accelerated. Though Sambalpur has made a profit as against a loss in the previous year, its general working cannot be yet called satisfactory. The collection has been very poor and it has got too many bad societies under it. Similar is the case with Balasore, but that is due to its being seriously affected by floods for the last several years. Chaibasa and Bargarh had a satisfactory year of working.

24. *General remarks about Central Banks.*—Central banks were constituted as an agency for attracting local capital with which to finance the movement and for providing proper supervision and control over the primary societies. In the direction of drawing out the hidden hordes of unused wealth for the benefit of the agriculturists they have succeeded wonderfully well, so much so that it has now become necessary to restrict their free acceptance of deposits. But in the direction of supervision, control and education of the affiliated societies which constitute their most important function it is regrettable to notice

that there is a general tendency to relegate the entire work to the paid staff. There are a few exceptions no doubt but they only prove the rule. If the movement is to progress on sound lines the directors must exercise some personal supervision and at least check the work of their employees. Howsoever well intentioned and capable a paid officer may be his work is bound to deteriorate if he knows that there is no body to watch his work and sit in judgment over him. It is unfortunate that the demon of dissension and party feelings has made its way even within the sacred precincts of the temple of co-operation and wrangles and scrambles for election to the directorate have followed in its wake. Retirement of directors when enforced by the Registrar under the powers vested in him is resented and seats are contested not so much with the idea of service as with that of enjoying the satisfaction of being an office bearer. I cannot understand why there should be any heart burning and resentment if a director or office bearer has to walk out of office at the end of a certain period under the rules. If one is a genuine co-operator and has the interest of the movement really at heart, one can continue to do good even without being a director or office bearer. It only shows that a large number of our honorary workers are not sufficiently imbued with the true ideal of co-operation.

Temporary misappropriation of society's cash by the secretaries or treasurers is getting very common. There have been a few prosecutions in several areas ending in conviction. Such misappropriations, however, are not always actuated by dishonest motives and are sometimes due to sheer ignorance and illiteracy. There are *panches* who have no idea that to appropriate any part of the society's money to one's own use without permission amounts to defalcation for which a criminal prosecution can lie. Drastic steps must be taken in all cases of defalcation so as to create a moral influence and deterrent effect on the members of other societies. Another feature which deserves attention is the want of a broad outlook and a reluctance to take bold steps. For instance there are several areas which are seriously affected by drought and floods and yet nothing systematic is being done to help the members. What is needed is a careful survey of the possibilities of introducing artificial means of irrigation, the construction of wells, dams and bunds. It is only then that we shall be able successfully to expel the canker of overdues which is a menace and a disgrace to the movement.

In my report for the previous year mention was made of His Excellency's visit to the Peloul Society. During the year

under review His Excellency was pleased to preside over the Annual General Meeting of the Ranchi Central Bank and to open the new bank building of the Fatwa Central Union. His Excellency was also pleased to visit the Sabour Training Classes. The co-operators of this province are grateful to His Excellency for the personal interest taken by him in the movement.

25. *Moral and material improvement.*—In spite of all that the worst critics of the movement may say the fact remains that it has succeeded in steadily improving the material condition of the members to a very large extent. If we only take into account the annual saving in interest to the members, the figure runs into several digits. Taking our usual rate to be  $12\frac{1}{2}$  per cent. which now prevails in all areas except a few and the average rate charged by the mahajans in the villages as low as  $18\frac{1}{2}$  per cent., a most modest figure, the rates being even now 24 per cent. and 36 per cent. in localities where there are no societies, the saving to our members works out at  $6\frac{1}{2}$  per cent. At the end of the year the loans outstanding amounted to 173 lakhs and the saving therefore comes to as much as Rs. 10,71,250. This is by no means a small gain for the poor agriculturists with whom even a copper coin counts a good deal. This saving is by no means imaginary. It is reflected in their humble deposits in the societies. At the close of the year their deposits amounted to Rs. 4,53,532 and their paid-up share capital in the societies stood at Rs. 11,70,545. The total Reserve Fund of the societies amounted to Rs. 22,73,848. All this capital has come from the members themselves.

The total lands purchased by the members during the year amounted to 2,277 acres and the total redeemed to 2,795. There was an increase of 20,000 in the number of cattle possessed by the members. These instances are sufficient to show how far the movement has succeeded in bringing about economic improvement among our peasantry and teaching them thrift and self-help.

On the moral side it is refreshing to note that litigation and drunkenness have considerably decreased and many instances are reported of cases, both civil and criminal, having been referred to societies by the courts and amicably settled by them. It may be interesting to quote figures. Of 86 cases instituted during the year by members against members as many as 50 were withdrawn and settled amicably. 245 cases by members against members never went into court and were settled amicably. Even non-members now bring their cases for arbitration by the societies. There is

no doubt that our societies have practically revived the old village panchayat system and are saving not only their members but non-members as well from the ruinous cost of litigation to a great extent. Instances are also not wanting of conjoint action by the members for supplying their common needs. At Pichri in Ranchi circle the members have excavated a tank for the supply of drinking water for their cattle. In Khunti and Giridih areas societies have been started with members who have not taken any loans but joined the societies for co-operation only. This ideal has been instilled in all newly started co-operative banks and new members are being admitted in old societies with the intention of extending co-operation without taking loans.

26. *Agricultural Improvement.*—It is satisfactory to note that more than 40 banks were engaged in furthering agricultural co-operation. The banks largely pushed on the cultivation of sugarcane of improved variety, Dahia paddy, Pusa wheat, groundnut and potatoes. Cultivation of maize, tobacco, cotton, radish, gram, barley and jute were encouraged by individual banks. Two banks were interested in-vegetables and two others in Latesal seeds. A difficult task before the banks was the introduction and sale of chemical manures. Large quantities of Gypsum, Ammonium Sulphate, Ammophos, Chilean Nitrate and Dhanicha were utilised by the members of a very large number of societies in different areas with good results. Some of these manures were supplied free by the agricultural department for demonstration. The Ranchi, Purulia, Hazaribagh and Khunti banks worked as agents of Messrs. Shaw Wallace and Company for the sale of Ammonium Sulphate. Demonstration of cultivation with improved ploughs and on scientific lines was given in 20 societies of Hajipur area under the guidance and supervision of kamdars and overseers of the Agricultural Department. The efforts of some banks in the matter of agricultural improvement deserve special mention. The Banki-Dompara and Purulia banks maintain a whole-time agricultural inspector. The Bhadrak bank has also employed one towards the latter part of the year. It is an encouraging sign that almost all the banks now realise the need for agricultural improvements in the societies and are anxious to do all that lies in their power, but it is rather unfortunate that trained agricultural overseers or inspectors are not available owing to the abolition of the Sabour College. The Rohika central co-operative union has been long advertising for such an officer but no applications are forthcoming. Banki-Dompara and Khurda banks advance free-of-interest loans for the purchase of seed and manure for such remunerative crops as

require a heavy initial outlay. Daulatpur bank stocked improved ploughs and cultivators to be lent free to members for planting sugarcane. The Banka bank has 14 cane crushing mills which are hired out to the members. Demonstration of a new type of cultivator given by the officers of the Agricultural Department in the annual general meetings of Chapra, Gopalganj and Muzaffarpur banks and other suitable centres has created a demand for them amongst our members.

As reported last year Bihar, Banka, Bhagalpur, Aurangabad, Jahanabad and Gaya banks were being given a subsidy from Government for the entertainment of agricultural inspecting clerks. Of these the Bhagalpur bank could not fully utilise the services of the clerk and hence the subsidy was transferred to Khunti bank during the year under review.

The question of proper co-ordination of work relating to agricultural improvements between the departments of agriculture and co-operation has just been settled in consultation with the new Director of Agriculture, Mr. Burt and a fresh circular issued to the central banks (vide Appendix V) which, it is hoped, will lead to more methodical and systematic working.

**27. Land Improvement.**—It is reported that the societies gave out to the members as much as Rs. 85,000 for the improvement of land. These loans were utilised by the members in the reclamation of waste lands, for constructing *bundhs* and for sinking wells.

It is satisfactory to note that some of the banks are taking a keen interest in the improvement of the lands of the members. Every year the banks report about the new wells sunk by the members for irrigation purposes with loans from the society. During the year under review 75 wells were sunk by the members in Fatwa, Bihar, Siwan, Purulia, Nawada, Muzaffarpur and Dinapur areas. To encourage the sinking of wells Siwan and Gopalganj banks make contributions at the rate of Rs. 50 per well in society villages. The members appreciated this encouragement and took up the construction of wells by raising subscriptions to meet the balance of the cost. Siwan bank also has in view a scheme to sink a large tube well to be worked with an engine at Sundri, a guarantee union centre.

Three *bundhs* were constructed by the members during the year in Muzaffarpur, Hazaribagh and Balasore areas. The *bundh* at Kansar in Hazaribagh is reported to have been constructed by the members by raising subscriptions from amongst themselves. The *bundh* at Basta in Balasore is reported to have saved the paddy crops of 43 villages.

Three tanks were excavated during the year in Purulia, Hazaribagh and Angul areas. One society of Angul also repaired the embankment of a tank. These tanks have helped the irrigation of lands which were lying fallow since long.

It is also satisfactory to note that the banks at Masaurhi, Fatwa, Dinapur, Sassaram and Nawada took up the demonstration and sale of Rahat pumps.

28. *Education.*—The total number of pathshalas opened during the year was 73 as against 34 of the previous year. The credit for opening these, however, goes to only 16 banks. Of these Ranchi and Nawada banks opened the largest number of pathshalas (14 each). The total number of banks which had pathshalas under their management come to about 30. It is regrettable that the importance of primary education is still not realised by a very large number of banks. The banks of Sambalpur circle continue to have nothing to do with primary education. Similar is the case in Monghyr circle with the exception of Sheikhpura bank. The majority of the banks of Cuttack circle continue to remain apathetic. It is surprising that the central banks do not realise that the future of the movement depends to a very large extent on the growth of education among the masses. The essence of the co-operative movement is that people should take the management of their affairs in their hands, but this is not possible in the existing state of the illiteracy of the masses. It is well known what a great stumbling block this illiteracy is to the proper spread of co-operative ideas and principles. Not only do societies come to grief for want of literate members but also on account of the helplessness of the illiterate members to save themselves from the exploitation of their literate brethren. The spread of primary education is therefore of paramount necessity to the co-operative movement and no pains should be spared by the central banks to advance it within their resources. The contribution of 5 per cent. of the profits to the education fund prescribed by the Federation should be fully utilised. It is of course discouraging that the banks do not receive as much support from the district boards as can be reasonably expected. Still the banks should do what is possible with their own funds. Total contribution received during the year by the banks from the district boards amounted to about Rs. 14,000. The recipients of such aids were Arrah, Buxar, Jahanabad, Aurangabad, Rohika, Daulatpur, Gopalganj, Ranchi, Khunti, Hazaribagh and Purulia banks. Madhipura bank which used to receive block grants did not receive any during the year under review. On the other hand 5 new banks, viz. Gopalganj



and the 4 banks of Chota Nagpur Division, received contributions during the year. I would appeal to the district boards to make better use of the co-operative agency in the spread of primary education, assuring them that their grants can in no way be misapplied by the central banks. The central banks allocated Rs. 8,000 out of the profits of the year to their Education Funds. Some of the activities of the banks and societies deserve special mention. The night schools started by the banks are proving very useful in training the illiterate members to read and write. There are now 11 of them : 5 in Sassaram, 2 in Rohika, 2 in Gopalganj, 1 in Jajpur and 1 in Aurangabad. Seven school buildings have been constructed by the societies in Ranchi, Khunti, Hazaribagh and Giridih areas. With the exception of the Chota Nagpur Christian bank all the banks of Ranchi circle have taken up the spread of primary education in right earnest. Rohika maintained 22 pathsalas and spent Rs. 2,000 including the block grant of Rs. 765. In this area it is reported that Babu Anupa Lal Ray, *Sarpanch* of the Rampatti society, erected a school building for Rs. 200 and also made a gift of the land on which the building stands. The members of Basauli Kori society also of this area raised funds for the erection of the school building and the central union supplemented their efforts. In Laheria Sarai area Paramhans Narsingh Jha, the Secretary of Narouch Bihari society and a director of the central bank, started a school at Narouch by his individual efforts. The activities of the Paramhanasji are no doubt laudable. In Hajipur area 2 pathsalas were opened by the members at their own cost for the education of their children. Siwan bank had the management of 5 pathsalas. The bank also contributed Rs. 400 for the construction of 2 school buildings. Under Chapra bank the members of Korea society have made their own humble beginning and set an example of self-help first by starting a pathsala in their village in a thatched hut built by themselves for the purpose. Such instances are encouraging and they show that the banks can achieve much if they take up the cause of primary education with zeal and earnestness. In the previous reports contributions by the banks towards higher education were deprecated, but I find that Daulatpur bank paid Rs. 600 to the local school called "The Atkins High English School", while one society in Muzaffarpur area made contributions for the upkeep of a Sanskrit pathsala. Such contributions should wait till primary education has made sufficient progress.

29. *Sanitation and medical relief.*—The central banks are now realizing their duty in the realm of sanitation and medical relief. In cases of epidemics in society villages the banks took

prompt steps in obtaining the help of the medical officers of the district boards. As regards the efforts of the banks to distribute medicines on their own account the position remained much the same as in the last year. In Chapra area the secretaries of 4 societies distributed medicines in time of epidemics. In Nawada area 10 societies stocked snake-bite medicines which proved very useful. Sassaram and Masaurhi bank got the wells of society villages disinfected during a cholera epidemic. In areas affected by small-pox the staff of the Sasaram bank succeeded in persuading members to get themselves vaccinated. Khunti bank has provided the Inspecting Clerks with homeopathic medicines for distribution. Banki Union continued to distribute medicines as in the previous year and contributed Rs. 100 for the upkeep of the Ayurvedic Aushadhalaya, started by it last year. Puri bank distributed medicines in areas affected by malaria. The Harhacha village dispensary started by the Laheria Sarai bank continues to hold a unique position but no other bank has followed suit. In my last report I said that it was in villages and not so much in towns and mofussil headquarters that such dispensaries were needed. I am glad to report, however, that an anti-epidemic society has been started at Bhitbherwa in Gopalganj area. The services of a duly qualified doctor to help the villagers in improving the sanitary conditions of the village have been procured. Village approach roads have been constructed by the joint efforts of the members in Bhadrak, Giridih and Chapra areas. In Siwan the members of two societies repaired the village roads, which were in a very bad condition. Several societies of Jahanabad area and one society of Sasaram area arranged for the regular sweeping of the village lanes. In Rohika area Babu Anirudh Mandar, a member, got a well sunk at a cost of Rs. 200 as good drinking water was not available in the village. In the same area the members of some other societies got a tank repaired. Similarly a tank was re-excavated in Jajpur area at a cost of Rs. 300, which was met by contributions from members and non-members.

30. *Cattle inoculation.*—In consultation with the Director of the Civil Veterinary Department a fresh circular was issued to all banks on the necessity of prompt action in case of outbreaks of cattle diseases. All that the banks have to see is that such outbreaks are promptly reported to them by the societies and to inform the local Veterinary Assistant Surgeon of the situation. If the Veterinary Assistant Surgeon fails to take prompt action a report has to be sent to the superior officer concerned, as mentioned in the circular. Gopalganj, Banka, Masaurhi, Sasaram, Rohika and Kujang banks took the necessary

steps when there were outbreaks of cattle diseases in society villages. Three hundred and ten heads of cattle were inoculated in Gopalganj area, 8,587 in Banka area and 107 in Rohika area. Other banks have not given the figures to show the number inoculated but they are reported to have taken proper steps. The inoculations are reported to have been successful. Banka reports that several bull calves belonging to different society villages were castrated by the Veterinary Inspector free of charge. Banki-Dompara union spent Rs. 115 on the maintenance of a Montgomery stud-bull supplied by the district board.

### GUARANTEE UNIONS:

31. The number of guarantee unions stood at 220, there being an increase of 4 only over the previous year's figure. Gaya circle has got the largest number of these unions, viz. 55, while Muzaffarpur and Bhagalpur have got 45 and 34 respectively. Patna has got 25 and all the rest below 20, there being only 2 in Sambalpur. It is disappointing to find that about 70 per cent. of these guarantee unions are not functioning properly and the secretaries of several guarantee unions are reported to have developed mischievous propensities, particularly in Supaul and Bhojpur. Of 18 guarantee unions in the Ranchi circle, 12 under the Ranchi Christian bank are absolutely lifeless while the others are somehow keeping up a show. It is, however, expected that the working of these unions will improve if and as their secretaries are trained in accordance with the scheme which I have given to the central banks and which has already been introduced in some areas. It is also necessary to note here that the linking of societies to guarantee unions as soon as they are registered has proved by experience to affect their slender profits to such an extent that they seldom succeed in building up a reserve fund. It is therefore desirable to exempt them from the payment of guarantee union contribution until such time as their own capital (shares and reserves) is sufficient to ensure profits.

### AGRICULTURAL SOCIETIES.

32. *General.*—The number of agricultural societies of all kinds rose from 7,614 to 7,934 and their membership from 2,05,925 to 2,20,889. The average membership per society rose from 27 to 27.8, and the average for societies with unlimited liability only was 24 as against 23.6 of the previous year.

Taking the rural population of the province (excluding the Feudatory States) to be 3,26,27,424 as in the previous two years it would appear that one out of every 147 persons has so

far joined the movement. The proportion in 1925 was 1 : 184 and in 1926 1 : 148. Unless vigorous attempt is made at gradual whole village organisation the benefits of co-operation will continue to be confined to a fractional portion of the population. It is expected that the central banks and honorary organisers will aim during the current year at an increase in the membership more than an increase in the number of societies.

The total working capital of these societies increased from Rs. 1,99,88,238 to Rs. 2,05,55,768. The increase in their share capital was most satisfactory, namely from Rs. 8,81,081 to Rs. 11,70,545. The total reserves also rose from Rs. 19,89,390 to Rs. 22,73,848, which is equally satisfactory. The profits earned amounted to Rs. 3,92,360 as against Rs. 3,77,152 of the previous year. It is gratifying to find that the share capital and reserves formed about 17 per cent. of the total working capital as against 14.5 per cent. in the previous year. Deposits by members increased by Rs. 41,322 as against Rs. 27,000 and stood at Rs. 4,53,532. There was a fall in the amount of loans given out to members, namely from 65 lakhs to 58 lakhs. Of the loans issued 42.8 per cent. was for productive purposes and the remainder for non-productive. Under productive purposes loans for trade amounted to 13.6 per cent., while those for land improvement to only 1.1 per cent. On the non-productive side the percentage for payment of debts was 28.5, which is much too high in view of the very small increase in the number of societies as well as in that of membership. It is fortunate, however, that loans for litigation amounted to only 1 per cent.

**33. Primary Credit Societies with unlimited liability.**—The above figures relate to all classes of agricultural societies. I would now examine the working of only the primary agricultural credit societies. Their number stood at 7,827 and their membership at 1,88,340. The total working capital employed was Rs. 2,02,19,581, which yielded a profit of Rs. 3,73,774. This works out at 1.8 per cent. of the capital. This is satisfactory considering that the usual margin of profit is 2 per cent. only. The paid-up share capital amounted to Rs. 11,04,640 and the reserves to Rs. 20,70,973. It is extremely satisfactory that the shares and reserves formed about  $\frac{1}{5}$  of the total working capital and that nearly 60 per cent. of the reserves is invested separately. Deposits by members amounted to Rs. 4,15,000, and from non-members to Rs. 1,88,000. Total collection from members was 69.5 as against 56.6 per cent. of the previous year. It has also been mentioned before that the classification of these societies has slightly improved.

A noticeable feature of the year was the opening of classes by several banks for the training of *Panches* and members of guarantee unions and societies in accordance with a circular issued by me early in the year. The response at first was rather disappointing, the banks being reluctant to take up the matter mainly on the ground of want of funds. Towards the middle of the year, therefore, the Federation Council passed a resolution that it was prepared to grant a subsidy to central banks which were not financially in a position to afford the expenditure of opening training classes. It is deplorable that several banks did not take advantage even of this offer and shelved the question of training. It is unnecessary for me to harp on the importance of training as it is more than evident that the societies cannot develop on sound co-operative lines without it. Of the banks that took up the matter in right earnest, Bhagalpur, Banka, Buxar, Rohika and Laheria Sarai deserve special mention.

Another noteworthy feature was the introduction of eri silk-worm rearing in the societies primarily as a secondary source of income to the members but with the ultimate object of reviving and improving the silk industry of the province. The Government Silk Institute at Nathnagar supplied eri-worm eggs to many banks and sent out demonstrators. The entire inspecting staff of Nawada bank received training in eri rearing at Sabour and are now popularising it in the societies. Banka, Aurangabad, Balasore, Bargarb, Gopalganj and Siwan banks have also taken it up seriously; but Banki-Dompara is the one bank which has taken it up in the most systematic manner as will appear from the following extract from its interesting report:—

“Eri-culture was started during the year, but owing to the inexperience of the people it did not achieve good results at first. Special steps were taken for extension and improvement of the industry as a result of which castor plants were grown by the members of 28 societies, seeds being purchased by the union and distributed among the members. Three demonstration stations were established and two rearers brought from Bhagalpur to show the demonstration for two months up to the stage of the manufacture of the yarn. They were paid at the rate of Rs. 25 a month besides travelling allowance, and necessary apparatus at a cost of Rs. 20-7-0 were provided in the demonstration centres. Ten enthusiastic and energetic members of the societies in the vicinity of each centre were trained under the rearers. Non-members were also allowed to attend and receive the training. The members who attended the training

were paid annas six per day. After the training was over four of the trained members were employed for propaganda work in other centres for a year on payment by the union at Rs. 13 per month. As a result of all these endeavours 428 members belonging to 48 societies took to the industry during the year under report. The total cost incurred by the union during the year on this score is Rs. 423 and the total quantity of cocoons produced from the introduction of the industry comes to 3 mds. 28 seers."

I commend this extract to the notice of all other banks where there are possibilities for a successful introduction of this useful industry.

**34. Purchase and sale societies.**—There were 4 purchase and sale societies as against 8 in the preceding year. The working of this type of society has not proved a success as reported in the previous years. The society at Hazaribagh again incurred a loss of Rs. 933. The one at Khunti also suffered a loss of Rs. 46. The remaining two in Nawada and Monghyr made some profits.

**35. Agricultural sale societies.**—This class of society also has not proved a success and its organisation has been stopped for the last 3 years. The number of such societies came down from 13 to 10; with the exception of one in Bhagalpur they are all working at a loss. These are proposed to be closed down as soon as the dues from the individual members are recovered.

**36. Grain Golas.**—The number of grain golas decreased from 93 to 87 during the year but their membership increased from 27,564 to 31,836. The working capital fell from Rs. 3,16,858 to Rs. 3,10,140 and yet the profit was not affected, it being Rs. 21,849 as against Rs. 21,231. The best managed golas are those in the Santal Parganas, the biggest of which are Rajmahal and Godda. Rajmahal has a membership of 4,345 and earned a profit of Rs. 5,310 with a working capital of Rs. 71,633. Godda has 5,456 members and a working capital of Rs. 60,995 and its profits amounted to Rs. 3,079. Khurda gola in Cuttack district incurred a loss of Rs. 1,801. The golas in Ranchi have not proved successful. In Purulia several societies are dealing both in cash and grain transactions and no separate golas exist. In Sambalpur circle there are 91 grain golas but only 40 of them, 34 in Angul, 1 in Bhadrak, and 5 in Sambalpur, are reported to be working well. Government has agreed to pay for the construction of 3 golas and a pucca godown

in Angul. Grain gola buildings transferred by Government to central banks in Sambalpur and Bargarh are used as depôts for grain transactions.

Golas in other parts of the province are not yet showing signs of success and many of them are in a moribund condition and will have to be closed.

37. *Dairy Societies.*—The Mayaganj Gôwala society at Bhagalpur continued to work satisfactorily. It made a profit of Rs. 376 on the year's working.

### NON-AGRICULTURAL SOCIETIES.

38. *Credit Societies.*—The number of non-agricultural credit societies with limited liability decreased from 78 to 73, but the membership of such societies increased from 13,008 to 14,185. The working capital increased from 16½ lakhs to 20½ lakhs but there was no corresponding increase in the profits. On the other hand the profits went down from Rs. 1,11,085 to Rs. 94,421. Obviously this is due to the surplus deposits which the banks could not profitably invest. The share capital increased from 6 lakhs to 7¼ lakhs, deposits by members from 6½ lakhs to 7¾ lakhs, deposits by non-members from 2½ to 2½ lakhs, and reserve fund from 1½ lakhs to 1½ lakhs. The proportion of owned capital to borrowed capital stands at 1 to 1.3, which is very satisfactory. The proportion of overdues to loans is 1 to 8 as against 1 to 7 of the previous year. This is also an improvement. The working of this class of societies with the exception of a few is very satisfactory. The Secretariat Banking Association with a membership of 594 and a working capital of Rs. 1,45,369 made a profit of Rs. 7,028. From the profits of the year the bank has allowed a refund on interest paid by the members during the year at the rate of one anna in the rupee. This is an innovation and is better than the method of reducing the rate of interest on loans which often leads to overborrowings. The Accounts Office Co-operative Society at Rauchi made a profit of about Rs. 4,000 with a working capital of over Rs. 67,000. All the 25 societies amongst the employees of Tata Iron and Steel Works continued to show good results. One of these is engaged in a criminal case against its secretary for misappropriation. The Bhagalpur Amla society, which made a profit of Rs. 1,339, suffered on account of a theft of Rs. 340 out of its cash box which was kept in the Wards Office. The secretary of the society has made good Rs. 200 and the balance is proposed to be met out of the reserve fund, which amounts to Rs. 1,215.

*Contractors' Society.*—The Monghyr Contractors' Co-operative Society is in a bad way. It suffered on account of the misappropriation of Rs. 2,500 by its former Secretary Abdul Kadir and his father-in-law Anwar Ali. It was liquidated, but on the representation of the present secretary the order of liquidation has been cancelled and Abdul Kadir and Anwar Ali ordered to be prosecuted.

*Teachers' Societies.*—The Primary Teachers' Associations, of which there were nine, proved failures, and they are being gradually closed down. Only four of them are left to be liquidated.

39. *Provincial Associations.*—There were four Provincial Credit Associations working during the year. One such society has been organised since the close of the year among the ministerial officers of the Agricultural Department stationed at Sabour. The Provincial Civil Service Co-operative Association continued to do excellent work. With a membership of 260 and with a working capital of Rs. 2,67,648 it made a profit of Rs. 6,745.

40. *Fishermen's Societies.*—The number of fishermen's societies rose from 57 to 59. The membership and working capital of these societies stood at 1,108 and Rs. 95,388. Two of the societies at Puri worked at a loss of Rs. 403. One at Banki also incurred a loss of Rs. 17. Taking these losses into account, the total profits on the year's working came to Rs. 502.

41. *Home Industries Associations.*—There are three such associations, one in Khunti, one in Sambalpur and the third in Purulia. The Khunti Home Industries Association sustained a loss of Rs. 952 on the year's working. It has however done good work by training students in home industries. Since its inception in 1924, 18 students have passed out, four of whom underwent further training in Gulzarbagh Cottage Industries Institute. The Purulia Home Industries Association which was stagnating has received Rs. 2,500 from the reserve fund of the Manbhumi Christian Co-operative Society which was liquidated. This contribution has given a fresh impetus to the association and it is hoped that good results will follow. The Rampella Home Industries Association in Sambalpur district has taken a downward course and has been sustaining loss year after year, the loss for the year under report amounting to Rs. 2,247. It has suffered on account of mismanagement and defalcation. Steps have been taken to deal with the persons responsible. If the working will not improve during the current year it will have to be closed.



42. *Artisans' Societies.*—The working of this class of societies has not been generally satisfactory and a good deal of improvement is needed in most of them. The Patna City People's Bank with a membership of 792 and a working capital of Rs. 1,35,873, made a profit of Rs. 5,105. The Traders' Bank of Bankipur, with a membership of 256 and a working capital of Rs. 1,86,782, made a profit of only Rs. 2,032. The members in the latter seem to be heavily financed. The profits also are most disproportionate to the capital employed. Its financial position needs to be carefully examined. It has taken over the management of the Carpet Co-operative Society, Gulzarbagh, which has been in a bad way since long. The Carpet Society has shown a profit of Rs. 118 with a working capital of Rs. 19,618, but a considerable portion of its assets is reported to be doubtful. The Muzaffarpur Traders' Bank has a membership of 77 and a working capital of Rs. 85,336, which is made up of share capital amounting to only Rs. 1,840, deposits by members Rs. 7,360, deposits by non-members Rs. 9,936 and loans from the Muzaffarpur Central Co-operative Bank amounting to as much as Rs. 66,200. The first year's working resulted in a profit of Rs. 432 only.

The 15 societies of traders and artisans under the two banks of Bettiah are reported to be more or less lifeless, waiting to disappear as soon as their debts are liquidated. Of the six societies of this type under the Motihari Bank Dariapur no. 2 society is reported to have been making large profits every year. The only disquieting feature is that one-eighth of the working capital of the central bank is locked up in this society alone and the bank is not exercising adequate supervision over this society, especially in regard to the financing of the individual members, as a result of which some persons declared insolvent by the courts were taken in as members on the sly and given loans. Steps have, however, been taken to realise the loans and remove them from membership. The Motihari Traders' Bank, which has among its membership some of the educated élite of the town, is not being worked in a proper manner and may bring loss to the central bank unless timely action is taken. The societies among oilmen, tailors, shop-keepers, etc., in Cuttack Circle are reported to have worked at small profits. There are in all seven bell-metal societies, two in Cuttack, three in Jajpur, one in Puri and one in Sambalpur. Baidyaraipur society in Jajpur has all along been working satisfactorily and during the year, it made a profit of Rs. 1,509. The Keduapatna society of the same area also worked well and made a profit of Rs. 338.

The remaining five worked at loss. A supervisor at the cost of Government has been appointed for these societies and the result of his endeavours will be reflected next year.

43. *Societies amongst depressed classes.*—There are 13 societies of this class, three in Motihari, one in Bhadrak, one in Sambalpur and eight in Cuttack. They are dragging on an indifferent existence and no appreciable improvement is noticeable in their working.

44. *Co-operative Presses.*—The Radhanath Co-operative Press of Cuttack has been working satisfactorily ever since its inception. It made a profit of Rs. 953 with a working capital of Rs. 7,391. The Purnea Co-operative Press and Store which worked for about half the year ran into a loss of Rs. 816 because of its heavy initial expenses. The working of the Bihar and Orissa Co-operative Federation Press is dealt with separately under the head 'Federation'.

45. *Weavers' Societies.*—The Ranchi Weavers' Store is running at a loss since long and the total loss up to the end of the year comes to Rs. 21,683. At present it has become difficult for the Store to continue unless help from outside is obtained. Mention has already been made of the Bhagalpur Weavers Stores in a previous paragraph. There are 36 weavers' societies under it, of which only half a dozen are working properly. The societies deserve to be closed down, but liquidation at the present stage would mean a disaster more for the creditors of the Store than for the members themselves. The policy that is now being followed with regard to collection from the societies is necessarily a policy of despair. Recoveries are being made bit by bit by amicable means or by awards in the hope that in the course of three or four years the principal at least may be realised. There are 32 weavers' societies in Cuttack circle but their working has not been satisfactory. The 17 societies of Sambalpur circle with the exception of a few are reported to be working well. In Monghyr circle there are 11 such societies—9 in Dumka sadr area and 2 in Jamui area. Their working is reported to be satisfactory. The bad working of this class of society is generally due to the fixation of annual kists. As the members live by their trade, monthly kists for the repayment of loans should be fixed and the dues should never be allowed to fall into arrears.

46. *Stores.*—The history of the stores is not yet very pleasant reading and that is why the registration of new stores has practically ceased. Only one new store was registered during the year, *viz.*, the Purnea Co-operative Press and Store. It is unfortunate that in the very first year of its working it sustained

a loss of Rs. 816, but it was due to the fact that it worked only for about six months in the year and that also with a small capital of Rs. 6,394 only. The bye-laws are made to provide that the Store cannot raise loans and deposits from outside and therefore this loss need cause no anxiety. Though the Patna Secretariat Co-operative Store has earned a profit of Rs. 1,906 on a working capital of Rs. 25,900 including reserves amounting to Rs. 2,962 its working is not reported to be quite satisfactory. The Pusa Friends Union Co-operative Store maintained its reputation as the model store of the province. With a working capital of Rs. 6,073 only, of which the share capital amounts to Rs. 3,000 and reserve fund to Rs. 2,116, it made a profit of Rs. 1,362. The Store has invested Rs. 1,768 out of its reserves and Rs. 907 raised by the issue of debentures among the members in the construction of a building for itself. The Bettiah Raj School Store continues to do useful work in catering to the needs of the students and the teachers, and so also the Ravenshaw College Store. The former made a profit of Rs. 240 with a working capital of Rs. 1,318, and the latter a profit of Rs. 417 with a capital of Rs. 3,893. The Motihari Zila School Store sustained a loss of Rs. 67 on a working capital of Rs. 895. The Automobile Co-operative Association of Bhagalpur worked well and with a working capital of Rs. 14,037 earned a profit of Rs. 2,516. The Bhagalpur Cycle Co-operative Store, which works on a system of guaranteed demand and supply, made a profit of Rs. 100 on a capital of Rs. 995. It is managed by the Bhagalpur Central Co-operative Bank and has made itself an extremely popular institution. The Kanke Co-operative Store of Ranchi was split up into two in November last on account of differences among the share-holders. The offshoot store is named the Chota Nagpur Co-operative Store. It is well managed but financially weak. It made a profit of Rs. 184 on a working capital of Rs. 7,283. The Kanke Store continues to be the largest store in the province. Its working capital amounted to Rs. 34,835, on which it made a profit of Rs. 12,060. Its reserve fund stood at Rs. 5,433. Serious deficiencies in its working were detected during the year, owing to which the manager was removed. In spite of repeated warnings from the department the Store neglected to maintain a stock book, the result of which was that when a stock book was opened it brought to light the fact that considerable leakage had occurred in the past. The Ranchi Accounts Office Store earned a profit of Rs. 882 on a working capital of Rs. 17,225. The audit of the accounts of 1926 discloses a suspicious state of affairs in this Store and an enquiry has been taken up. The Orissa Industrial Store is in course of voluntary dissolution. The Delang Store,

which ran into a heavy loss last year, had to be sent into liquidation. The Balugaon Fishermen's Store changed its business from supplying necessities of life to its members into exporting catches of fish (including prawn). It made a net profit of Rs. 5,000 on an investment of Rs. 5,036 in the prawn business, but it sustained a loss of Rs. 4,000 on fresh fish.

### TEST AUDIT AND AUDIT.

**47. Test Audit.**—The Chief Auditor, Mr. P. Sen Gupta, worked throughout the year except for a period of 29 days when he was on leave. He was on tour for 192 days. He audited one central bank and tested the audit of 8 central banks, one store and 11 primary societies. Besides these he conducted the half-yearly audit of the Provincial Bank and audited the Federation with its branches—the Development Section and the Co-operative Press.

The percentage of test audit by Assistant Registrars comes up to the prescribed standard, i.e., five, except in the case of Cuttack and Ranchi circles. The percentage of test audit by Maulavi Abdus Samad Khan, the Assistant Registrar of Cuttack, comes to 2.9, which was grossly inadequate. Similar is the case with the Ranchi circle with a percentage of 2.5. This circle was in charge of Mr. N. K. Roy for eight months and in charge of Rai Sahib P. N. Gupta for the remaining four months.

The percentage of test audit by Assistant Auditors (previously known as divisional or circle auditors) was more than 5 per cent. in the case of three circles, viz., Sambalpur, Ranchi and Gaya. The percentage in the case of Cuttack and Patna circles comes to 2.6 and 2.8, respectively. In Chapra circle there was no test audit by the Assistant Auditor, while figures for Monghyr and Muzaffarpur circles are not forthcoming. The low percentage of test audit by Assistant Auditors is due to the fact that they were fully occupied with the statutory audits of the banks. The audit staff has to be strengthened by the Federation so that the percentage of test audit by Assistant Auditors may not fall below the standard fixed by Government.

A serious situation has arisen with regard to the employment of sufficient audit staff. The sub-committee of the Federation Council appointed to report on the working of the Federation for the year 1927 reported as follows:—

“In this connection we beg to bring to the notice of the Congress that the amount spent during the last two years under the head ‘divisional auditors’, now assistant auditors, calls for serious consideration.

		Receipts.	Expenditure.
		Rs.	Rs.
1926	...	22,452	27,689
1927	...	22,469	33,905

The above figures clearly show that the time has come to consider that either the Federation should go up to Government for an increase in the grant under this head or increase its levy of audit fees by abolishing the limit of Rs. 75 to meet its increasing expenditure. The improvement in the quality of audit has been receiving increased attention of the Governor of the Federation and we are glad to be able to record an improvement in this direction .....

Government pay a fixed subsidy of Rs. 16,672 for the maintenance of Assistant Auditors for the audit of Central Banks. The balance required is met by a levy on the central banks subject to a maximum of Rs. 75 per bank. This latter limit has proved inadequate in view of the growing business of the banks, which requires the services of more auditors than can be provided out of the funds available. The last congress held at Patna has turned down the proposal of an increase in the limit and thus a peculiar situation has arisen. Under Federation bye-law 19 the Registrar has the sole power to fix the number of each class of auditors to be employed, the qualification required and the pay of each class of auditors, while the levy of audit contribution rests with the Congress. Thus the Registrar cannot be responsible for the efficiency of audit under section 17 of the Act unless the congress votes for the funds required. The power of assessment is left to those who are to be assessed and naturally any suggestion for assessment is resented. If the congress cannot be persuaded to accept the proposal of a further levy the audit will have to be taken out of the hands of the Federation, which will practically mean its collapse. As in other provinces the audit contribution will then have to be levied by a rule under the Act.

48. *Audit.*—During the year under review 8,317 societies were due for audit, out of which the audit of 8,157 societies could be finished. The remaining societies have been audited since the close of the year. To carry out the audit the Federation employed 105 local auditors and 11 Assistant Auditors. There has been decided improvement in the audit of banks and societies. The audit note form of the banks has been revised with a view to make the audits searching and thorough.

## FEDERATION.

49. *Management.*—There has been an increase in the number of the Councillors from 15 to 17—the Deputy Registrar and the Secretary to the Provincial Bank being taken in as *ex-officio* members of the Council. The work of the Federation has been steadily increasing both in volume and complexity and makes a heavy demand on the time of the Registrar as *ex-officio* Governor.

The ninth session of the Federation Congress was held at Bhagalpur in May 1927 under the Presidentship of Rai Bahadur J. M. Mitra, the Registrar of Co-operative Societies, Bengal. The Congress was opened by the Hon'ble Sir Saiyid Muhammad Fakhruddin in a very instructive speech.

During the year the Federation Council met three times. The satisfactory features of these meetings have been the fairly large attendance of members and the increasing interest taken in the proceedings.

50. *Funds.*—The total receipts in the audit section amounted to Rs. 1,53,363 while the total expenditure was Rs. 2,00,241. Rs. 31,113, the balance of the Government subsidy, was received by the Federation, while Rs. 20,912 was overdue from the central banks at the close of the year, which necessitated a heavy withdrawal from its cash credit and consequent payment of heavy interest on that account. To save this loss in interest the banks and societies should clear up their dues in time.

Excluding the subsidy to the Development Branch of the Federation the total amount paid by Government comes to Rs. 73,664. The details are as follows—

- (1) Rs. 16,672 for the entertainment of assistant auditors.
- (2) Rs. 46,669 for the audit of primary societies.
- (3) Rs. 1,823 for the supply of free sets of account books to new societies.
- (4) Rs. 6,000 for the entertainment of inspecting clerks.
- (5) Rs. 2,500 for the training of probationers.

51. *The Co-operative Press.*—The working of the Co-operative Press was causing anxiety and to ensure a better supervision over its working the Press was removed partly to a rented house at Bankipore. The Gulzarbagh building was retained as a store. This, however, did not prove convenient and

the Press has been shifted back to its old place. Mr. A. B. N. Sinha spared no pains to improve its working and as a result of his endeavours there was some improvement. During the year it made a profit of Rs. 3,236.

52. *Development Branch.*—The Development Section has been reorganised on the lines of the Federation Sub-Committee's Report.

The recommendations of the Sub-Committee are interesting and will be found in Appendix IV. Four Propaganda officers, one for Chota Nagpur and two for Bihar, were appointed in September 1927 on a pay of Rs. 150—10—200, as recommended by the Sub-Committee, and the appointment of one more Propaganda Officer for Bhagalpur Division is under contemplation. The posts of the Assistant Development Officer and the Assistant Editor were abolished with effect from 1st October 1927. The post of the Development Officer was advertised and Mr. A. Hassan, the officiating Development Officer, was selected and confirmed in the grade of Rs. 300—25—500. The post of the Assistant Propaganda Officer was abolished, and the post of a Demonstration Officer in-charge of the Slide and Chart Section on a salary of Rs. 120 per month with effect from 1st August 1927 was created.

53. *Training class.*—The last training class at Sabour consisted of 61 probationers, of whom 50 were new recruits and 11 old employees. It is a matter of great satisfaction to note that within the short period of three months besides theoretical training a great deal of practical training could also be imparted. A model society was organised at Sabour by the probationers under the guidance of the Development Officer, which gave the probationers a clear idea of organisation work. They were trained in eri-rearing and the knowledge of this useful cottage industry has spread through these trained probationers in remote villages, and to-day there is a heavy demand for demonstration from various quarters. In fact a boy sent by Nawadah Central Bank was trained in eri-rearing and spinning at Sabour and he has been sent for further training in weaving, etc., to Nathnagar at the cost of that bank. As already noted, this useful cottage industry has now been taken up by several banks.

54. *Publications.*—The Federation Gazette has improved a good deal. The number of subscribers has increased by 50. It is hoped that in a year or two this journal will be self-supporting. The publication of the Hindi magazine was stopped and it was left to the Divisional Federation Boards to start magazines in the

vernaculars of their divisions. The Development Section published two pamphlets on co-operation—one was 'Propaganda and Organisation' by Mr. N. K. Roy and the other, 'Co-operative Credit in Jamui Subdivision' by Babu Sadasiva Prasad of Chanakya Society with a foreword by me. The latter was reviewed by the Times of India.

55. *Propaganda*.—There has been good improvement in propaganda work. We have a demonstration house in Patna, which though situated in an out of the way place is not the less useful for that. The things for demonstration are eri-rearing and spinning, chart exhibition, and lantern lectures. English charts on Co-operation, Agriculture, Sanitation, Veterinary, and Social Service, etc., have been prepared. We are also manufacturing slides here which was previously done at Calcutta. A small set of slides on cottage industries, has been prepared by way of an experiment.

A conference of the representatives of Co-operative Banks was called under the auspices of the Development Branch at my instance. It was largely attended and various difficulties in the way of the progress of the movement were discussed.

56. *Funds*.—During the year the Development Branch realised Rs. 22,877-9-9 as contributions from banks and societies and Rs. 5,000 from Government. It also received Rs. 1,500 from Government on account of the purchase of furniture for the training classes.

57. *Conclusion*.—During the year under report attention was mainly directed to checking and reforming the various undesirable tendencies that had developed in the working of central banks and societies, and I am glad to record that considerable progress has been achieved. Overfinancing which was one of the principal causes of default in repayments has been tackled in right earnest, with the result that every application for a large loan receives greater scrutiny than was customary and collateral bonds have been generally secured in case of loans above a fixed limit. At the same time greater elasticity has been extended in the matter of repayments by revision of kists based on the capacity of the borrower to repay, which has not only improved the collections but made them more genuine. Surpluses have been reduced by regulating the deposits and reducing the rates of interest. Book-keeping and accountancy have been improved by coaching the staff and raising the audit standard. The regular training of secretaries



and punches of societies has been organized while for the education of the members of societies in co-operative principles, a beginning has been made by the appointment of Propaganda Officers by the Development Branch of the Federation. But owing to the meagre resources of the Development funds, the staff employed on educational work is very limited, there being only one officer for each civil division, that is, five officers in all for the province, which is obviously quite insufficient. The central banks, it is clear, cannot do the educational work by themselves and it is therefore of the utmost importance to provide a separate agency. The Development branch cannot, however, undertake this stupendous task without substantial aid from Government. Government give large grants towards the audit but very little towards the development fund, with the result that the work of education has grievously suffered. The Development branch receives a paltry annual grant of Rs. 5,000 as against Rs. 46,669, the Government's contribution to audit. Unless the development contribution is greatly raised it will be practically impossible to make much headway in the task of the education of societies.

I am grateful to my staff for the assistance that I have received. In particular I am indebted to Bai Bahadur Nilmony Dey, the Deputy Registrar, who has retired, and to his successor Mr. N. K. Roy. The retirement of the former has deprived the movement of an experienced co-operator and administrator but I hope that even in his retirement he may find opportunities of helping the movement.

To my non-official co-adjutors whose list is long I have to tender my best thanks and to assure them that I highly value their work. The co-operative movement in this province, unlike the movement in some other provinces, is largely built upon the association of non-officials and its future lies more in their hands than in those of the officials of the co-operative department. I fervently hope that their zeal and earnestness will never wane until the goal of making the societies real self-governing institutions has been reached.

D. PRASAD,

*Registrar, Co-operative Societies,*

*Bihar and Orissa.*

APPENDIX I.

*Redistribution of areas under Assistant Registrars since January 1928.*

Serial no.	Name of Circle.	Headquarters.	Name of areas.
1	2	3	4
1	Patna ...	Patna ...	{ 1. Patna district. 2. Shahabad district.
2	Gaya ...	Gaya ...	{ 1. Gaya district. 2. Palamau district.
3	Bhagalpur ...	Bhagalpur ...	{ 1. Bhagalpur district. 2. Purnea district.
4	Muzaffarpur ...	Muzaffarpur ...	{ 1. Muzaffarpur district. 2. Darbhanga district.
5	Chapra ...	Chapra ...	{ 1. Saran district. 2. Champaran district.
6	Monghyr ...	Monghyr ...	{ 1. Monghyr district. 2. Santal Parganas district.
7	Ranchi ...	Ranchi ...	{ 1. Ranchi district. 2. Hazaribagh district.
8	Sambalpur ...	Sambalpur ...	{ 1. Singhbhum district. 2. Sambalpur district. 3. Balasore district.
9	Cuttaok ...	Cuttaok ...	{ 1. Cuttaok district. 2. Puri district.

## APPENDIX II.

*Touring of Assistant Registrars.*

Serial no.	Name of officer.	No. of days on tour in 1926.	No. of days on tour in 1927.
1	2	3	4
1	Mr. N. K. Roy	174	99
2	Rai Sahib Phanindra Nath Gupta	...	60
3	Maulavi Abdus Samad Khan	189	174
4	Babu Durga Prasad Misra	117	145
5	, Jagal Kishore Singh	189	106
6	Methura Prasad	176	198
7	Maulavi Saiyid Muhammad Fazl-i-Haq	98	185
8	Babu Banvi Prasad	43	151
9	Maulavi Anwar Karim	29	174
10	Babu Jamuna Prasad Singh	8	156
	Total	1,361	1,447

## APPENDIX III.

## Report of Directors for the year 1927.

To

THE SHARE-HOLDERS,

*The Bihar and Orissa Provincial Co-operative  
Bank, Limited, Patna.*

Gentlemen,

1. Your Directors have the pleasure to submit the fourteenth Annual Report on the working of your Bank for twelve months from the 1st January, 1927, to the 31st December, 1927. The accounts of the Bank have been audited by Messrs. Lovelock and Lewes, Chartered Accountants, Calcutta, and their audit report and the Balance Sheet are placed before you for consideration and acceptance.

2. It will be seen that the working of the Bank has resulted in a profit of Rs. 77,351-7-2 including a sum of Rs. 924-6-1 brought forward from the previous year of which after a deduction of:—

	Rs.	s.	p.
Depreciation on Building and Furniture at 10 per cent. per annum	738	0	0
Guarantee Commission on uncalled amount of Guarantors' shares at $\frac{1}{2}$ per cent. per annum	1,900	0	0
Dividend at 6 per cent. per annum on the paid-up amount of Guarantee shares	1,200	0	0
Transfer to Reserve account at 25 per cent. of net profit	18,147	12	8
Total	21,985	12	8

There remains available for distribution Rs. 55,867-10-11 which your Directors recommend to dispose of as follows in accordance with bye-law no. 32—

	(Rs.)	s.	p.
To pay a dividend at 6 per cent. per annum on the paid-up amount of the Ordinary shares	23,971	8	0
To pay a Bonus at 2 per cent. per annum on the paid-up amount of the Ordinary shares	7,990	8	0
To place to Reserve account a further sum which brings it up to Rs. 2,10,000	3,852	3	9
To grant a Bonus to the present staff of one month's pay	1,100	0	0
To provide for bad and doubtful debts in Contingency Fund account	10,000	0	0
To place to Building Fund account	5,000	0	0
To contribute to Central Banks and Unions for the training of Office bearers of affiliated Societies	5,000	0	0
To carry forward to next year's account	263	7	2

3. During the year under report, although interest on Fixed and Savings Bank deposits was lowered, the working capital of the Bank increased by rupees five lacs. The paid up share capital of the Bank, the fixed, current and savings bank deposits have all increased. The increase in savings bank deposits is notable and as was reported last year indicates the increasing popularity of the Bank.

4. The rate of interest on fresh loans to central co-operative banks was reduced from 8 per cent. to 7 per cent. in the year under review, still the demand for loans from them continued to be poor as in the previous year. This decrease in the demand for loans is partly due to the policy followed by the central co-operative banks of encouraging local deposits by offering even higher rates on them than the lending rate of this Bank, and partly to the decrease in the registration of fresh societies.

5. The increase in deposits with the Bank and the reduction in loans to central co-operative banks has resulted in an increase in our surplus money which had to be invested either as fixed deposits with other Provincial Co-operative Banks or in Government of India Treasury Bills. As the Bank was able to receive deposits at a cheaper rate than hitherto, the investments of the surplus money outside the Province have become remunerative. With a view to give the benefit of our abundant and cheap resources to central co-operative banks within the Province, and at the same time to enable the central co-operative banks to decrease the rate of interest on their deposits, it is proposed, on the recommendation of a Sub-Committee appointed by the Board to advance fresh loans at 6 per cent. to those central co-operative banks which reduce their rate on local deposits to an equal level. Your Directors believe that this further reduction in the rate of interest on fresh loans coupled with an expeditious despatch by the Registrar, Co-operative Societies, of loan applications of central co-operative banks, will result in an increased demand for loans from them, and enable this Bank to reduce its surpluses.

6. The overdues from a few central co-operative banks, Stores and primary societies to the Bank on the date of closing amounted to rupees one lac and fifty thousand as in the previous year, out of which Rs. 30,000 have been subsequently realized. The percentage of overdues to the total dues is low being 5 per cent. The overdues include an amount of Rs. 51,000 being debts due from liquidated Store societies. The probable loss to the Bank arising out of bad debts due from these liquidated Stores is being provided for in the Contingency Reserve account. The remaining amount of overdues represents the amount in arrears from a few central co-operative banks and primary societies and is only a reflection of the low recoveries from members in primary societies in the year 1926. In view of the fact that the arrears are due to bad recoveries from the primary societies, pressure on the central co-operative banks for the full repayment of overdues may result in making their position untenable. The remedy therefore lies in the improvement of recoveries from societies. Your Directors are satisfied that the overdues from central co-operative banks are in many cases caused by exceptionally bad harvests in the areas served by them and the Registrar, Co-operative Societies, Bihar and Orissa, is of opinion that the members of societies are solvent. What is therefore needed is a systematic revision of instalments of the present loans to societies and a greater regard of the purposes for which

loans are granted to them by central co-operative banks in future, together with a sympathetic consideration of the ability of the members to repay and a careful watch over the utilization of loans to the purposes for which they are granted.

7. In the balance sheet the Government and Trust Securities are taken at their cost to us. The present market value of the Securities is higher than their cost to us. The market value of 8½ per cent. G. P. notes alone has depreciated for which no provision is thought necessary. The net appreciation in the market value of the Government and Trust Securities held amounts to Rs. 52,000 which is not included in the profits of the Bank.

8. As the boundary of the land acquired for the Bank building was found unsuitable for the purpose in view, additional land measuring 6 Kathas 14 Chitaks estimated to cost Rs 1,722 was acquired during the year under report. The acquisition of this additional land has not yet been completed and therefore the work of constructing the building could not be undertaken during the year. Your Directors hope that the work of construction will be undertaken shortly and it will bring increased prosperity to the Bank and greater convenience to our constituents.

9. Your Directors have to acknowledge with thanks the courtesy and assistance they have uniformly received from the Agent of the Imperial Bank of India. The arrangements with the Imperial Bank of India have worked very satisfactorily.

10. Your Directors have contributed a sum of Rs. 1,000 from the Bank for the relief of members affected by severe floods in Orissa during the year under report.

11. All your Directors retire under bye-law no. 22 but are eligible for re-election:

- |                       |                           |
|-----------------------|---------------------------|
| S. Ali Imam:          | Bameshwar Singh.          |
| D. Prasad.            | P. C. Lall, M.L.C.        |
| M. Yunus.             | Mihir Nath Roy.           |
| Bijoy Kumar Roy.      | R. P. Narayan.            |
| L. G. Miller.         | Nageshwar Prasad.         |
| Dhanush Dhari Lal.    | Prafulla Chandra Patnaik. |
| A. F. Syed Mohamad.   | Brijnandan Sahay.         |
| Nawal Kishore Prasad. | Girijanandan Prasad.      |
| Padma Charan Patnaik. | Mahendra Prasad.          |

*Dated* \_\_\_\_\_,  
The 20th February 1928.

V. M. THAKORE,  
*Secretary.*

# THE BIHAR AND ORISSA PROVINCIAL CO-OPERATIVE BANK, LTD., PATNA.

*Balance Sheet as at 31st December 1927.*

Liabilities.	Amount.	Total.	Assets.	Amount.	Total.
	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.
<b>Capital:—</b>			<b>Buildings:—</b>		
<b>Authorized:—</b>			<b>New Building (site)</b>		
4,000 Guarantee shares at Rs. 100 each ...	4,00,000 0 0		Cost to date ...	26,539 5 9	
3,200 Ordinary shares at Rs. 500 each ...	16,00,000 0 0		Rs. a. p.		
			<b>Building at cost :</b>	9,337 5 8	
	20,00,000 0 0		<b>Less Depreciation to date ...</b>	4,908 5 8	
<b>Subscribed:—</b>				4,374 0 0	30,913 5 9
4,000 Guarantee shares at Rs. 100 each ...	4,00,000 0 0		<b>Furniture and fixtures—</b>		
3,159 Ordinary shares at Rs. 500 each ...	10,79,500 0 0		At cost ...	3,723 11 8	
	14,79,500 0 0		Cost of new furniture ...	294 0 0	
<b>Paid-up:—</b>			<b>Less Deprecia- tion to date ...</b>	1,789 11 0	2,257 0 0
4,000 Guarantee shares at Rs. 5 each ...	20,000 0 0		<b>Loans and advances to Co-operative Banks and Societies—</b>		
3,159 Ordinary shares at Rs. 200 each ...	4,31,800 0 0	4,51,800 0 0	<b>On cash credit—</b>		
<b>General reserve ...</b>		2,08,147 12 8	Considered doubtful	41,333 0 4	
<b>Special reserves:—</b>			„ good	3,40,350 0 8	3,90,583 10 0
<b>Provision for contingencies ...</b>	34,000 0 0		<b>On Fixed loans—</b>		
<b>Building Reserve Account ...</b>	40,000 0 0	74,000 0 0	Overdue	1,54,307 10 7	
			Current	19,76,083 1 4	
				21,30,290 11 11	25,30,873 5 11
			<b>Interest on fixed loans,—</b>		
			Balance for 1925 and 1926.	7,109 14 9	
			Balance for 1927 ...	63,899 8 0	70,009 4 9

## Balance sheet as at 31st December 1927—contd.

Liabilities	Amount	Total	Assets	Amount	Total
1	2	3	4	5	6
	Rs. a. p.	Rs. A. p.		Rs. a. p.	Rs. a. p.
Fixed Deposits:—			Fixed deposits with other Provincial Banks:—		
Individuals ...	33,33,590 6 8		Bengal Provincial Co-operative Banks ...	6,15,000 0 0	
Banks and Societies	9,36,165 15 11	3766 5 7	Assam Provincial Co-operative Bank ...	65,000 0 0	
Interest accrued on Deposits:—			C. P. and Bihar Provincial Co-operative Bank ...	50,000 0 0	
Balance for 1926; ...	9,061 15 1		Burma Provincial Co-operative Bank	4,00,000 0 0	
Balance for the year to 31st December 1927	1,36,354 7 10	1,45,415 2 11	Loans against fixed deposits		1,77,300 9 7
Savings Bank account:—			Sundry debtors		66,769 8 0
Individuals ...	6,12,933 13 4		Investment in Government securities at Cost:—		
Banks and Societies	1,68,785 9 6	7,67,719 6 10	5 p. c. Calcutta P. T. Debenture 1945 75,000	63,750 0 0	
Floating deposits and current accounts:—			6 p. c. Calcutta P. T. Debenture 1945-46 1,69,000	1,49,500 0 0	
Central Banks and Societies ...	4,54,965 7 3		6 p. c. Calcutta P. T. Debenture 1955 50,000	40,125 0 0	
Individuals	1,37,117 12 0	5,62,068 6 3	5 p. c. Loan 1945-46 2,56,000	3,07,776 14 0	
Special deposits:—			4 p. c. Loan 1950-70 2,00,000	1,76,000 0 0	
Reserve fund deposit of Central Banks and Societies ...	13,545 13 2		3½ p. c. G. P. Notes 2,25,000	1,74,921 14 0	
Security Deposits from Bank Employees ...	10,500 0 0		5 p. c. Bonds 1943 1,50,000	1,40,635 0 0	
Provident Fund of Federation Employees ...	49,111 3 8		5 p. c. War Loan 1929-47 ... 63,400	67,413 3 0	
			5 p. c. U. P. Bonds 1926-41 ... 1,50,000	1,64,125 0 0	
			6 p. c. Bonds 1931 1,50,000	1,53,750 0 0	
			4 p. c. Loan 1934-37 1,06,500	90,363 0 0	



Liabilities	Amount	Total	Assets	Amount	Total
1	2	3	4	5	6
	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.
Provident Fund of Development Employees	3,780 10 11		6 Months Treasury Bills	1,45,000 4 0	
Provident Fund of Bank's Employees	2,634 1 0		3 Months Treasury Bills	3,91,648 1 6	
Federation Building Fund deposit	16,445 8 2		5 Years Postal Cash Certificates 10,000	8,050 0 0	19,47,423 1 6
		36,017 4 11	Maximum credit account		67,578 13 0
Sundry creditors		7,485 4 0	Cash in hand and, at Banks:-		
Net Profit after providing for Dividend and Commission to the Guarantee Shareholders and placing 25 per cent. of the Balance to Reserve.		55,897 10 11	In hand	6,410 11 4	
			Bengal Provincial Co-operative Bank	32,400 8 10	
			Post Office Savings Bank	1,047 8 1	
			Imperial Bank Account no. I	14,869 7 6	
			Imperial Bank Account no. II	6 1 5	
					54,723 2 2
		59,67,805 5 8			59,67,805 5 8

**AUDITORS' REPORT TO THE SHARE-HOLDERS.** AHMAD, MIHIRNATH ROY, V. M. THAKOR, Accountant. Managing Director. Secretary. 14-2-1927.

We beg to report that we have audited the balance sheet of the Bihar and Orissa Provincial Co-operative Bank, Limited, dated the 31st December 1927 above set forth, and have obtained all the information and explanations we have required. In our opinion such Balance Sheet exhibits a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us and as shown by the Books of the Bank.

CALCUTTA, LOVELOCK LEWES, Chartered Accountants, 30th February, 1928. Auditors.

**Profit and Loss Account for the year ending 31st December, 1927.**

Particulars on the Debit Side	Rs.	P.	Total	Particulars on the Credit Side	Rs.	P.	Total
To Interest paid and payable	2,64,470	13 0		By Balance brought forward from last year's account	2,64,470	13 0	
.. Rent and taxes	197	15 1		By Interest received and receivable	3,62,848	14 10	
.. Postage and Telegrams	1,001	1 0		By Entrance Fees	14	0 0	
.. Stationery and Printing	1,640	13 6		By Commission Account	63	9 0	
.. Advertisement	474	3 0					
.. General Charges	1,398	3 8					
.. Establishment Charges	12,194	6 6					
.. Contribution to Provident Fund Account	1,683	14 0					
.. Travelling Allowance	1,097	15 0					
.. Library	121	14 0					
.. Contribution to Orissa Relief Fund	1,000	0 0					
.. Auditor's Fee	600	0 0					
.. Depreciation Account	739	0 0					
.. Provision for Development Contribution	1,150	0 0					
.. Dividend and commission on Guarantee shares	6,100	0 0					
.. Transferred to Reserve Fund at 25 per cent. of Net Profit	21,247	13 3					
.. Balance transferred to Balance Sheet	55,367	10 11					
<b>Total</b>	<b>3,62,848</b>	<b>14 10</b>		<b>Total</b>	<b>3,62,848</b>	<b>14 10</b>	

**N. AHMAD,**

**MIHIRNATH ROY,**

**V. M. THAKORE,**

*Accountant*

*Managing Director*

*Secretary*

## APPENDIX IV.

**Report of the Federation Sub-Committee on the reorganization of the Development Department.**

The Sub-Committee after thoroughly discussing several schemes submitted before it, came to the conclusion that in the scheme of development to be recommended for the Development Department, the chief object should be the improvement of village societies and every other item should be subordinate to this purpose.

With this end in view the Sub-Committee recommended that attention should be concentrated on the following methods:—

- (a) Training of Supervising Officers, Managers and Inspecting clerks.
- (b) Training of punches and members of as many societies as possible.
- (c) Propaganda and demonstration—
  - (i). By intensive development along the lines laid down in the revised objects of the model bye-laws.
  - (ii) By systematic lectures aided by magic lanterns throughout the area of a central bank carried on by competent propaganda officers.
  - (iii) By helping in the actual working of societies of special types which may be brought into being as the result of the propaganda.

The Committee recognized that in order to give effect to this programme of development, it was necessary to give a subsidy to the central banks on the following principle:—

- (a) To each central bank a subsidy of Rs. 50 for the purpose of maintaining one selected Supervising Officer for the intensive work contemplated in c(1) provided that if the central bank has sufficient money in its development fund and has been making sufficient profit this intensive development must be done out of its own funds and such bank should not be entitled to any subsidy for the purpose.
- (b) That a subsidy of Rs. 300 a year for arranging training classes for punches and members of societies in convenient centres be given to such central banks as cannot afford to take this up for want of funds.

The Committee considered that four propaganda officers, one for Orissa, one for Chota Nagpur and two for Bihar, should be appointed for the present on a pay of Rs. 150—10—200.

The Committee considered that the posts of assistant development officer, assistant editor and assistant propaganda officer should be immediately abolished.

(a) The Committee desired that the Hindi magazine should not be published from the headquarters and no part of the development fund should be spent towards it but recommended that the Divisional Board be requested to start magazines in vernacular more or less on a self-supporting basis.

(b) As regards the English magazine the committee considered that its publication should be placed in the hands of an Honorary Editorial Committee consisting of Mr. Hari Das Roy, Mr. S. K. Roy, Mr. A. B. N. Sinha, with the Development Officer as Secretary.

The committee considered that the duties of the Development Officer should consist chiefly in—

(a) Running the Sabour training classes.

(b) Doing propaganda work among the educated classes in urban areas.

(c) Publishing the Gazette in time.

He should tour for at least 180 days in the year.

The Committee considered that the central banks should demand that a sum of Rs. 1,000 be contributed by the Provincial Bank to the development fund of the Federation.

The Committee was of opinion that the English Federation Gazette should contain among others the following subjects:—

- (a) Resolutions of Divisional Boards.
- (b) Circulars of Registrar and Governor.
- (c) Resolutions of the Council.
- (d) Co-operative news of general importance in the province.
- (e) Contributed articles on co-operation, and industrial, agricultural and veterinary subjects.
- (f) Cuttings from important co-operative magazines bearing on co-operative subjects.

## APPENDIX V.

## OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, BIHAR AND ORISSA.

CIRCULAR MEMO. NO. 12133-215—1-M106-28.

Dated Patna, the 18th July 1928.

The question of the supply of improved seeds, manures and implements has been brought to the fore by the new Director of Agriculture who is anxious to do all that is possible to push it on with the assistance and co-operation of central banks and unions. I have just had the opportunity of discussing the matter with him.

2. The introduction of agricultural improvements in villages involves the following stages:—

- (i) Research and local experiments.
- (ii) Technical advice.
- (iii) Propaganda and specially practical demonstration.
- (iv) Supply services, i.e., the supply of seeds, manures and implements.
- (v) The financing of the cultivator to enable him to obtain improved seeds, manures and implements.

The first two stages are essentially the duty of the agriculture department and the last stage is clearly the sphere of the Co-operative Department. The intervening stages are suitable for joint action. It is necessary that work at each stage should be fully organized and that each department should work towards the other starting from its own particular function. It will be then alone that the best results will be achieved.

3. A certain amount of propaganda and distribution work is being done by several central banks and unions under the guidance of the officers of the Agriculture Department, but as there is no clear understanding as to the exact function of each of the two agencies difficulties are being experienced by both.

4. The difficulty which the Director of Agriculture finds most troublesome is that central banks and unions are unwilling to pay cash for seeds and manures supplied for members of village societies and want supplies to be made on credit till they are able to actually realize the advances from the societies. It is reported that there are outstandings against certain central banks and unions as much as two years old. Central banks and unions are requested to immediately settle their accounts and pay them off without waiting for realization from the societies

treating the amounts as advanced to the societies at the usual rate of interest and furnishing the societies with a list of the members who owe the advances. If there are amounts due on account of supplies made direct to individual members by the officers of the Agriculture Department, banks and unions should ascertain their correctness from the members concerned before making payments. Managers should be given definite instructions to settle and clear off all pending accounts within three months.

5. The next point is which "central" banks and unions are prepared to undertake the work of distribution of seeds, manures and implements and on what basis. All central banks and unions can easily undertake to finance members of societies wanting credit for this purpose. This is a simple matter not involving any additional labour. But in order to facilitate accounting it would be desirable to have printed forms of requisition for use by members. These requisitions will be the authority for the central banks and unions to debit the society cash loan of the requisite amount and then to pay off the supplier, be he the Agriculture Department, or the bank itself (if it keeps stocks of seed, etc.) or a private firm. The idea is that the supplier must be paid off on the credit of the society or the members concerned. This is the first step to which every Bank new or old, weak or strong can readily agree. *Though a simple step this will help the introduction of agricultural improvements very greatly.*

6. But the promotion of credit alone does not go far enough and a good many of our banks and unions can do much more. The next step is to stimulate the societies to send in indents. Managers and Inspecting clerks should be directed to do the necessary propaganda work in this respect in consultation with the officers of the Agriculture Department who will give the necessary information as to what seeds, manures and implements have been a success and for what areas. The Director is arranging to publish a general pamphlet on the subject and his staff will also help the banks and unions as far as possible. *The Agriculture Department employs Kamdars to carry out village demonstration and once a successful demonstration has been given in a village, members of primary societies willing and even anxious to purchase the improved seeds, manure or implement will usually be forthcoming. We are anxious to develop the collection of such indents by Sirpanches as rapidly as possible. Managers can confine the propaganda among the Sirpanches of societies, leaving the latter to do the same among the members.*

Rewards may be offered to *Sirpanches* shewing the best collection of indents. In good time before the sowing season, Managers should collect the *Sirpanches* in different centres and in conjunction with an officer of the Agriculture Department, if available, interest the *Sirpanches* in the particular seed or manure, and supply them with forms of requisition and direct them to bring the requisitions by a particular date. This procedure will introduce regularity and method in the business. *It is of primary importance that funds to meet the cost of the indents should be promptly provided.*

7. The third step is the employment of one or more trained kamdars to do intensive propaganda work. Banks and Unions which can afford the cost are strongly recommended to obtain kamdars from the Agriculture Department which is prepared now to train kamdars for this purpose as far as practicable. There will be no difficulty in training kamdars for such of the banks and unions in whose proximity farms exist, for instance, Gaya, Aurangabad, Jehanabad, Nawada, Bihar, Sasaram, Banka, Jamui, Sewan, Gopalganj, Muzaffarpur, Hajipur, Madhubani, Laheriasarai, Khunti, Ranchi, Hazaribagh, Purulia, Bargarh, Banki, Kujang, Khurda, Puri, Bhadrak, Balasore and Angul.

8. The fourth step is the establishment of godown for keeping stocks for sale. This we would not recommend to be undertaken except by the very advanced banks and in areas where considerable demand for improvements has established itself. A few banks have constructed seed godowns with loans given to them by Government. If others want to have godowns probably loans would be available. *The storage of seed for sale at sowing time is a profitable business if well conducted but there are several small technical details connected with it. The Agriculture Department will gladly assist those central banks which possess seed stores in all technical details.*

9. The establishment of seed supply societies is the culminating point but the time for it will come when by the pursuit of the first four methods the stage has been reached when the demand in any particular area has become large enough to justify the formation of a separate society.

10. Central Banks and Unions have been anxious for some time to get a large hand in the matter of the advancement of agricultural improvements. The time has now come for them to take their proper share. I hope they will rise equal to the task. I beg to request each Central Bank and Union to carefully consider this communication and to inform me within a month what it is exactly prepared to do.

D. PRASAD,  
Registrar.

## APPENDIX VI.

## LIQUIDATED SOCIETIES.

Total amount of loan due from liquidated societies at the beginning of the year	...	...	4,04,784
Total amount of loan due from societies liquidated during the year	...	...	1,53,628
Total amount of loan repaid during the year by all liquidated societies	...	...	65,748
Total amount of loan due from the liquidated societies at the end of the year	...	...	4,92,664



No. 2541-D.

GOVERNMENT OF BIHAR AND ORISSA.

(MINISTRY OF EDUCATION.)

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R E S O L U T I O N .

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*The 22nd November 1928.*

READ—

The report of the Registrar of Co-operative Societies for the year 1927.

*General progress.*—In their resolutions upon the last two annual reports of the Co-operative Department, Government have had occasion to refer to the steady deterioration which has taken place during the last few years in the general standard of efficiency among the co-operative societies in this province. They have therefore read with much pleasure the Registrar's account of the marked improvement which has occurred in this respect during the year 1927. Judged solely by the number of new societies registered and the amount of new capital invested in the movement progress has been slower than in the preceding year, only 323 societies having been registered against 1,043 in 1926 and the working capital having increased only by Rs. 26½ lakhs against Rs. 65½ lakhs in that year. Expansion was, however, purposely restricted in pursuance of the policy of devoting greater attention to consolidation and the improvement of existing societies, and this policy of caution has been fully justified, although it has not wholly escaped criticism from well-wishers of the movement to whom the progress achieved from year to year appears all too slow without artificial restraints. Upon all such critics Government would impress the serious danger of any recklessness in co-operative matters, whether arising from an excess of enthusiasm or from any other cause. The interests involved are now so wide and the capital sunk in these societies so large that the only sound policy is, in

the opinion of Government, one of cautious advance until the road ahead is clear of obstacles.

2. The Registrar's report gives evidence that this policy is already bearing fruit. He points out that not only has further deterioration been arrested but an appreciable improvement in all branches of management has taken place. The percentage of collection by central banks from affiliated societies has risen from 59 to over 68 per cent. and would have been considerably higher but for the low standard reached by a comparatively small number of banks, particularly in the Cuttack circle. In three circles, viz., Gaya, Muzaffarpur and Monghyr, the percentage was over 80, and Government trust that this standard will be attained and surpassed during the present year. The classification of primary societies also shows some slight improvement, the number of societies classed as "bad" and "hopeless" being materially lower than in the preceding year. The fact that 60 per cent. of the societies are still only classified as "average" and the percentage of "good" and "model" societies is only 19½ shows, however, how much has still to be effected before it will be possible to regard the future of the co-operative movement in the province with real confidence.

3. *Provincial Bank.*—The working capital of the apex bank increased during the year from Rs. 51 to 57 lakhs, but profits remained almost stationary. This is attributed to a reduction of one per cent. in the rate of interest on loans to central banks. In spite of this further reduction deposits increased even more than in 1926, and investments in central banks in the form of loans and cash credits continued to dwindle. Every effort should be made to combat the tendency of the central banks to finance themselves from deposits earning a higher rate of interest than that charged by the provincial bank—a policy as unsound from the standpoint of co-operation as it is disastrous from that of good business. It is also regrettable that no improvement has been effected in the reduction of overdues from central societies, which still reach the very considerable figure of over Rs. 1½ lakhs. In other respects the provincial bank continued to consolidate its position, and it is satisfactory that the construction of a building suitable to its important position in the life of the province is now well in hand.

4. *Central societies.*—The financial position of the central banks improved, the year's profits amounting to nearly Rs. 4½ lakhs against about Rs. 3½ lakhs in each of the preceding years, in spite of the fact that reserves were further increased. Government regret to observe, however, that no attention has been paid to the warning given to these banks last year against the fatal policy adopted by many of them of accumulating deposits far in excess of the amount needed. This policy has not only adversely affected the provincial bank by forcing it to invest its surplus funds outside the province but amounts to a sheer waste of members' money in the payment of unnecessary or unnecessarily high interest to private depositors. Unless the directors of central banks who are responsible for this abuse will pay heed to the warnings and advice given to them by the officers of the department, Government will have no hesitation in supporting drastic action by the Registrar to put a stop to it. Such action would, however, as he remarks, constitute a serious reflection upon the capacity of the directors and Government trust that it will prove to be unnecessary. The Registrar also refers in his report to the general failure of these banks to fulfil properly their function of supervision and control over their affiliated societies. This is a defect which can only be eradicated by a fuller realization of their duties on the part of unofficial workers such as directors and *panches* of societies, and until this has been brought about there can be no diminution of the existing official control over the movement.

5. The part played by the central banks in the introduction of agricultural improvements and the amelioration of rural conditions again deserves mention. Collaboration between the Co-operative and Agricultural departments has now been placed on a sounder basis as the result of discussions which have taken place between the Registrar and the Director of Agriculture. Each department's sphere of action has been defined and detailed instructions issued to central banks and unions. The work already done in this direction in Bihar and Orissa drew the particular attention of the Royal Commission on Agriculture in India, and it is satisfactory that the number of societies which actually undertook such work continued to increase during the year. More than 40 societies are now engaged in one branch or

another of agricultural improvement, either by popularizing improved varieties of crops and implements or through the distribution of chemical manures. Three banks maintained whole-time agricultural inspectors, and elsewhere demonstrations were carried out under the supervision of officers of the Agricultural Department. Useful work was also done by some central societies in the grant of land improvement loans for the construction of *bandhs*, the sinking of wells, reclamation of waste land and similar purposes, and both in the sphere of education and in that of sanitation and medical relief there are signs of an increasing interest by these societies. Government also observe with pleasure that the importance of veterinary relief has not been lost sight of and the aid of the co-operative societies has also been enlisted in this connexion. In all these directions there is almost unlimited scope for the closest possible collaboration between the Co-operative and other departments, and only by such collaboration will it be possible to enable the villagers throughout the province to take advantage of the improvements which scientific research is able to place at their disposal. A sound start has, however, been made and rapid progress should be possible on the lines laid down by the Registrar and the Director of Agriculture.

6. *Agricultural societies.*—The welcome signs of improvement which are beginning to appear in the general condition of primary societies have already been mentioned, and Government trust that the policy of cautious progress now being followed by the department will before long succeed in its object of effecting an all-round improvement in the standards of management and organization of these societies. In spite of the wholesome check exercised on the starting of new societies, however, the movement continued to expand during the year. The number of agricultural societies increased by 320 and their membership by over 15,000. Share capital showed a very satisfactory increase from under Rs. 9 lakhs to nearly Rs. 11½ lakhs, and reserves rose by nearly Rs. 3 lakhs and now stand at about Rs. 22½ lakhs. Profits during the year amounted to a little under Rs. 4 lakhs—an improvement of over Rs. 15,000 upon last year's figure. These results are satisfactory and afford ample proof of the vitality of the movement. With the gradual elimination of "hopeless" societies, which are an obstacle to progress, and the

inculcation of a healthier tone among the rest by the fuller education of members and *panches* of societies in the basic principles of co-operation and business management it is the earnest hope of Government that a state of affairs will before very long be reached when the energies of the department can again be devoted to a policy of unrestricted expansion. For the present, however, the main energies of the department must continue to be directed towards the consolidation of the ground already won.

7. *Non-agricultural societies*.—The number of these societies decreased by two, though their working capital increased by over Rs. 3 lakhs and their reserves by over Rs.  $\frac{1}{4}$  lakh. The profits earned by them were also on a higher scale than in 1926. The working of the non-agricultural credit societies continued to improve both in respect of the proportion of owned to borrowed capital and in respect of collection of dues. Two more fishermen's societies were started and there are now over 1,100 members of such societies. Profits have hitherto, however, been on a very small scale. The condition of the artisans' societies is somewhat disquieting and the special attention of the department will be necessary if they are to be successful. The 'weavers' societies also continue in a bad way, and further societies of this character should only be started with the utmost caution. The Ranchi Weavers' Stores, in particular, has been running at a loss for a number of years. It is deeply involved in debt to the Central bank and requires a considerable amount of new capital to enable it to stave off liquidation. Such a collapse would be disastrous to a large number of weaver members and the question of coming to the financial assistance of this society has recently been under the consideration of Government. Only one new store was registered during the year, and profiting by past experience of such stores a by-law has been adopted which provides that loans and deposits cannot be raised from outside the circle of members themselves. This provision should tend to prevent the extravagance and speculation which have been responsible for the ruin of so many societies of this nature in the past.

8. *Audit*.—The prescribed percentage of test-audit was reached in all except two circles. In the remaining two

circles, viz.; Outtack and Ranchi, it was entirely inadequate, being only 2.9 and 2.5 respectively. Government greatly regret to find that the Assistant Registrars concerned are still neglecting this important branch of their duties, and desire that the officers should be informed of their displeasure. The percentage of test-audit by assistant auditors was also inadequate in all except three circles. This general failure to reach the prescribed figure is ascribed by the Registrar to the pre-occupation of the assistant auditors with their other duties, e.g., the statutory audits of the banks. In order to obtain the requisite funds for strengthening the audit staff the Co-operative Federation should increase the levy from central banks by the abolition of the existing limit of Rs. 75. The local Government see no reason why the provincial resources should be further tapped to meet this charge, which is one that should rightly be borne by the banks themselves. Government already make an annual contribution of Rs. 16,672 on this account and it is for the banks to find the remainder. If the Congress is unwilling to agree to such a course it will be necessary to take this responsibility out of the hands of the Federation altogether and to levy the necessary contributions by statutory rule.

9. Rai Bahadur Durga Prasad was in charge of the department throughout the year, and Government in the Ministry of Education take this opportunity of expressing their appreciation of the sound work carried out by him in combatting the disquieting tendencies which had become evident in the movement. The energy and promptitude with which he has tackled the problem have already borne fruit. At the close of the year under review the Royal Commission on Agriculture in India completed its labours and issued its report, one chapter of which is devoted solely to the problems which have arisen in connection with the co-operative movement. The Commission's recommendations have since the close of the year been discussed by the annual conference of Registrars and by a wider conference of provincial representatives which met in Simla at the invitation of the Government of India to consider these and other recommendations of the Commission. Government in the Ministry of Education are now considering the desirability of appointing a special committee to advise them upon certain outstanding questions of importance,

and if this project materializes the committee's recommendations for the future guidance of the co-operative movement will receive their early and careful consideration.

ORDER.—Ordered that the resolution be published in the *Bihar and Orissa Gazette* and that a copy of it, together with a copy of the report, be submitted to the Government of India in the Department of Education, Health and Lands, and forwarded to the Registrar of Co-operative Societies, Bihar and Orissa, and to the Appointment Department of Government.

By order of the Government of Bihar and Orissa

(Ministry of Education),

E. C. ANSORGE,

*Secretary to Government.*